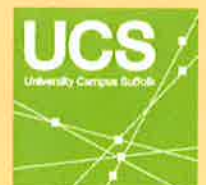




Report and Financial Statements for the year ended 31 July 2014

Where careers begin!





Contents Page

Page	
1	Operating and Financial Review
12	Professional Advisers
13	Statement of Corporate Governance and Internal Control
20	Statement of the Responsibilities of the Members of the Corporation
22	Independent Auditor's Report to the Corporation of West Suffolk College
23	Income and Expenditure Account
24	Statement of Historical Cost Surpluses and Deficits
24	Statement of Total Recognised Gains and Losses
25	Balance Sheet as at 31 July
26	Cash Flow Statement
27	Notes to the Financial Statements

WEST SUFFOLK COLLEGE OPERATING AND FINANCIAL REVIEW

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2014.

Legal Status

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

Mission

The primary purpose of West Suffolk College is to provide excellent education and training, developing skills that contribute to the success of the individual and the economy.

The College vision is to be recognised locally and nationally as an outstanding College.

Public Benefit

West Suffolk College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1 September 2013, is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 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.

In delivering its mission, the College provides identifiable public benefits through the advancement of education, and this is identified throughout the operating and financial review.

Implementation of Strategic Plan

In October 2012 the College adopted a strategic plan for the period 1 August 2012 to 31 July 2014. The Corporation monitors the performance of the College against this plan. The plan is reviewed and updated each year. The College's continuing strategic aims are to:

1. Provide a wide range of provision for 14-19 learners ensuring it prepares them for positive progression.

2. Provide higher education which meets our mission.
3. Provide adult education which develops skills and contributes to the success of the individual, the local economy and supports Government priorities.
4. Ensure the College is seen as the most responsive provider in Suffolk, delivering training and skills which contribute to the success of the region's economy.
5. Enable learners and stakeholders to be involved in College decision making.
6. Ensure quality assurance systems deliver high quality outcomes for learners, employers and stakeholders.
7. Attract, develop and retain a high performing and effective workforce.
8. Deliver a strong and consistent financial performance in a well-resourced, sustainable and safe environment.

In July 2014 the Governors approved a new Strategic Vision which consolidated many of the existing goals but with a different focus. These new goals are:

On our journey to outstanding, consolidate our position as "good" according to Ofsted criteria

- *Ensure our learners and their success is at the heart of everything we do.*
- *Achieve consistency in high quality across everything we do by developing a culture of excellence.*
- *Embed appropriate and rigorous staff continuous professional development and performance reviews.*
- *Ensure that we have an active dialogue with our stakeholders and use their feedback to help shape continuous improvement.*

Secure our future

- *Invest and upgrade our existing estate.*
- *Identify and work towards growth and income diversification.*
- *Identify and work towards increasing collaboration with others.*

The College is working towards these new aims, however the financial performance for 2013/14 has not been as good as was budgeted and this will have some impact on our objectives. The College's specific objectives for 2013/14 were set out in the Financial forecast 2013/14 which was approved by the Governing Body in July 2013. It is monitored directly by the Principal on a termly basis and reported to the Board of Governors as an exception report.

Financial Objectives for year to 31st July 2014

Maintaining a sound financial base

Deliver a net surplus of 1.0% of income.

- Generate cash in line with the financial forecast to fund capital programmes.
- No growth in student income in 2014 but growth of 1% in 2015.
- Fee income to grow in 2014 and increase further in 2015 as 24+ student loans replace reductions in adult funding.
- Adult funding to reduce by 10% in 2014 but remain stable thereafter.
- HE income to remain static in 2014 and to grow by 6% in 2015.
- Maintain staff costs at 65% of income or less.
- Staff FTE to grow at less than 1% per annum.
- Reduce dependency on outsourcing for adult provision.
- Repay loan funding over 10 years.

The key assumptions within the plan include:

- Pay inflation assumed at no more than 1% throughout the period.
- Non-pay inflation has been budgeted at 2.5% until 2015.
- FE student numbers to remain static.

The key operational changes in the plan include:

- Changes to SFA funding.
- Recognition of the introduction of adult loans.
- Focus on employer engagement.
- Reduced dependency on outsourced adult provision.
- Increase full cost provision.
- Revision of the accommodation strategy.
- Increased HE fees.

A series of performance indicators has been agreed with Governors to monitor the successful implication of the policies.

Student Achievements

Overall success rates for 2012/13 were 3% above the national benchmark and have continued the upward trend from the last three years. The outturn for 2013/14 shows a further improvement to 86%. Level 3 long courses, which were previously below the national benchmark for 16-18 year olds and are now 7% above national rates, at 89% success (for 2013/14). Overall success rates for work based learning are generally well above national benchmarks at 77% in 2012/13 and will maintain these levels for 2013/14.

Performance Indicators

The College is committed to observing the importance of sector measures and indicators and use the FE choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Skills Funding Agency. The Finance Record produces a financial health grading. The current rate of Good is considered an acceptable outcome.

FE choices (formerly the "Framework for Excellence"), and the Ofsted Data Dashboard identify the key performance indicators as:

2012/13	Long Success Rates	Learner Destination Positive Progression	Learner Views Satisfaction Survey	Employer Views Satisfaction Survey
FE Choices	85%	76%	87%	81%
Ofsted Data Dashboard	85%	88%	97%	83%
National Rate	83%	n/a	83%	81%

FINANCIAL POSITION

Financial Results

The College generated a retained surplus for the year of £3,000 (2012/13 £29,000), however it should be noted that this includes £204,000 of SFA and EFA income relating to the 2012/13 financial year. It should also be noted that pension adjustments relating to FRS17 were included at an additional expense of £220,000. The college therefore generated an operating surplus on normal activities of £223,000.

During the year the College has been unsuccessful in utilising the full adult skills budget due to late achievements of full frameworks by some work placed students. As a consequence, there is a significant amount of funding not drawn down in 2013/14, but this has now been received in 2014/15.

Treasury Policies and Objectives

The College has a treasury management policy which was approved by Governors and outlines how the College will manage its cash flows, its banking and money market and capital transactions, together with the effective control of risks associated with those activities. The College invests its surplus cash balances in the money market through Lloyds TSB. The Governing Body has considered alternative investment areas but consider that the risks and the practical difficulties of moving money around will undermine any marginal benefit. The Finance and Property Committee receives a termly report on treasury management with full details of levels of investment and investment.

Cash Flows

The cashflow from operating activities during the year was £110,000 (£1,403,000 2012/13) which was offset by financing costs and investment in capital giving a net reduction in cash for the year of £895,000 (£3,568,000 net reduction 2012/13).

Liquidity

The College's liquidity has declined during the year due to the investment in new buildings and other equipment, together with the reduced outturn figure and its impact on cash flows. The College is currently re-evaluating its capital investment programme to identify ways of achieving the necessary improvement in facilities at a reduced cost.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

In 2013/14 the College has delivered courses that have produced £16,849,886 in the funding bodies' main allocations (2012/13 £17,627,027). The College has enrolled 14,595 students during the year (2012/13 15,707), including 3,502 young people aged 16-18 (2012/13 3,257) and 3,971 apprentices and work placed learning students (2012/13 5,220). The College also had 689 (2012/13 687) students studying higher education programmes as part of our partnership with the UCS Hub in Ipswich. The main shortfall in adult enrolments has been in work place provision, but this has been offset by the significant increase in apprenticeship student enrolments.

