



EXETER COLLEGE

**Report and Financial Statements
for the year ended 31 July 2015**

CONTENTS

	Page number
Statement from the Chair of the Board	2
Operating and Financial Review	3
Statement of Corporate Governance and Internal Control	11
Statement of Responsibilities of the Members of the Corporation	16
Independent Auditor's Report	17
Independent Auditor's Report on Regularity	18
Consolidated Income and Expenditure Account	20
Consolidated Statement of Historical Cost Surpluses and Deficits	21
Consolidated Statement of Total Recognised Gains and Losses	21
Balance Sheets	22
Consolidated Cash Flow Statement	23
Notes to the Financial Statements	24

STATEMENT FROM THE CHAIR OF THE BOARD

Following the previous year's exceptional achievement of the 'Outstanding' Ofsted rating, 2014/15 has been a year in which the Board has rigorously maintained its unrelenting focus on learner outcomes and the quality of teaching, learning and assessment.

At the same time governors have devoted considerable thought and time to anticipating, understanding and responding to the ever-more challenging financial and policy landscape in which the College is operating – including exploration of models of closer working with other colleges in the region.

The Board is absolutely committed to maintaining, and improving upon, Exeter College's position as one of the country's leading FE providers. The Board is driven by a vision of growth, excellence, partnership and active support for one of the fastest growing and most innovative city economies in the country.

2014/15 has been a very significant year for capital investment, with £9.6 million spent on a state-of-the-art new sports hall in the city centre and the creation of the exciting new Maths and Science Centre, officially opened by the University's Vice-Chancellor this autumn.

Continuing investment in learner facilities remains a very high priority, given our focus on learner outcomes and the continuing growth of our student numbers, counter to the general trend in the sector. In 2014/15 our 16-18 full-time funded learner numbers increased yet again to 5307, making Exeter the 9th largest such provider in the country. Another accolade gained by Exeter College was the award of the 2014 BTEC College of the Year. Outcomes for learners, across all programmes and levels, were excellent. They continue to improve and to significantly outperform sectoral norms.

The College's HE student numbers also grew, as did apprenticeships – for which Exeter College is now one of the largest and most successful providers in the region. We intend to play a very significant role in assisting the region to achieve its share of the government's ambitious 3 million apprenticeships target. We were particularly proud of one of our apprentices, Josh Ellis, who won the WorldSkills UK Plumbing gold medal in November and was then crowned NVQ Learner of the Year in June 2015.

The College's financial and business management, and the Board's oversight of it, has been extremely robust and effective throughout a very challenging period. This has enabled a year-end financial surplus to be delivered – again, contrary to developing sectoral trends. Whilst necessary capital spending has depleted our cash reserves at this point we are confident in our long-term plan to recover the position.

In 2014/15 our Principal, Richard Atkins, served (with unanimous Board support) in the prestigious national role of AoC President – reflecting his great standing in the sector and further enhancing the College's influence and reputation. During this period the strength, commitment and flexibility of senior management was evidenced by the College's continuing outstanding performance, despite the Principal's significant absence on national and international AoC Presidential business.

The Board is a strong one, in terms of the skills, experience and standing of its governors, and our rigorous adherence to an eight year maximum term of office ensures constant renewal and the addition of relevant new skills to the mix. All governors have constantly demonstrated huge passion for, and commitment to, the College's purposes and their contribution to its continuing dynamism and success cannot be overstated.

The Board recognises that Exeter College, alongside all FE and sixth form institutions, faces unparalleled funding and structural/organisational issues in 2015/16 and beyond.

We face these issues, however, with confidence that we have very strong foundations to build on; in our learner outcomes, our quality of teaching, our strong strategic partnerships, our financial position, our business model, our reputation, the strength of our governance and senior management and our innovative, enterprising and open culture.



Philip Bostock OBE DL HonLLD
Chair of the Board of Exeter 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 2015.

Legal status

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

Mission and Aims

Within the prior year, Exeter College launched its new Strategic Plan (2013-17) which incorporates the following Mission, Values and College Themes.

Mission

To be an outstanding, dynamic and thriving College, working with partners to provide inspirational education and training for our community.

Aims

The Exeter College Strategic Plan has four aims for the College:

A. Excellence

To strive for excellence in all that we do

- To ensure that teaching, learning and assessment is consistently outstanding
- To ensure all learners are on a programme of study which provides potential opportunities to progress
- To support all learners and provide them with opportunities to influence and shape their experience
- To enhance the performance potential and contribution of all staff through effective leadership, support, training and development
- To develop the College as an employer and provider of choice
- To provide facilities and resources that are excellent and enable outstanding learning
- To develop curriculum that encourages growth in our learner community in line with emerging priorities

B. Innovation

To promote a culture of innovation and progressive thinking

- To offer engagement and innovative provision which enable all learners to progress
- To provide resources that promote and embrace emerging technologies and support a professional environment
- To engender and promote a culture of environmental sustainability within College practices
- To be agile, flexible and responsive to maximise opportunities

C. Community

To respond to emerging needs

- To respond flexibly to emerging community and employment needs and priorities
- To be a catalyst for long-term sustainable partnership
- To be responsive and provide fit-for-purpose training that meets the needs of the employers in the community
- To embrace the positive impact of globalisation in the opportunities we offer to our wider community

Operating and Financial Review (continued)

D. Inclusivity

To reflect and be accessible to the community we serve

- To provide a safe, welcoming and inclusive environment
- To promote a pro-active culture that respects, values and celebrates the individuality of all learners and staff
- To provide an environment that meets the needs of all learners and staff
- To provide a broad, responsive and accessible curriculum that meets the needs and abilities of our diverse learners

A series of performance indicators have been agreed to monitor the successful implementation of the Strategic Plan.