Curriculum Developments

The College responds well to the needs of its community and stakeholders. It is working hard to expand its adult classroom based provision, including Access, professional courses and flexible delivery including Saturday school.

It meets the increasing participation agenda well and has expanded its overall 16-18 provision (see student numbers section) to meet the Raising Participation Age (RPA) agenda, particularly its work targeted at reducing NEET (Not in Education, Employment or Training), whether funded by projects or via its 'mainstream' contracts. This includes programmes with multiple entry points (Pathway, Synergy),

specialist 'Youth East' and Princes Trust provision across its catchment and close partnership working both internally across the college and externally with schools, social enterprises and the voluntary sector. High apprenticeship volumes were maintained despite difficult economic circumstances and work with the unemployed, including JCP (Job Centre Plus) increased.

HE programmes were enhanced to better meet the needs of employers including HNCs in Engineering and further development of bespoke degree provision delivered at the Sizewell Nuclear installation for EDF. It delivers a comprehensive provision from Entry level to Honours degree in all sector areas excluding Agriculture and Horticulture where there is only a small programme at Foundation level.

Due to the introduction of the Department for Education's Study Programme in 2013/14 the balance and mix of the Classroom Based Learning (CBL) has changed. Students no longer undertake numerous additionality qualifications, in order to increase the tariff of their course. As a result the number of starts has decreased (particularly short and very short qualifications, and long courses in SSA 14 (Preparation for Life and Work). All students who had not previously achieved maths and English GCSE at grade A*-C must continue their study of these subjects. As a result, a number of additional Maths and English classes had to be added into the timetables in order to accommodate this requirement, as it had not been planned in. From 2014/15, this is a condition of funding. The outcome was a near doubling in the number of starts on maths and English qualifications.

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 college terms are that payment will be made by the end of the month following the month in which the invoice is received. The college received no interest charges in respect of late payment for this period.

Future Developments

The College will continue to invest in the delivery of high quality provision, meeting a broad mission and retaining a reputation for excellence both locally and nationally.

There will continue to be a strong focus on the training provision for employers, including apprenticeships and full cost work, particularly as this was an area that did not achieve full potential in 2013/14. To achieve this, the College will be working very closely with the LEP (Local Enterprise Partnership) and other stakeholders to increase employer engagement as the economy improves and to provide the necessary skills to support our stakeholders.

The College is actively seeking further opportunities to work with schools in Suffolk and South Norfolk. In particular, the College continues to explore the opportunities to become involved in Academies and to work closely with schools to provide vocational training without the need for individual organisations to duplicate resources and possibly disadvantage students.

The College will ensure delivery of high quality HE provision, and look to develop more niche programmes in further and higher education, particularly related to STEM (Science, Technology, Engineering and Maths).

The College will continue to develop the campus with the main focus being on improving the Engineering facilities and to provide the facilities and resources necessary to enhance the STEM provision. In the short term the College has improved the equipment available for training in engineering, but facilities need to be improved and expanded to allow for growth. Longer term, the College will also seek to consider the needs of Hospitality, Hairdressing and Beauty Therapy in its development programme. The College will also seek to promote an outreach facility working more closely with students in towns in close proximity to Bury St Edmunds to extend participation to students who are unable or find it difficult to come to the main campus in Bury St Edmunds.

The conversion of Suffolk House into a higher education centre, funded by UCS, has enabled the College to establish a separate identity for UCS within the campus in Bury St Edmunds. The College will continue to develop the facilities in Suffolk House for HE students providing improved common rooms and recreational space.

The College has been successful in promoting the introduction of 24+ Adult Learning Loans with a very high take up and has needed to extend its allocation from the student loan company to meet needs.

RESOURCES

The College is generally well resourced and has an excellent reputation. During the year the college has continued to improve its facilities and resources available to students and staff. Improvements during the year include the opening of the Gateway building, a new 3,500m² main entrance to the college incorporating many new classrooms as well as recreational facilities and student services. In addition major improvements have been made to the engineering facilities, with a new machine shop and welding section. The Performing Arts area has also been refurbished with the provision of a TV studio, enhanced seating in the theatre and additional teaching space. The environmental impact as well as cost effectiveness of the college has been improved by the installation of a second biomass heating plant, meaning that over 60% of the college buildings are now heated using renewable energy sources.

The college has employed an average of 456 FTE staff during the year, a decrease from 458 in the previous year. Of these, some 410 are permanent staff and there are over 260 hourly paid teaching staff and casual staff employed by the college. Many of these staff have worked at the college for a long period of time, and the level of staff qualification is very high.

PRINCIPAL RISKS AND UNCERTAINTIES

The College continues to further develop and embed the system of internal control including financial, operational, reputational and compliance risk management that is designed to protect the College's performance, activities and assets.

Risks are aligned to each of the eight strategic aims of the College's Strategic Plan and regular comprehensive analysis and review of the risks to which the College may be exposed is undertaken by the Senior Management Team, Audit and Risk Management Committee and the Corporation. Specific control measures that will mitigate against any potential impact on the College are identified and any actions required to further reduce the likelihood of risk exposure. In addition to review and scrutiny in the year, consideration is also given to any risk that may emerge as a result of a new area of work undertaken by the College or change in external factors or environment.

The Corporate Risk Register is maintained at Senior Management level and is reviewed at least termly and more frequently when necessary. The Corporate Risk Register identifies the key risks, their potential impact on the College, the likelihood of those risks occurring and the control measures and actions required to mitigate the risks. Risks are prioritised using a consistent scoring system. Risk identification at Operational level has also been undertaken to raise the awareness of risk throughout the College and an Operational Risk Register held.

The strategic risks that may affect the College are maintained in the Corporate Risk Register. In summary the principal risks are:

1. Government Funding

The College has considerable reliance on continued Government funding through the Further Education sector funding bodies. There can be no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. The College is aware of several issues that may impact on future funding and these are identified in the Corporate Risk Register.

The risk is mitigated in a number of ways:

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

2. Tuition Fee Policy

The College will seek to increase tuition fees in accordance with fee assumptions. The risk for the College is that demand falls as fees increase and this will impact on the growth strategy of the College.

The risk is mitigated in a number of ways:

- By ensuring that the College is rigorous in delivering high quality education and training, thus ensuring value for money for students.
- Close monitoring of the demand for courses as prices change.

3. Partnership Performance

There are a number of risks to the College if partner performance declines and they are unable to deliver satisfactory quality of provision, sustain financial viability or compliance is not met. Risks to the College are financial, operational, reputational and compliance.

The risk is mitigated in a number of ways:

- Sub-contractors are monitored for the quality of their provision and regular visits are made to perform lesson observations and candidate interviews.
- Prior to the issuing of any contracts, due diligence is performed which would include checking financial status, success rates and qualifications of staff.