Public Benefit

Exeter College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1st 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 11 and 12. 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 the following identifiable public benefits through the advancement of education:

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

Financial objectives

In the summer of 2014, the College set itself the following specific targets for the period to 31 July 2015:

1. Maintaining financial health of at least "Satisfactory" as determined by the SFA
2. maintaining general reserve of at least 10% of income;
3. setting and achieving annual budgets which generate an historic cost surplus each year
4. generating cash inflows from operating activities;
5. keeping borrowing to 100% of general reserves (excluding pensions reserves) during 2014/15;
6. maintaining a current ratio of at least 0.5, and to return to 1.0 by the end of the SFA 3 year plan period

All these objectives were achieved.

Performance indicators

The Skills Funding Agency has adopted a system of performance measures for colleges, FE Choices which is part of the Further Education Public Information (FEPI) framework:

- Success rates
- Learner destinations
- Learner satisfaction
- Employer satisfaction

The College is committed to observing the importance of the measures and indicators within the Framework and is monitoring these through the completion of the annual Finance Record for the Skills Funding Agency. The current rating is in line with the recent Ofsted inspection which grades the College as outstanding.

Operating and Financial Review (continued)

FINANCIAL POSITION

Financial results

The College generated a consolidated operating surplus in the year of £324,000 (2013/14: Surplus £268,000).

The Group has accumulated income and expenditure reserves of £4,037,000 (2013/14: £6,162,000) and cash balances of £5,230,000 (2013/14: £10,459,000). The College now wishes to accumulate reserves following a significant period of capital investment during 2014/15. The cash balances will be used to support the development and implementation of the current and future Property Strategy.

The College has two subsidiary companies, Aplus Training (SW) Limited, and Ecole Limited, both of which are dormant. The operations of Aplus Training (SW) Ltd now operate as part of the Business and IT faculty within the College.

Tangible fixed asset additions during the year amounted to £9,639,000. This was split between new buildings of £7,758,000 and equipment purchased of £354,000 and assets under construction of £1,527,000.

The College has significant reliance on the funding bodies for its principle funding source, largely from recurrent grants. In 2014/15 funding body grants provided 77% of the College's total income.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place. Borrowing requires authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum of the Skills Funding Agency.

Cash flows

At £1,151,000 (2013/14: £3,848,000), operating cash inflow was good. The reduction from the 13/14 balances relate to expenditure against the 13/14 SFA receipt of capital grant on the new Sports Hall Construction.

Liquidity

The size of the College's total borrowing and its approach to interest rates have been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2014/15 the Group has delivered activity that has produced £25,605,000 in funding body main allocation funding (2013/14: £25,624,000). The College enrolls over 10,000 students spanning entry to level 4 provision. Around a third of all 16-18 full-time students in the Devon Local Authority Area attend Exeter College. There were 5,337 full time 16-18 at the end of the year, 30 above the original funding allocation for the year

Operating and Financial Review (continued)

Student achievements

Student outcomes are outstanding and continue to place Exeter College as one of the highest performing colleges in the country. Long courses (courses that are over 24 weeks in duration) have a student success rate of 87% against an 'all provider' average of 83%. The overall success rate for apprenticeship provision is 86%, some 17% ahead of the last available national average.

Curriculum developments

Exeter College plays a social, economic and community leadership role in the city and county as a school, Sixth Form College, general further education College, training provider and local HE centre. This makes the College vibrant and lively, with a strong focus on success, which has a high impact on the local community.

2014/15 has been the first year of fully embedding Maths and English into programmes of study, for which the College has received both regional and national recognition on the success of its implementation and the challenges this brings in terms of resourcing in a large Tertiary College.

Exeter College offers a very wide curriculum to our students and our community. Courses are offered in all subject areas except land-based industries, from Foundation learning level 1 to levels 3 and 4. The College has extensive and meaningful links with business, industry and the community, including partnerships with Flybe, Exeter City Football Club, Exeter City Council and Devon County Council.

The College has also developed a number of other specialist academies including the Journalism Academy, the Michael Caines Hospitality Academy, the Reach Academy sponsored by the Met Office and an Enterprise Academy.

Additionally, Exeter College is the adult and community learning provider for the city offering a range of adult vocational provision and currently enrolls over 500 students on Higher Education programmes each year. In 2014/15, nearly 300 young people aged 14-16 attended the College, following a wide range of courses from Foundation Learning through vocational provision to gifted & talented programmes.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2014 to 31 July 2015, the College paid 87% of its suppliers within 31 days. The College incurred no interest charges in respect of late payment for this period and it is further enhancing measures to improve performance against this target.