4. Bank Covenants

The College has an unsecured loan with Lloyds that is subject to specific covenants. The current three year financial forecast indicates that the College could be in breach of one element of those covenants in 2017. The College Management have recognised this and are working with the Governing Body to develop and implement an action plan to mitigate this risk.

STAKEHOLDER RELATIONSHIPS

Employer Stakeholders

The College has links with many local employers and their representative groups, for example Chamber of Commerce, Institute of Directors, etc. College staff regularly attend meetings and are represented on the committees of the Bury St Edmunds and Haverhill Chamber of Commerce. The College works closely with the New Anglia LEP and the Greater Cambridge and Greater Peterborough LEP.

The College has a team of staff whose function is to work with employers. Employers range from large businesses, such as Hutchison Ports (UK) Limited, Delphi UK and Marshall Aerospace in the private sector, as well as large public

sector employers, for example West Suffolk NHS Foundation Trust, Suffolk County Council and Norfolk and Norwich University Hospitals NHS Foundation Trust; to hundreds of small and medium sized enterprises across the Region.

The College holds a series of Employer Forums every year in addition to an annual survey. These are designed to elicit feedback from employers on the quality and relevance of the College's service.

Local Authority Stakeholders

The College works on joint projects with County and local Council economic development teams. For example, contributing to the Business Festival organised by St Edmundsbury Borough Council by holding employer information events and a range of business seminars.

Local Community Stakeholders

The College has five centres and delivers a wide range of provision, particularly for adults in the local community.

College staff are involved with a range of community groups.

Equal Opportunities and Employment of Disabled Persons

West Suffolk 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 and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis.

The College's Equal Opportunities Policy is published on the College's Internet site.

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

The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The College has also implemented an updated Equality and Diversity training programme, which all staff have attended.

Disability Statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005.

- (a) As part of its Property Strategy the College updated its access audit. Experts in this field conducted a full access audit during 2008/09, and the results of this formed the basis of funding capital projects aimed at improving access.
- (b) The College has appointed a Learning Support Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- (c) There is a list of specialist equipment which the College can make available for use by students and a range of assistive technology is available.
- (d) The admissions policy for all students is described in the College Procedures. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- (e) The College continues to invest in the appointment of lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- (f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published.
- (g) Counselling and welfare services, disability statement, disciplinary and complaints procedures, and other useful information are described in the College Student Handbook, which is issued to students at induction.

Disclosure of Information to Auditor

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 auditor is unaware; and each member has taken all steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

**Approved by order of the members of the Corporation on 12 December 2014
and signed on its behalf by:**



R Carter Chairman

Professional Advisers

Financial statements
and regularity auditors: Baker Tilly UK Audit LLP
Abbotsgate House
Hollow Road
BURY ST EDMUNDS
Suffolk IP32 7FA

Internal auditors: Scrutton Bland
Fitzroy House
Crown Street
IPSWICH
Suffolk
IP1 3LG

Bankers: Lloyds TSB Bank plc.
Endeavour House
Chivers Way
Histon
CAMBRIDGE
CB24 9ZR

Solicitors: Hewitsons
Shakespeare House
42 Newmarket Road
CAMBRIDGE
CB5 8EP

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 better understanding of its governance and legal structure.

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College /Board has adopted and complied with the Foundation Code.

In the opinion of the Governors, the College complies with all the provisions of the Foundation Code, in so far as they apply to the further education sector, and it has complied throughout the year ended 31 July 2014. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The English Colleges' Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted at its meeting in May 2012.

The Corporation

The Members who served on the Governing Body during the year and up to the date of signature of this report were as listed in the table on the next page.

Member	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Attendance %	Committees served
Mrs J Bloomfield	01.01.00 Re-appointed 04 08,12	4 years		Independent member	80	HR Remuneration Appointments & Governance Advisory
Mr W Burrlock	14.10.11	4 years		Staff member	60	Audit and Risk Management Curriculum & Quality
Mr R Carter	01.08.01 Re-appointed 05, 09,13	4 years		Independent member	100	Chairman: Corporation (from 01.08.10) Finance and Property Remuneration Appointments & Governance Advisory
Mr S Clarke	14.12.12	4 years		Independent member	100	Finance and Property
Miss J Finn	02.10.04 Re-appointed 08,12	4 years		Independent member	80	Curriculum & Quality HR
Mr S Gerber	05.10.07 Re-appointed 11	4 Years		Staff member	100	Finance and Property Appointments & Governance Advisory
Mr K Golding	01.02.06 Re-appointed 09,13	4 years		Independent member	100	Curriculum & Quality Finance and Property
Mr A L Gordon- Stables MBE	01.10.89 Reappointed 93 97 01 05 09 & 13	4 years		Independent member	100	Finance and Property Curriculum & Quality
Mr A Maltpress MBE	14.12.12	4 years		Independent member	80	Finance and Property HR
Mrs C Manning	01.08.08 Re-appointed 12	4 years		Independent member	80	HR Audit and Risk Management
Mr R Millea	08.03.96 Reappointed 00, 04, 08, 12	4 years	19.06.14	Independent member	100	Vice Chairman: Corporation Finance and Property Remuneration
Dr N Savvas	5.8.13	Whilst in post		Principal	100	Finance and Property HR Appointments & Governance Advisory
Mr C Newton	13.12.13	1 year		Student member	50	
Mr C Styles	13.12.13	1 year		Student member	100	Curriculum & Quality
Mrs M Symonds	14.12.12	4 years		Independent member	80	Curriculum & Quality Remuneration
Mrs D Wildridge	15.12.11	4 years		Independent member	80	Audit and Risk Management Appointments & Governance Advisory
Mr R Harvey	15.12.11	4 years	18.10.13	Independent member	100	HR Curriculum and Quality
Mr A Head	01.08.14	1 year		Student member	N/A	Standards and Excellence
Mr N Roberts	14.12.12	1 year		Co-opted member	100	Co-opted member to Audit and Risk Management

Mrs J Bridges acts as Clerk to the Corporation

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 any other information such as performance against targets, proposed capital expenditure, quality matters and personnel – related matters such as health and safety and environmental issues. The Corporation meets each term.

The Corporation conducts its business through a number of Committees. Each Committee has terms of reference, which have been approved by the Corporation. These Committees are Finance and Property, Curriculum and Quality, Appointments, Governance and Advisory, Human Resources, Audit and Risk Management and the Remuneration Committee.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

West Suffolk College
Out Risbygate
Bury St Edmunds
Suffolk
IP33 3RL

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

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

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

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

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 an Appointments and Governance Advisory committee comprising five members of the Corporation which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate induction and training is provided as required.

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

Remuneration Committee

Throughout the year ending 31 July 2014, the College's Remuneration Committee comprised four members of the Corporation. The committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer and other designated senior post holders.

Details of remuneration for the year ended 31 July 2014 are set out in note 8 to the financial statements.

Audit and Risk Management Committee

The Audit and Risk Management Committee comprises five members of the Corporation (excluding the Accounting Officer and Chair) and one co-opted member. The committee operates in accordance with written terms of reference approved by the Corporation.