Post-balance sheet events

There are no post balance sheet items in the financial statements to report.

Future developments

The College completed the construction of a Sports Pavilion at Exwick in August 2014 and the new Sports Hall off Queens Street in June 2015, as part of an overall £7.7m project. A refurbishment programme at National House to form a new Maths and Science Centre commenced in November 2014, which was completed in October 2015. While this work was undertaken the College hired 11 temporary spaces across both the Hele Road and Exwick sites to provide teaching room capacity while the refurbishment work was undertaken, 2014/15 has been the most significant period in terms of capital expenditure for the College over recent years which has provided both additional capacity to meet the continued growth in student numbers and an improvement in the quality of provision, in line with the outstanding standards that the College maintains for teaching and learning.

Operating and Financial Review (continued)

The College will be aiming to significantly increase contribution by introducing a number of efficiency schemes across the College site in future years. The College would like to reduce dependency on the Skills Funding Agency/EFA and is seeking opportunities particularly in the areas where the College currently performs well such as HE recruitment, international recruitment and non-funded course delivery.

RESOURCES

The College has considerable property resources that it can deploy in pursuit of its strategic objectives. There are now four main College sites in Exeter city centre, as well as a Technology Centre at Monkerton and a Construction Centre at Sowton. In addition, the College now operates an Outdoor Education Centre at Haven Banks, on the Quayside in Exeter, in partnership with Devon County Council. Following the Aplus restructure in 2013/14, the two training facilities in Exeter and Plymouth have been retained.

Financial

The College has £23,675,000 of consolidated net assets (2013/14 £24,091,000), after deducting £14,343,000 pension liability (2013/14 £10,991,000) and long term debt of £9,157,000 (2013/14 £7,909,000).

People

The Group employs 693 people (expressed as full time equivalents), of whom 534 are teaching staff.

Reputation

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the College undertakes a comprehensive review of the risks to which it is exposed. It identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the College will also consider any risks which may arise as a result of a new area of work being undertaken.

A risk register is maintained at the College level which is reviewed by both the Senior Leadership Team and the Audit Committee on a termly basis. In addition, each risk has been allocated to the relevant governance committee for additional oversight. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by risk management training to raise awareness of risk throughout the College.

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

The primary current risks identified by the College are set out below. These are the risks given an overall risk classification of significant based on both the potential impact and the likelihood of the risk occurring.

- Response to ongoing funding cuts while maintaining the quality of our provision
- Failure to provide sufficient specialist resources, social space and accommodation to support students
- Changes within the sector including Area Reviews
- Recruitment for a new principal following Richard Atkins retirement in March 2016.
- Adverse publicity and reputational damage

Operating and Financial Review (continued)

- Responding to curriculum and assessment changes especially A level reform
- Failure to maintain financial stability
- The impact of the demographic downturn on future cohorts attending College.

These risks are being addressed through the College's Strategic and Operational plans.

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Funding Agencies;
- Governors;
- Staff;
- Local employers;
- Local Authorities;
- Parents & schools;
- The local community;
- Exeter University
- Other FE institutions;
- Trade unions;
- Lenders; and
- Professional bodies.

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

Equal opportunities and employment of disabled persons

Exeter College is committed to ensuring equality of opportunity for all who learn and work here. Safeguarding is at the core of all the College's operations. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

The College's Equality and Diversity 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 are, as far as possible, identical to those for other employees. An Equality and Diversity Policy is in place and is monitored by managers and governors.

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 accommodation strategy the College regularly updates its access audit.
- b) There is a list of specialist equipment, such as lighting and audio facilities, which the College can make available for use by students and a range of assistive technology is available in the learning centres.

Operating and Financial Review (continued)

- c) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- d) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of 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.
- e) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- f) Counselling and welfare services are described in the College Student Handbook, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 11 December 2015 and signed on its behalf by:



Philip Bostock
Chair of the Board

Operating and Financial Review (continued)

Professional advisers

Financial statement and regularity auditor:

Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

Internal auditors:

PricewaterhouseCoopers
Princess Court
23 Princess Street
Plymouth
PL1 2EX

Bankers:

Lloyds TSB Bank PLC
PO Box 340
234 High Street
Exeter
EX4 3ZB

Solicitors:

Foot Anstey Solicitors
Senate Court
Southernhay Gardens
Exeter
Devon
EX1 1NT

Property consultants:

Jones Lang LaSalle
Keble House
Southernhay Gardens
Exeter
EX1 1NT

Sweett (UK) Ltd
Winward House
Fitzroy Road
Exeter
EX1 3LJ

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

CORPORATE GOVERNANCE

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the revised Combined Code on Corporate Governance issued by the London Stock Exchange in July 2006. Its purpose is to help the reader of the Financial Statements understand how the principles have been applied.

We are not required to comply with the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the College and best practice.

THE CORPORATION

The governors, including co-opted members, who served on the Corporation during the year and up to the date of approval of this report were as listed in Table 1.