The Audit and Risk Management Committee usually meets four times a year and provides a forum for reporting by the College's internal and financial statements auditors, who have access to the committee if necessary, for independent discussion, without the presence of College management. The College management team attend by invitation. The committee also receives and considers reports from the main FE funding bodies, as they affect the College's business.

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

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

The Audit and Risk Management Committee oversees the internal audit, external audit and risk management processes and reports to the Corporation on the effectiveness of the internal control system, including the College's system for the management of risk. The Committee also advises the Corporation on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work.

Internal Control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to the Accounting Officer in the Financial Memorandum between the College and the funding bodies. The Accounting Officer is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in West Suffolk College for the year ended 31 July 2014 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial, reputational 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 2014 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the 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,
- regularly reviewing Corporation membership.

The College has an internal audit service, which operates in accordance with the requirements of the EFA and SFA's Joint Audit Code of Practice. The work of the internal auditor 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 and Risk Management Committee. At a minimum annually, the internal auditor provide the Corporation with a report on internal audit activity in the College. The report includes the internal auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

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

The College Policy is for the Accounting Officer to be advised on the implications of the result of the review of the effectiveness of the system of internal control by the Audit and Risk Management Committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team and the Audit and Risk Management Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit and Risk Management 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 and Risk Management Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Based on the advice of the Audit and Risk Management Committee and the Accounting Officer, and in the opinion of the internal auditors the Corporation is of the opinion that the College has an adequate and effective risk management, governance, control and efficiency, effectiveness and economy processes in place to manage its achievement of the College's objectives.

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

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

We confirm, on behalf of the Corporation, that *to the best of its knowledge*, the Corporation believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the SFA's terms and conditions of funding under the College's financial memorandum and funding agreement. We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the SFA.

Going Concern

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

Approved by order of the members of the Corporation on 12 December 2014 and signed on its behalf by:

Signed



R A Carter

Chairman

Signed



Dr N Savvas

Accounting Officer

Statement of the Responsibilities of the Members of the Corporation

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

The law applicable to charities in England and the terms and conditions of the Financial Memorandum between the Skills Funding Agency and the Corporation of the College, requires the corporation of the college to prepare financial statements and the Operating and Financial Review for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions the annual Accounts Direction issued jointly by the Skills Funding Agency and the Education Funding Agency, and applicable United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and which give a true and fair view of the state of affairs of the College and of the College's surplus/deficit of income over expenditure for that period.

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

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

The Corporation is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the Charities Act 2011 and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that funds from the SFA are used only in accordance with the authorities that govern them as defined by and in accordance with Further & Higher Education Act 1992, subsequent legislation and related regulations and the Financial Memorandum with the SFA and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so

that the benefits that should be derived from the application of public funds from the SFA and the EFA are not put at risk.

Approved by order of the members of the Corporation on 12 December 2014 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'R A Carter', with a stylized flourish at the end.

R A Carter

Chairman

12 December 2014

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WEST SUFFOLK COLLEGE

We have audited the College financial statements ("the financial statements") set out on pages 23 to 56. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) as set out in our engagement letter dated 20 October 2014.

This report is made solely to the Corporation, as a body, in accordance with the Financial Memorandum published by the Chief Executive of Skills Funding and our engagement letter dated 20 October 2014. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required under our engagement letter dated 20 October 2014 to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Corporation of West Suffolk College and Auditor

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 20 to 21, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with the terms of our engagement letter dated 20 October 2014, Joint Audit Code of Practice issued by the Skills Funding Agency and Education Funding Agency and International Standards on Auditing (UK and Ireland). The International Standards on Auditing (UK and Ireland) require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2014 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

23 December 2014

WEST SUFFOLK COLLEGE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR TO 31 JULY 2014

	Notes	2014 Total £000	2013 Total £000
Income			
Funding body grants	2	20,825	21,249
Tuition fees	3	2,235	2,045
Other grant income	4	815	462
Other income	5	1,079	1051
Investment income	6	64	71
Total income		25,018	24,878
Expenditure			
Staff costs	7,8	16,497	16,632
Other operating expenses	9	6,567	6,322
Depreciation	13	1,670	1,435
Interest and other finance costs	10	274	402
Total expenditure		25,008	24,791
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax		10	87
Loss on disposal of fixed assets		(7)	(58)
Surplus on continuing operations after depreciation of tangible fixed assets at valuation, disposal of assets, exceptional items and tax		3	29
Surplus for the year retained within general reserves		3	29

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

WEST SUFFOLK COLLEGE**STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS****FOR THE YEAR TO 31 JULY 2014**

	Notes	2014 £000	2013 £000
Surplus on continuing operations before taxation		3	29
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	21	111	110
Historical cost Surplus for the year before and after taxation		114	139

WEST SUFFOLK COLLEGE**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****FOR THE YEAR TO 31 JULY 2014**

	Notes	2014 £000	2013 £000
Surplus on continuing operations after depreciation and disposal of tangible fixed assets at valuation and tax		3	29
Actuarial (loss)/gain in respect of pension scheme	23	(3,743)	1,519
Total recognised (loss)/gain relating to the year		(3,740)	1,548
Reconciliation			
Opening reserves		14,905	13,357
Total recognised (loss)/gain for the year		(3,740)	1,548
Closing reserves		11,165	14,905

WEST SUFFOLK COLLEGE**BALANCE SHEET AS AT 31 JULY**

	Notes	2014 £000	2013 £000
Fixed assets			
Tangible assets	13	29,180	30,197
Investments	14	0	0
Total fixed assets		29,180	30,197
Current Assets			
Stock		50	26
Debtors	15	875	1,049
Cash at bank and in hand	25	5,336	6,231
Total current assets		6,261	7,306
Creditors: amounts falling due within one year	16	3,531	5,369
Net current assets		2,730	1,937
Total assets less current liabilities		31,910	32,134
Creditors: amounts falling due after one year	17	7,897	8,269
Provisions for liabilities and charges	19	85	246
Net assets excluding pension liability		23,928	23,619
Net pension liability	23	8,584	4,621
NET ASSETS (including pension liability)		15,344	18,998
Deferred capital grants	20	4,179	4,093
Reserves			
Income and expenditure account excluding pension reserve	22	15,683	15,349
Pension reserve	23	(8,584)	(4,621)
Income and expenditure account including pension reserve		7,099	10,728
Revaluation reserve	21	4,066	4,177
Total Reserves		11,165	14,905
TOTAL FUNDS		15,344	18,998

The financial statements on pages 23 to 56 were approved by the Corporation and authorised for issue on 12 December 2014 and were signed on its behalf by:

Chairman

R A Carter



12 December 2014

Accounting Officer

Dr N. Savvas



12 December 2014

WEST SUFFOLK COLLEGE**CASHFLOW STATEMENT****FOR THE YEAR TO 31 JULY 2014**

	Notes	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
Cash inflow from operating activities	24	110	1,403
Returns on investments and servicing of finance	26	(241)	(158)
Capital expenditure and financial investment	26	(320)	(8,074)
Financing	26	(444)	3,261
(Decrease) in cash in the year	25	(895)	(3,568)
Reconciliation of net cash flow to movement in net debt			
		£000	£000
(Decrease) in cash in the year	25	(895)	(3,568)
Cash inflow from new loans	25	0	(3,635)
Cash outflow from financing	25	444	374
Movement in net debt in the year		(451)	(6,829)
Net funds at 1 August		(2,607)	4,222
Net funds at 31 July	25	(3,058)	(2,607)

WEST SUFFOLK COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2014

STATEMENT OF ACCOUNTING POLICIES

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

Basis of Preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2007* (the SORP), the Accounts Direction for 2013-14 financial statements and in accordance with applicable Accounting Standards.