Table 1: Governors on the College Board during 2014/15

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committee Served (meetings attended/scheduled meetings)
D Allen	01/04/13	4 years		External	Chair Audit (4/4) Board (9/9) Search (3/3)
B Arjoon	01/08/13	4 years		External	Business Services (6/6) Board (8/9)
R Atkins	14/01/02	Ex officio		Principal	Business Services (1/6) Board (8/9)
D Batho	06/07/12	4 years		College Staff	Audit (3/4) Board (8/9)
J Jefferson	1/08/14	1 year	31/07/15	Student	Quality & Standards (5/5) Board (7/9)
P Bostock (Chair from 01/08/13)	15/10/10 (Reappointed 14/10/14)	4 years		External	Business Services (6/6) Chair Search (2/3) Chair Remuneration (1/2) Chair Board (9/9)
J Bunting	01/07/09 Reappointed 01/07/13	4 years		External	Quality & Standards (5/5) Board (7/9)
M Caines	01/04/13	4 years		External	Business Services (4/6) Board (4/9)
V Carah	11/10/13	4 years	07/11/14	External	Quality & Standards (0/1) Board (0/1)
C Seymour	12/12/14	1 year	31/07/15	Student	Quality & Standards (2/3) Board (5/7)
J Coombs	04/07/12	4 years		Co-optee	Business Services (6/6)
C Hoar	04/07/12	4 years		External	Business Services (5/6) Board (6/9)
E Hobson	01/07/09 Reappointed 01/07/13	4 years		External	Audit (4/4) Quality & Standards (4/5) Board (7/9)
C Marshall	10/05/10 Reappointed 10/05/14	4 years		External	Quality & Standards (4/5) Board (6/9)
J Matthews	01/08/13	4 years		Co-optee	Business Services (6/6)
I McGregor (Vice chair from 01/08/13)	01/11/07 Reappointed 1/11/11	4 years		External	Vice Chair Business Services (6/6) Vice Chair Search (2/3) Vice Chair Remuneration (1/2) Vice Chair Board (6/9)
M Overton	15/10/10	4 years	13/03/15	External	Quality & Standards (2/3) Board (4/4)
M Owen	02/05/14	4 years		College Staff	Quality & Standards (5/5) Board (7/7)
M Pugh	08/07/15	4 years		External	Business Services (0/0)
M Roach	08/12/10	4 years		External	Audit (3/4) Board (8/9)

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL *(continued)*

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committee Served (meetings attended/scheduled meetings)
T Tambllyn	01/01/08 Reappointed 01/01/12	4 years		External	Chair Business Services (6/6) Quality & Standards (4/5) Search (3/3) Remuneration (2/2) Board (9/9)
D Underwood	12/10/12	4 years		External	Vice Chair Quality & Standards (4/5) Audit (2/3) Board (9/9)
R Hutchinson	13/02/15	4 years		Staff	Quality & Standards (2/2) Board (5/7)
E Webber	18/02/11	4 years		External	Chair Quality & Standards (5/5) Search (2/3) Remuneration (2/2) Board (8/9)

B Sweeney acts as the 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 other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets 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 Business Services, Audit, Remuneration, Search, Quality and Standards. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at or from the Clerk to the Corporation at:

Exeter College
Hele Road
Exeter
Devon
EX4 4JS

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 and removal of the Clerk are matters for the Corporation as a whole.

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

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

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL *(continued)*

APPOINTMENTS TO THE CORPORATION

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, comprising of the Chair and Vice Chair of the Board, the Principal and the Chairs of the Committees, 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 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 2015, the College's Remuneration Committee comprised the Chair and Vice Chair of the Board, a Governor with expertise in Human Resources and a Governor with expertise in Finance. The committee determines the remuneration and benefits of the Principal and other senior post-holders, reporting to the Corporation.

Details of remuneration for the year ended 31 July 2015 are set out in note 7 to the financial statements.

AUDIT COMMITTEE

The Audit Committee comprises four members of the Corporation (excluding the Principal and the Chair of the Board). The committee operates in accordance with written terms of reference approved by the Corporation.

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

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

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

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

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 he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum / Financial Agreement between Exeter College and the Learning and Skills Council and its successor organisations. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL *(continued)*

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 Exeter College for the year ended 31 July 2015 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2015 and up to the date of approval of the report and financial statements. 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; and
- the adoption of formal project management disciplines, where appropriate.

Exeter College has an internal audit service, which operates in accordance with the requirements of the Joint Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At least annually, the Head of Internal Audit (HIA) provides the Corporation with a report of internal audit activity in the College.

Review of effectiveness

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

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

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL *(continued)*

The senior leadership 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 leadership team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 11 December 2015 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the Senior Leadership Team and internal audit, and taking account of events since 31 July 2015.


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.

Approved by order of the members of the Corporation on 11 December 2015 and signed on its behalf by:



Philip Bostock
Chair of the Board



Richard Atkins
Principal and Accounting Officer

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Financial Memorandum agreed between the Skills Funding Agency and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2007 *Statement of Recommended Practice – Accounting for Further and Higher Education Institutions* and with the Accounts Direction issued jointly by the Skills Funding Agency and the Education Funding Agency and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

The Corporation is also required to prepare an Operating and Financial Review which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the Funding bodies are used only in accordance with the Financial Memorandum with the Funding bodies 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 by the Funding bodies are not put at risk.

Approved by order of the members of the Corporation on 11 December 2015 and signed on its behalf by:



Philip Bostock
Chair of the Board

Independent auditor's report to the Corporation of Exeter College

We have audited the financial statements of Exeter College for the year ended 31 July 2015 which comprise the consolidated income and expenditure account, the balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the consolidated statement of historical cost surpluses and deficits and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the Corporation and auditor

As explained more fully in the Statement Responsibilities of the **Corporation** set out on page 16, the College's Corporation is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2015 and of the Group's surplus of income over expenditure for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions.

Matters on which we are required to report by exception

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

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



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Bristol
17 December 2015

Reporting accountant's assurance report on regularity to the corporation of Exeter College and Secretary of State for Business, Innovation and Skills acting through Skills Funding Agency

In accordance with the terms of our engagement letter issued 7 October 2015 and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that, in all material respects, the expenditure disbursed and income received by Exeter College during the period 1 August 2014 to 31 July 2015 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency in August 2015. In accordance with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which Skills Funding Agency has other assurance arrangements in place.

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

Respective responsibilities of Exeter College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by law and professional standards and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that, in all material respects, expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw our conclusion includes:

- making enquiries of management;
- analytical procedures;
- evaluation of controls and walkthroughs on a sample of material items
- review of completed and signed self-assessment questionnaire (SAQ);
- review of Board and Committee meeting minutes;

EXETER COLLEGE

- review of internal audit papers (where relevant); and
- limited testing, on a selective basis, on a number of areas which are considered within the SAQ

Conclusion

In the course of our work nothing has come to our attention which suggests that, in all material respects, the expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Bristol
17 December 2015

Consolidated Income and Expenditure Account
For the year ended 31 July 2015

	Notes	2015	2014
		£'000	£'000
INCOME			
Funding body grants	2	29,703	29,543
Tuition fees and education contracts	3	4,946	4,367
Other income	4	3,756	3,696
Investment income	5	42	55
Total income		38,447	37,661
EXPENDITURE			
Staff costs	6	24,044	22,778
Other operating expenses	8	10,904	11,182
Cost of restructuring subsidiary	10	-	413
Depreciation	13	2,581	2,420
Interest and other finance costs	9	594	600
Total expenditure		38,123	37,393
Surplus/(deficit) on continuing operations after depreciation of assets at valuation and before exceptional items and tax		324	268
Taxation	11	-	-
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	12	324	268

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

The notes on pages 24 to 43 form an integral part of these financial statements.

Consolidated Statement of Historical Cost Surpluses and Deficits
For the year ended 31 July 2015

	Notes	2015 £'000	2014 £'000
Surplus on continuing operations before taxation		324	268
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	21	325	325
Historical cost surplus for the year before and after taxation		649	593

Consolidated Statement of Total Recognised Gains and Losses
For the year ended 31 July 2015

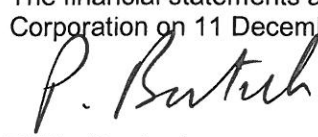
	Notes	2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of assets at valuation and tax		324	268
Actuarial loss in respect of the pension scheme	19 & 28	(2,774)	(2,566)
Total recognised losses since last report		(2,450)	(2,298)
Reconciliation			
Opening reserves		16,711	19,009
Total recognised losses for the year		(2,450)	(2,298)
Closing reserves		14,261	16,711

The notes on pages 24 to 43 form an integral part of these financial statements.

Balance sheets as at 31 July 2015

	Notes	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Fixed assets					
Tangible assets	13	48,813	48,813	41,755	41,755
Investments	14	-	-	-	-
Total fixed assets		48,813	48,813	41,755	41,755
Current assets					
Debtors	15	768	801	901	934
Cash at bank and in hand		5,230	5,230	10,459	10,459
Total current assets		5,998	6,031	11,360	11,393
Less: Creditors – amounts falling due within one year	16	(6,298)	(6,298)	(8,775)	(8,775)
Net current (liabilities) / assets		(300)	(267)	2,585	2,618
Total assets less current liabilities		48,513	48,546	44,340	44,373
Less: Creditors – amounts falling due after more than one year	17	(9,157)	(9,157)	(7,909)	(7,909)
Less: Provisions for liabilities	19	(1,338)	(1,338)	(1,349)	(1,349)
Net assets excluding pension liability		38,018	38,051	35,082	35,115
Net pension liability	28	(14,343)	(14,343)	(10,991)	(10,991)
NET ASSETS INCLUDING PENSION LIABILITY		23,675	23,708	24,091	24,124
Deferred capital grants	20	9,414	9,414	7,380	7,380
Income and expenditure account excluding pension reserve		18,380	18,413	17,153	17,186
Pension reserve		(14,343)	(14,343)	(10,991)	(10,991)
Income and expenditure account including pension reserve	22	4,037	4,070	6,162	6,195
Revaluation reserve	21	10,224	10,224	10,549	10,549
Total reserves		14,261	14,294	16,711	16,744
TOTAL		23,675	23,708	24,091	24,124

The financial statements and the accompanying notes on pages 24 to 43 were approved by the Corporation on 11 December 2015 and were signed on its behalf on that date by:


Philip Bostock
Chair


Richard Atkins
Principal

The notes on pages 24 to 43 form an integral part of these financial statements.