Basis of Accounting

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

Going concern

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

The College currently has £8.3m of loans outstanding with bankers on various terms (see note 18). The College's forecasts and financial projections indicate that it will be able to operate within these existing facilities and covenants for the foreseeable future and at least 12 months from when the accounts are signed.

Accordingly the Members have a reasonable expectation that the College 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 annual Financial Statements.

Basis of consolidation

The financial statements include the College only.

The College has two dormant subsidiary companies, Magna Carta Consultants Limited and Suffolk Apprenticeships Limited. The figures for both Magna Carta Consultants Limited and Suffolk Apprenticeships Limited are not considered material and have therefore not been included as consolidated financial statements.

In accordance with Financial Reporting Standard (FRS) 2, the activities of the student council have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2014.

Recognition of Income

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

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under 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 at the end of November 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 income recognised is the allocation for the year.

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

Income from Tuition Fees is recognised in the period for which it is earned and includes all fees payable by students or their sponsors, for example employers.

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

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

Post- retirement benefits

Retirement benefits for employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS) in Suffolk. These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS), and the assets are held separately from those of the College.

The TPS is an unfunded scheme and 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 the Government Actuary on the basis of quadrennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a

consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the college in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income and expenditure account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Enhanced Pensions

The College has not approved any enhanced pensions.

Tangible Fixed Assets

The College's policy is to carry all assets at historical cost, except for inherited assets which are included in the balance sheet at a valuation carried out in May 1996. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. On implementation of FRS15 at 31 July 1999, the College took advantage of the transitional rules.

a) Land and Buildings

Land and buildings are stated at depreciated replacement cost established by independent valuation in May 1996. Land and buildings acquired since May 1996 are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. All other buildings are depreciated over their useful economic lives as follows:

Buildings permanent	2% straight line basis
Freehold improvements	12.5% straight line basis
Leasehold improvements	12.5% straight line basis

Leasehold improvements are depreciated at 12.5% straight line basis unless the lease is due to expire before the depreciation has been fully charged to the income and expenditure account. In such circumstances, the depreciation is charged over the duration of the lease at a higher rate in order to coincide with the life of the lease.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the income and expenditure account.

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

b) **Assets under Construction**

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

c) **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:

- Asset capacity increases
- Substantial improvement has occurred in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance.

d) **Equipment**

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation but is now fully depreciated.

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

Teaching computers	25% straight line basis
Teaching other	12.5% straight line basis
Admin equipment	25% straight line basis
Service equipment	12.5% straight line basis
Fixtures/fittings	12.5% straight line basis
Motor vehicles	25% straight line basis

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

Leased Assets

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

Investments

The College has a fixed asset investment in the ownership of Magna Carta Consultants Limited and Suffolk Apprenticeships Limited which are both currently dormant.

Fixed asset investments are held at the lower of cost or net realisable value.

Stocks

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

Maintenance of Premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

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

Liquid Resources

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

Provisions

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

Agency Arrangements

The College acts mostly as an agent in the collection and payment of Discretionary Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 31, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant, and also lunch and stationery vouchers provided to students for use within the College.

2 FUNDING BODY GRANTS

	Total 2014 £000	Total 2013 £000
Recurrent grant – EFA	11,489	11,814
Recurrent grant - SFA	5,361	5,813
Recurrent grant - HEFCE	3,391	3,208
Non recurrent grants – EFA/SFA	450	278
Releases of deferred capital grants (note 20)	134	136
	20,825	21,249

The figures above include £204k of funding relating to the 2012-13 financial year, which was not confirmed by the SFA until after 31 July 2013. Therefore this income is included in the 2013-14 financial year.

West Suffolk College acts as a lead partner for certain training funding, some of which is passed on to third parties. The figure above for non-recurrent grants shows net income earned by the College in its capacity both as a provider and as the lead partner. All other income claimed from the SFA and payable to third party partners has been excluded from these accounts. Total income claimed in the year under this type of arrangement and the related payments to partners was as follows:

	Total 2014 £000	Total 2013 £000
Income from Funding Bodies	1,210	2,113
Payments to non-College partners	(1,013)	(1,814)
Net Income	197	299

3 TUITION FEES

	2014 £000	2013 £000
Tuition fees	1,725	2,045
24+ Loan income	510	0
	2,235	2,045

4 OTHER GRANT INCOME

	2014 £000	2013 £000
European Funds	82	33
Other grants and contracts	136	183
Releases from non SFA deferred capital grants (note 20)	311	246
SCC Additional Learning Needs	286	0
	<u>815</u>	<u>462</u>

5 OTHER INCOME

	2014 £000	2013 £000
Catering and residence operations	759	675
Miscellaneous	149	184
Resale Materials	125	124
Car Park	44	54
Lettings	2	14
	<u>1,079</u>	<u>1,051</u>

6 INVESTMENT INCOME

	2014 £000	2013 £000
Interest receivable	33	71
Pension Finance Income (2012/13: Finance cost of £173,000)	31	0
	<u>64</u>	<u>71</u>

7 STAFF COSTS

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

	2014 Number	2013 Number
Teaching Departments	185	177
Teaching Departments – non teaching	71	81
Teaching Support Services	68	69
Other Support Services	33	34
Administration & Central Services	71	67
Premises	15	16
Catering	13	14
	456	458

Staff costs for the above persons:

	2014 £000	2013 £000
Teaching Departments	7,180	7,166
Teaching Departments – non teaching	2,607	2,832
Teaching Support Services	2,363	2,294
Other Support Services	786	1,001
Administration & Central Services	2,527	2,263
Premises	431	432
Catering	332	347
FRS17 adjustment	251	188
Restructuring Costs	4	88
Miscellaneous	16	21
	16,497	16,632

	2014 £000	2013 £000
Wages & Salaries	13,374	13,570
Social Security Costs	906	975
Pension Costs (including FRS17 adjustments)	2,213	1,999
Restructuring Costs	4	88
	16,497	16,632

	2014 £000	2013 £000
Employment costs for staff on permanent contracts	14,498	14,833
Employment costs for staff on short term or temporary contracts	1,744	1,523
FRS17 adjustment	251	188
Restructuring Costs	4	88
	16,497	16,632

7 STAFF COSTS (cont'd)

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

	2014 Number of senior post- holders	2014 Number of other staff	2013 Number of senior post- holders	2013 Number of other staff
• £50,001 to £60,000 p.a.	1	0	1	0
• £70,001 to £80,000 p.a.	1	0	0	0
• £80,001 to £90,000 p.a.	1	0	3	0
• £90,001 to £100,000 p.a.	1	0	0	0
• £120,001 to £130,000 p.a.	1	0	0	0
• £130,001 to £140,000 p.a.	0	0	1	0
	5	0	5	0

8 EMOLUMENTS OF SENIOR POSTHOLDERS AND MEMBERS

Senior post-holders are defined as the Accounting Officer and holders of the other senior posts whom the Governing Body has selected for the purposes of the Articles of Government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

	2014	2013
The number of senior post-holders including the Accounting Officer was:	5	5

For comparison purposes the 5 includes senior post holders who were employed for part of the year and who have now left the College.