Consolidated Cash Flow Statement
For the year ended 31 July 2015

	Notes	2015 £'000	2014 £'000
Cash inflow from operating activities	23	1,151	3,848
Returns on investments and servicing of finance	24	(475)	(382)
Capital expenditure and financial investment	25	(7,077)	(3,903)
Financing	26	<u>1,172</u>	<u>(662)</u>
Decrease in cash in the year		<u>(5,229)</u>	<u>(1,099)</u>
Reconciliation of net cash flow to movement in net funds			
Decrease in cash in the period		(5,229)	(1,099)
Cash (inflow) / outflow from financing	26	<u>(1,172)</u>	<u>662</u>
Change in net funds resulting from cash flows		(6,401)	(437)
Net funds at 1 August	27	<u>1,930</u>	<u>2,367</u>
Net funds at 31 July		<u>(4,471)</u>	<u>1,930</u>

The notes on pages 24 to 43 form an integral part of these financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 July 2015

1. Accounting policies (continued)

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

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

Income from grants, contracts and other services rendered is included to the extent that 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 to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 28, 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 assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Enhanced Pensions

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

Tangible fixed assets

Land and buildings

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 50 years.

Notes to the Financial Statements (continued)
For the year ended 31 July 2015

1. Accounting policies (continued)

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

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

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

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993, 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.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2015. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

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

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance
- 50% of refurbishment cost is written off in the year incurred and 50% is capitalised

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.

Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the College of five years from incorporation and is now fully depreciated. All other equipment is depreciated over its useful economic life as follows:

- motor vehicles and general equipment – between 3 and 5 years on a straight-line basis
- computer equipment – 3 years on a 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.

Fixed asset investments

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

Notes to the Financial Statements (continued)
For the year ended 31 July 2015

1. Accounting policies (continued)

Intangible fixed assets and amortisation

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life, which has been estimated as 20 years.

Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Leased assets

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Maintenance of premises

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

Foreign currency translation

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

Notes to the Financial Statements (continued)
For the year ended 31 July 2015

4 Other income

	2015 £'000	2014 £'000
Residencies, catering and conferences	783	649
Other income	2,417	2,515
Exam fees	145	149
Rent receivable	102	93
Day nursery income	284	263
Hair dressing	25	27
	<u>3,756</u>	<u>3,696</u>

5 Investment income

	2015 £'000	2014 £'000
Other interest receivable	42	55
	<u>42</u>	<u>55</u>

6 Staff costs

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

	2015 No.	2014 No.
Teaching staff	534	523
Non-teaching staff	159	165
	<u>693</u>	<u>688</u>

Staff costs for the above persons

	2015 £'000	2014 £'000
Wages and salaries	19,712	18,787
Social security costs	1,322	1,313
Other pension costs (including FRS 17 adjustments of £530,000 – (2014 £426,000))	2,890	2,639
Severance payments	120	39
	<u>24,044</u>	<u>22,778</u>

Notes to the Financial Statements (continued)
For the year ended 31 July 2015

6 Staff costs (continued)

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

	Senior post-holders		Other staff	
	2015 No.	2014 No.	2015 No.	2014 No.
£60,001 to £70,000	-	-	4	6
£70,001 to £80,000	-	1	1	1
£80,001 to £90,000	1	-	4	4
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	1	-	-
£120,001 to £130,000	1	-	-	-
£160,001 to £170,000	-	1	-	-
£170,001 to £180,000	1	-	-	-
	<u>3</u>	<u>3</u>	<u>9</u>	<u>11</u>

7 Senior post-holders' emoluments

Senior post-holders are defined as the Principal 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.

	2015 No.	2014 No.
The number of senior post-holders including the Principal was:	4	4

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

	2015 £'000	2014 £'000
Salaries	376	364
Pension contributions	49	49
Other benefits in kind	1	2
Total emoluments	<u>426</u>	<u>415</u>

The above emoluments include amounts payable to the Principal (who is also the highest paid senior post-holder) of:

	2015 £'000	2014 £'000
Salaries	150	147
Other benefits in kind	1	1
Pension contributions	<u>21</u>	<u>21</u>

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme/Local Government Pension Scheme and are paid at the same rate as for other employees.

Notes to the Financial Statements (continued)

For the year ended 31 July 2015

8 Other operating expenses

	2015 £'000	2014 £'000
Teaching costs	3,791	4,714
Non-teaching costs	4,068	3,489
Premises costs	3,045	2,979
	<u>10,904</u>	<u>11,182</u>

Other operating expenses include:

	2015 £'000	2014 £'000
Auditor's remuneration:		
Financial statements audit*	28	21
Internal audit**	32	30
Other services provided by the internal auditors	4	10
Other services provided by the external auditors	-	6
Amortisation of goodwill	-	24
Hire of plant and machinery – operating leases	35	31
Hire of other assets – operating leases	123	110

* includes £27,779 in respect of the College (2013/14 £17,825)

** includes £31,876 in respect of the College (2013/14 £29,971)

9 Interest payable

	2015 £'000	2014 £'000
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than five years	517	437
Pension finance costs (note 28)	77	163
	<u>594</u>	<u>600</u>