Senior post-holders' emoluments are made up as follows:	£000	£000
Salaries	456	419
Benefits in kind	11	22
Pension contributions	62	56
Total emoluments	529	497

The above emoluments include amounts payable to the Accounting Officer(s) (who are also the highest paid senior post-holders) of:

Outgoing Accounting Officer

Salaries	11	127
Benefits in kind	0	4
Pension contributions	1	18
Subtotal	12	149

Incoming Accounting Officer

Salaries	129	0
Pension contributions	18	0
Subtotal	147	0

The pension contributions in respect of the Accounting Officer and senior post-holders are in respect of employer's contributions to either the Teachers' or Local Government Pension Schemes and are paid at the same rates as for other employees.

Other than the Accounting Officer and the staff governors, the members of the Corporation did not receive any payment from the College other than expenses reimbursed in the course of their duties.

9 OTHER OPERATING EXPENSES

	2014 £000	2013 £000
Teaching costs	2,317	2,335
Non-teaching costs	2,690	2,634
Premises costs	1,560	1,353
	<hr/>	<hr/>
	6,567	6,322

Other operating expenses include:

Auditor's remuneration:

Financial statements audit - College	24	22
Internal audit	25	23
Other services provided by financial statements auditors	4	1
Hire of other assets - land and buildings	122	122
Hire of other assets - operating leases	632	483

10 INTEREST AND OTHER FINANCE COSTS

	2014 £000	2013 £000
On bank loans, overdrafts and other loans:		
Repayable within 5 years, by instalments	1	3
Repayable wholly or partly in more than 5 years	273	226
	<hr/>	<hr/>
	274	229
Pension finance costs (note 23)	0	173
	<hr/>	<hr/>
Total	274	402

13 TANGIBLE FIXED ASSETS

	Land and buildings freehold £000	Buildings under construction £000	Equipment £000	Total £000
Cost or valuation				
At 1 August 2013	28,357	8,500	3,303	40,160
Additions	344	332	208	884
Disposals	0	0	(370)	(370)
Asset reclassification to Non Fixed Assets	0	(191)	0	(191)
Asset reclassification	8,454	(8,454)	0	0
At 31 July 2014	37,155	187	3,141	40,483
Depreciation				
At 1 August 2013	7,453	0	2,510	9,963
Charge for the year	1,442	0	228	1,670
Disposals	0	0	(330)	(330)
At 31 July 2014	8,895	0	2,408	11,303
Net book value at 31 July 2014	28,260	187	733	29,180
Net book value at 31 July 2013	20,904	8,500	793	30,197

13 TANGIBLE FIXED ASSETS

	Land and buildings freehold £000	Buildings under construction £000	Equipment £000	Total £000
Analysis of net book value				
Inherited	4,456	0	0	4,456
Financed by capital grants	4,115	0	64	4,179
Other	19,689	187	669	20,545
Net book value at 31 July 2014	28,260	187	733	29,180
Analysis of cost or valuation at 31 July 2014				
Valuation in 1996	6,763	0	66	6,829
Cost	30,392	187	3,075	33,654
Cost or valuation at 31 July 2014	37,155	187	3,141	40,483

All assets are carried at depreciated historical cost with the exception of inherited assets which are carried at depreciated replacement cost. The inherited assets were re-valued by an independent firm of Chartered Surveyors in May 1996 and their current net book value is £4.4m (2012/13 £4.6m). Previously these land and buildings had been valued at open market value established as £2.7m by independent valuers in April 1993. The transitional rules set out in FRS15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly, the book values at implementation have been retained.

Land and buildings with a net book value of £24,787,870 (2012/13 £17,262,640) have been partially funded by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Learning and Skills Council and successor organisations, to surrender the proceeds.

Where capital grant has funded assets, this grant will be released to the income and expenditure account over the remaining life of the assets. The release to the income and expenditure account in the current year in respect of capital grants was £444,998 (2012/13 £382,249).

If inherited fixed assets had not been revalued they would have been included at historical cost, aggregate depreciation and net book value which would be nil for all assets.

14 INVESTMENTS

	2014 £000	2013 £000
Investments at cost	0	0

The Corporation owns 100% of the issued ordinary share capital of Magna Carta Consultants Limited which is registered in England and Wales, at a cost of £2. The principal activity of Magna Carta Consultants Limited is the provision of education and training although it is not currently actively trading.

The Corporation owns 100% of the issued ordinary share capital of Suffolk Apprenticeships Limited which is registered in England and Wales, at a cost of £2. The principal activity of Suffolk Apprenticeships Limited is the provision of temporary and fixed term staff to third parties. Suffolk Apprenticeships is also not currently actively trading.

15 DEBTORS

	2014 £000	2013 £000
Amounts falling due within one year		
Trade debtors	239	134
Other debtors	1	3
Prepayments and accrued income	339	351
Amounts owed by Skills Funding Agency	94	86
Amounts owed by Education Funding Agency	0	263
Amounts owed by University Campus Suffolk	202	188
Amounts due from subsidiary companies	0	24
	875	1,049

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£000	£000
Bank loans (note 18a)	463	552
Energy loan (note 18b)	34	17
Trade creditors	805	1,094
Sundry creditors	20	18
Other taxation and social security	282	337
Accruals and deferred income	1,162	1,833
Payments received in advance – Skills Funding Agency	340	536
Other amounts owed to Education Funding Agency	0	337
Other amounts owed to Skills Funding Agency	425	645
	3,531	5,369

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014	2013
	£000	£000
Bank Loans (note 18a)	7,812	8,150
Energy loan (note 18b)	85	119
	7,897	8,269

18 BORROWINGS
(a) Bank Loans

	2014	2013
	£000	£000
Bank loans repayable within 1 year	463	552
Bank loans repayable between 1 and 2 years	470	463
Bank loans repayable between 2 and 5 years	1,466	1,438
Bank loans repayable in more than 5 years	5,876	6,249
	8,275	8,702

The College has three loans outstanding:
£3.5m loan attracts interest at 2.34% fixed rate until 2022, repayable no later than 30 Dec 2030
£2.5m loan attract interest at fixed rate of 6.195% repayable in equal instalments to end 2030
£3.5m loan attracts interest of Libor plus 1.5% repayable in equal instalments to end 2027

(b) Energy Loan

	2014	2013
	£000	£000
Energy loan repayable within 1 year	34	17
Energy loan repayable between 1 and 2 years	34	34
Energy loan repayable between 2 and 5 years	51	85
	119	136

The energy loan from Salix Finance Ltd was used to purchase an energy efficient lighting renewal scheme

19 PROVISIONS FOR LIABILITIES AND CHARGES

	Anglian Lane Dilapidations £000	Barrack Wall £000	Total £000
At 1 August 2013	45	201	246
Expended in the period	(45)	(116)	(161)
Provisions for Liabilities and Charges at 31 July 2014	0	85	85

Provision was made for works to the grade 2 listed barrack wall that surrounds the copse at the main site. As a listed structure the College has an obligation to keep it in a safe and good state of repair. Works have commenced, and the remaining provision is for further works yet to be completed.