10 Restructure of subsidiary

	2015 £'000	2014 £'000
Impairment of investment	-	(413)

11 Taxation

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

12 Surplus on continuing operations for the period (Group)

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

	2015 £'000	2014 £'000
Group's surplus / (deficit) for the period	324	(173)
Retained surplus of the subsidiary undertaking	-	441
	<u>324</u>	<u>268</u>

Notes to the Financial Statements (continued)
For the year ended 31 July 2015

13 Tangible fixed assets (Group & College)

	Land and Buildings Freehold £'000	Equipment £'000	Assets under construction £'000	Total £'000
Cost or valuation				
At 1 August 2014	56,135	2,576	3,952	62,663
Additions	200	283	9,156	9,639
Adjustments	7,558	71	(7,629)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2015	63,893	2,930	5,479	72,302
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 August 2014	18,813	2,095	-	20,908
Charge for the year	2,121	460	-	2,581
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2015	20,934	2,555	-	23,489
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 July 2015	42,959	375	5,479	48,813
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 July 2014	37,322	481	3,952	41,755
	<hr/>	<hr/>	<hr/>	<hr/>
Inherited – at valuation	12,498	-	-	12,498
Financed by capital grant	10,552	290	-	10,842
Other	19,909	85	5,479	25,473
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 July 2015	42,959	375	5,479	48,813
	<hr/>	<hr/>	<hr/>	<hr/>

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

Inherited land and buildings were valued at incorporation at depreciated replacement cost by Devon County Council Surveyors Department.

Land and buildings with a net book value of £32,971,299 have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Funding Body, to surrender the proceeds.

Notes to the Financial Statements (continued)
For the year ended 31 July 2015

14 Investments

	College 2015 £	College 2014 £
Investments in subsidiary companies	<u>3</u>	<u>3</u>

The College owns 100% of the issued ordinary £1 shares of Ecole Limited and Aplus Training (SW) Limited, incorporated in England and Wales. Ecole Limited was dormant throughout the year. Aplus Training (SW) Ltd operations were transferred to the College on 31 July 2014.

15 Debtors

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Amounts falling due:				
Trade debtors	493	493	489	489
Amounts owed by subsidiary undertakings	-	33	-	33
Prepayments and accrued income	275	275	268	268
Amounts owed by the Skills Funding agency	-	-	144	144
	<u>768</u>	<u>801</u>	<u>901</u>	<u>934</u>

16 Creditors: amounts falling due within one year

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Bank loans and overdrafts	544	544	642	642
Payments received in advance	798	798	818	818
Trade creditors	720	720	715	715
Other taxation and social security	477	477	610	610
Other creditors	772	772	379	379
Amounts owed to the Skills Funding Agency	326	326	3,264	3,264
Accruals	2,661	2,661	2,347	2,347
	<u>6,298</u>	<u>6,298</u>	<u>8,775</u>	<u>8,775</u>

Included in accruals, is £321,194 relating to outstanding pension contributions.

17 Creditors: amounts falling due after one year

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Bank loans	9,157	9,157	7,887	7,887
Other taxation	-	-	22	22
	<u>9,157</u>	<u>9,157</u>	<u>7,909</u>	<u>7,909</u>

Notes to the Financial Statements (continued)
For the year ended 31 July 2015

18 Borrowings**(a) Bank loans**

Bank loans are repayable as follows:

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
In one year or less	544	544	642	642
Between one and two years	2,309	2,309	545	545
Between two and five years	1,789	1,789	1,645	1,645
In five years or more	5,059	5,059	5,697	5,697
Total	9,701	9,701	8,529	8,529

The College currently has four bank loans:

The first loan (capital outstanding at 31 July 2015: £nil) was secured by a letter of negative pledge over the College's premises and was repayable over a period of 10 years and this loan completed during the year. With effect from 7 February 2005 interest on the loan was fixed for a period of 10 years at 7.09% per annum.

The second loan (capital outstanding at 31 July 2015: £4,354,441) is unsecured and is repayable over a period of 15 years. The loan is being repaid in 56 quarterly instalments, the first being paid in October 2007. The interest on the loan has been fixed for a period of 15 years at 5.615% per annum.

The third loan (capital outstanding at 31 July 2015: £3,062,500) is repayable over 16 years in 56 quarterly instalments following a 2 year initial capital repayment holiday. The Interest rate has been fixed at 4.0375% per annum.

The fourth loan (capital outstanding at 31 July 2015: £ 534,247) is initially for 5 years with the option to extend to 20 years with an initial 2 year capital repayment holiday. Repayments have been geared to an 18 year repayment term with the interest rate charged at 1.65% above LIBOR.

The College took out an additional loan in 2015 on a revolving credit for an initial term of 2 years (capital outstanding 31 July 2015: £1,750,000). There is an additional £1,250,000 facility available to be drawn again in 2015/16

The bank has security over certain of the College's properties for loans 1, 3 and 4.

19 Provisions for liabilities and charges

	Group Total £'000
At 1 August 2014	1,349
Expenditure in the period	(95)
Transferred from income and expenditure account	55
Actuarial valuation loss	29
At 31 July 2015	1,338

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with the guidance issued by the regulators.