20 DEFERRED CAPITAL GRANTS

	Funding Body Grants £000	Other Grants £000	Total Grants £000
At 31 July 2013 – Land and Buildings	2,242	1,741	3,983
At 31 July 2013 – Equipment	34	76	110
	<u>2,276</u>	<u>1,817</u>	<u>4,093</u>
Cash received – Land and Buildings	413	118	531
Cash received – Equipment	0	0	0
Released to income and expenditure account:			
Land and buildings	(123)	(275)	(398)
Equipment	(11)	(36)	(47)
	<u>2,532</u>	<u>1,584</u>	<u>4,116</u>
At 31 July 2014 – Land and Buildings	23	40	63
At 31 July 2014 – Equipment			
At 31 July 2014	<u>2,555</u>	<u>1,624</u>	<u>4,179</u>

Grants received from the EFA and SFA related to both support for major works and for specific projects.

21 REVALUATION RESERVE

	2014 £000	2013 £000
At 1 August 2013	4,177	4,287
Transfer from revaluation reserve to income and expenditure account in respect of depreciation	(111)	(110)
At 31 July 2014	<u>4,066</u>	<u>4,177</u>

22 MOVEMENT ON GENERAL RESERVES

	2014	2013
	£000	£000
At 1 August 2013	10,728	9,070
Transfer from revaluation reserve to income and expenditure account	111	110
Surplus retained for the year	3	29
Actuarial (loss) /gain in respect of pension scheme (note 23)	(3,743)	1,519
At 31 July 2014	7,099	10,728
Balance represented by:		
Pension reserve	(8,584)	(4,621)
Income and expenditure account	15,683	15,349
At 31 July 2014	7,099	10,728

23 PENSION AND SIMILAR OBLIGATIONS

The college's employees belong to two principal pension schemes, 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 Suffolk County Council. Both are defined benefit schemes

Total pension cost for the year	2014 £000	2013 £000
LGPS: Contributions paid	1,182	1,048
LGPS: FRS17 adjustment	251	188
Total operating charge to the Income and Expenditure account under Staff Costs	1,433	1,236
Teachers' Pension Scheme: contributions paid	780	763
Total Pension Cost for Year	2,213	1,999

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year. Contributions amounting to £1,038 (2013 £1,356) were payable for AVC's (Additional Voluntary Contributions) at 31 July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pension Regulations 2010. 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.

The Teachers' Pension Budgeting and Valuation Account

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 to 31 March 2011, the account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), 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

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPA. The aim of the review is to specify the level of future contributions.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these were being discussed in the context of the design for a reformed TPS, and as set out in the Proposed Final Agreement, and scheme valuations had been suspended since the last valuation in 2004.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up by past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

Valuations of the TPS are now required under the Public Service Pensions Act 2013 every 4 years and are required to be carried out in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury.

An actuarial valuation of the TPS in accordance with these Directions was published in June 2014 assessing the TPS as at 31 March 2012. The GA's report revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191,500 million. The notional value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million. 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%.

23 PENSION AND SIMILAR OBLIGATIONS (continued)

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5% which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

Employer and employee contribution rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2013 to 31 March 2014, the employee contribution rate will range between 6.4% and 11.2%, depending on a member's Full Time Equivalent salary and for 2014/15 will range between 6.4% and 12.4%. Thereafter members will be expected to pay an average contribution rate of 9.6%.

The TPS valuation for 2012 determined an employer contribution rate of 16.4% from September 2015 and an employee cost cap of 10.9%, both to be set in regulations until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

There will be further reforms and changes to the TPS with a new 2015 scheme.

The pension costs paid to TPS in the year amounted to £780,000 (2013: £763,000).

FRS17

Under the definitions set out in Financial Reporting Standard 17 (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

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

23 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by Suffolk County Council. The total contribution made for the year ended 31 July 2014 was £1,558,358 of which employer's contributions totalled £1,182,203 and employees' contributions totalled £376,155. The agreed employer contribution rates for future years are 17.3% for employers and range from 5.5% and 7.5% for employees depending on their salary.

FRS 17

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2014 by a qualified independent actuary

	At 31 July 2014	At 31 July 2013
Rate of increase in salaries	4.5%	5.1%
Rate of increase for pensions in payment / inflation	2.7%	2.8%
Discount rate for scheme liabilities	4.0%	4.6%
Expected return on assets	5.8%	5.8%
Inflation assumption (CPI)	2.8%	2.8%
Commutation of pensions to lump sums (pre April 2008 service)	25%	25%
Commutation of pensions to lump sums (post April 2008 service)	63%	63%

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 2014	At 31 July 2013
<i>Retiring today</i>		
Males	22.4	21.4
Females	24.4	23.3
<i>Retiring in 20 years</i>		
Males	24.3	23.7
Females	26.9	25.7

23 PENSION AND SIMILAR OBLIGATIONS (continued)

The College's share of the assets and liabilities in the scheme and the expected rates of return were:

	Return expected as at 31 July 2014	Fair Value at 31 July 2014 £'000	Return expected as at 31 July 2013	Fair Value at 31 July 2013 £'000
Equities	6.7%	15,550	6.5%	13,933
Bonds	3.8%	4,507	4.0%	4,240
Property	4.7%	2,254	4.6%	1,817
Cash	3.6%	225	3.4%	202
Total market value of assets		22,536		20,192
Present value of scheme liabilities				
- Funded		(31,120)		(24,813)
Deficit in the scheme		(8,584)		(4,621)

Analysis of the amount charged to income and expenditure account

	2014 £'000	2013 £'000
Current service cost (net of employee contributions)	1,428	1,223
Total operating charge	1,428	1,223

Analysis of pension finance income / (costs)

	2014 £'000	2013 £'000
Expected return on pension scheme assets	1,202	758
Interest on pension liabilities	(1,171)	(931)
Pension finance income / (costs)	31	(173)

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

	2014 £'000	2013 £'000
Actuarial gain on pension scheme assets	45	2,089
Actuarial (loss) on scheme liabilities	(3,788)	(570)
Actuarial (loss)/gain recognised in STRGL	(3,743)	1,519

The actual return on scheme assets was £1,051,000 (2013: £2,847,000). The Cumulative actuarial loss is £7,384,000 (2013: £3,641,000).

23 PENSION AND SIMILAR OBLIGATIONS (continued)

Changes in the present value of the defined benefit obligation were as follows:	2014	2013
	£'000	£'000
Liabilities at 1 August	24,813	22,119
Service cost	1,428	1,223
Interest cost	1,171	931
Employee contributions	377	342
Actuarial loss	3,788	570
Benefits paid	(457)	(372)
Liabilities at 31 July	31,120	24,813
Changes in the fair value of scheme assets were as follows:		
Assets at 1 August	20,192	16,340
Expected return on assets	1,202	758
Actuarial gain	45	2,089
Employer contributions	1,177	1,035
Employee contributions	377	342
Benefits paid	(457)	(372)
Assets at 31 July	22,536	20,192

Amounts for the current and previous four periods are as follows:

	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000	Year ended 31 July 2012 £000	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Defined benefit obligation	(31,120)	(24,813)	(22,119)	(17,771)	(17,165)
Scheme assets	22,536	20,192	16,340	15,064	12,775
Deficit	(8,584)	(4,621)	(5,779)	(2,707)	(4,390)
Experience adjustments on scheme liabilities	(552)	0	(173)	596	0
Experience adjustments on scheme assets	45	2,089	(859)	631	671

The estimated value of employer contributions for the year ended 31 July 2015 is £1,288,000.

24 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014	2013
	£000	£000
Surplus on continuing operations after depreciation of assets at valuation	3	29
Depreciation (note 13)	1,670	1,435
Deferred capital grants released to income (notes 2, 4)	(445)	(382)
Decrease/(increase) in stock	(24)	0
Interest and other finance costs (note 10)	274	402
Pension cost less contributions payable (notes 7 and 23)	251	188
Decrease/ (increase) in debtors	174	(87)
(Decrease)/ increase in creditors	(1,766)	160
Loss on disposal of fixed assets	198	58
(Decrease) in provisions (note 19)	(161)	(329)
Interest receivable (note 6)	(64)	(71)
Net cash inflow from operating activities	110	1,403

25 ANALYSIS OF CHANGES IN NET DEBT

	At	Cash	Other	At
	1 Aug 2013	flows	changes	31 July 2014
	£000	£000	£000	£000
Cash in hand, at bank	6,231	(895)	0	5,336
Debt due within 1 year	(569)	444	(372)	(497)
Debt due after 1 year	(8,269)	0	372	(7,897)
Total	(2,607)	(451)	0	(3,058)

26 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
Returns on investments and servicing of finance		
Interest received	33	71
Interest paid	(274)	(229)
Net cash outflow on servicing of finance	(241)	(158)
Capital expenditure		
Purchase of tangible fixed assets	(884)	(8,916)
Proceeds from sale of fixed assets	33	19
Deferred capital grants received	531	823
Net cash outflow from capital expenditure	(320)	(8,074)
Financing		
Repayment of amounts borrowed	(444)	(374)
Loan drawdown	0	3,635
Capital element of finance lease rental payments	0	0
Net cash (outflow) / inflow from financing	(444)	3,261

27 CAPITAL COMMITMENTS

	2014 £000	2013 £000
Commitments contracted for at 31 July 2014	581	296

28 FINANCIAL COMMITMENTS

At 31 July the College had annual commitments under non-cancellable operating leases as follows:-

	2014 £000	2013 £000
Land and Buildings		
Expiring within 1 year	0	31
Expiring in 2 to 5 years	60	20
Expiring after 5 years	62	62
	122	113
Other		
Expiring within 1 year	68	50
Expiring in 2 to 5 years	303	236
	371	286

29 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 July 2014 or 31 July 2013.

30 RELATED PARTY TRANSACTIONS

Owing to the nature of the College's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, it is possible 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. During the year ended 31st July 2014 no material related party transactions requiring disclosure occurred.

At 31st July 2014, Magna Carta Consultants Limited owed £122,958 (2013 £122,958) to West Suffolk College. This balance has been fully provided against in both 2014 and 2013. Magna Carta Consultants Limited is a wholly owned subsidiary of West Suffolk College.

At 31st July 2014, the balance owed by Suffolk Apprenticeships Limited to West Suffolk College was NIL (2013 £4,729). In the year an amount of £4,774 was written off owed to West Suffolk College from Suffolk Apprenticeships Limited.

Suffolk Apprenticeships Limited is a wholly owned subsidiary of West Suffolk College.

Transactions with the funding bodies are detailed in notes 2, 15, 16 and 20.

31 AMOUNTS DISBURSED AS AGENT

Adult Discretionary Support

	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
Funding body grants – hardship support	170	166
Funding body grants – 20+ childcare support	104	152
Funding body grants – 24+ loan bursary	97	0
	<u>371</u>	<u>318</u>
Disbursed to students	(195)	(202)
Disbursed to third parties	(5)	(6)
Amount consolidated in financial statements	(23)	(28)
Administration costs	(19)	(16)
	<u>129</u>	<u>66</u>

EFA 16-19 Bursary Funds

	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
Funding body grants – hardship support	279	292
Funding body grants – vulnerable student bursaries	55	0
Funding body grants – recycling of grants received previous years	11	0
	<u>345</u>	<u>292</u>
Disbursed to students	(209)	(201)
Disbursed to third parties	(53)	(35)
Amount consolidated in financial statements	(66)	(42)
Administration costs	(17)	(14)
	<u>0</u>	<u>0</u>

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

Western Area Board

	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
Funding received	58	72
Funds distributed to third parties	(21)	(59)
	<u>37</u>	<u>13</u>

The College acts as custodian for receipt of funds to support the activities of the Western Area Board. These funds are then paid out to third parties and the College therefore only acts as a paying agent.

Income received which has been paid out to parties has been excluded from these financial statements.

32 POST BALANCE SHEET EVENTS

There were no post balance sheet events.

Independent auditor's report on regularity to the corporation of West Suffolk College and the Chief Executive of the Skills Funding Agency

This report is produced in accordance with the terms of our engagement letter dated 20 October 2014 for the purpose of reporting on the College's Statement of Regularity, Propriety and Compliance in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2014 are regular in accordance with the authorities that govern them as defined by and in accordance with the Financial Memorandum with the Chief Executive of Skills Funding.

The regularity assurance framework that has been applied is set out in the Joint Audit Code of Practice and the Regularity Framework published by the Skills Funding Agency and the Education Funding Agency.

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

Responsibilities of the Corporation of West Suffolk College

The Corporation of West Suffolk College is responsible under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and the Financial Memorandum, for ensuring that financial transactions are in accordance with the framework of authorities which govern them and that transactions underlying the financial statements for the year ended 31 July 2014 are regular.

The Corporation of West Suffolk College is also responsible, under the requirements of the Accounts Direction 2013/14 published by the Skills Funding Agency and the Education Funding Agency for the preparation of the Statement on Regularity, Propriety and Compliance.

Auditor's responsibilities

Our responsibility is to express a reasonable assurance opinion that the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2014 are in all material respects regular, based on the procedures that we have performed and the evidence we have obtained. Our reasonable assurance engagement was undertaken in accordance with the Joint Audit Code of Practice, the Regularity Framework and our engagement letter dated 20 October 2014. The International Standards on Auditing (UK and Ireland) and Regularity Framework require that we plan and perform this engagement to obtain reasonable assurance in respect of the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the financial statements are in all material respects regular.

Basis of opinion

We have performed procedures on a sample basis so as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express reasonable assurance that the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2014.

Opinion

In our opinion, the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2014.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

23 December 2014