Notes to the Financial Statements (continued)
For the year ended 31 July 2015

The principal assumptions for this calculation are:

	2015	2014
Interest costs	3.46%	4.06%
Discount rate	1.75%	2.25%

20 Deferred capital grants

	£'000
At 1 August 2014	7,380
Cash received	2,562
Released to income and expenditure account	(528)
At 31 July 2015	9,414

21 Revaluation reserve

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
At 1 August	10,549	10,549	10,874	10,874
Transfer from revaluation reserve to general reserve in respect of depreciation on revalued assets	(325)	(325)	(325)	(325)
At 31 July	10,224	10,224	10,549	10,549

22 Movement on general reserves

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Income and expenditure account reserve				
At 1 August	6,162	6,195	8,135	8,609
Surplus retained for the year	324	324	268	(173)
Transfer from revaluation reserve	325	325	325	325
Actuarial loss in pension scheme	(2,774)	(2,774)	(2,566)	(2,566)
At 31 July	4,037	4,070	6,162	6,195
Balance represented by:				
Pension reserve	(14,343)	(14,343)	(10,991)	(10,991)
Income and expenditure account reserve excluding pension reserve	18,380	18,413	17,153	17,186
At 31 July	4,037	4,070	6,162	6,195

Notes to the Financial Statements (continued)
For the year ended 31 July 2015

23 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	324	268
Depreciation (notes 1 and 13)	2,581	2,420
Deferred capital grants released to income (note 21)	(528)	(359)
FRS17 pension costs	607	589
Write off Investment	-	413
Asset/creditor adjustment	(106)	(87)
Interest payable (note 9)	594	600
Interest receivable (note 5)	(42)	(55)
Decrease in debtors	133	12
(Decrease) / increase in creditors	(2,401)	61
Decrease in provisions	(11)	(14)
Net cash inflow from operating activities	1,151	3,848

24 Returns on investments and servicing of finance

	2015 £'000	2014 £'000
Interest received excluding pension (note 5)	42	55
Interest paid excluding pension (note 9)	(517)	(437)
Net cash outflow from returns on investment and servicing of finance	(475)	(382)

25 Capital expenditure and financial investment

	2015 £'000	2014 £'000
Purchase of tangible fixed assets (note 13)	(9,639)	(3,911)
Deferred capital grants received (note 20)	2,562	8
Net cash outflow from capital expenditure and financial investment	(7,077)	(3,903)

26 Financing

	2015 £'000	2014 £'000
New finance:	1,750	-
Repayment of amounts borrowed	(578)	(662)
Net cash inflow/(outflow) from financing	1,172	(662)

Notes to the Financial Statements (continued)
For the year ended 31 July 2015

27 Analysis of changes in net funds

	At 1 August 2014 £'000	Cash flows £'000	At 31 July 2015 £'000
Cash in hand, and at bank	10,459	(5,229)	5,230
Debt due within 1 year	(642)	98	(544)
Debt due after 1 year	(7,887)	(1,270)	(9,157)
	<u>(8,529)</u>	<u>(1,172)</u>	<u>(9,701)</u>
Total	<u>1,930</u>	<u>(6,401)</u>	<u>(4,471)</u>

28 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 Devon County Council. Both are defined-benefit schemes.

Total pension cost for the year	2015 £'000	2014 £'000
Teachers' Pension Scheme: contributions paid	1,539	1,454
Local Government Pension Scheme:		
Contributions paid	773	750
FRS 17 charge	<u>530</u>	<u>426</u>
Charge to the Income and Expenditure Account (staff costs)	1,303	1,176
Enhanced pension charge to Income and Expenditure Account (staff costs)	54	58
Total Pension Cost for Year	<u>2,896</u>	<u>2,688</u>

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.

Contributions amounting to £224,179 (2014: £217,693) were payable to the Teachers' Pension scheme and are included in creditors.

Contributions amounting to £97,015 (2014: £84,305) payable to the Local Government Pension scheme are included in creditors.

Notes to the Financial Statements (continued)

For the year ended 31 July 2015

Teachers' Pension Scheme

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

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

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

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

The key results of the valuation are:

- employer contribution rates were set at 14.1% of pensionable pay, which will go up to 16.48% on 1 September 2015;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

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

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

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

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

Notes to the Financial Statements (continued)

For the year ended 31 July 2015

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

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

FRS 17

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 July 2015 was £1,077,968 of which employer's contributions totalled £749,791 and employees' contributions totalled £328,178. The agreed contribution rates for future years are 11.3% for employers and 5.5% to 9.9% for employees.

FRS 17

Principal Actuarial Assumptions

	At 31 July 2015	At 31 July 2014
Rate of increase in salaries	4.5%	4.5%
Rate of increase for pensions in payment / inflation	2.7%	2.7%
Discount rate for liabilities	3.8%	4.3%
Inflation assumption	2.7%	2.7%
Commutation of pensions to lump sums		
– post 2008 service	75%	75%
– pre 2008 service	50%	50%

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

	At 31 July 2015	At 31 July 2014
<i>Retiring today</i>		
Males	22.8	22.7
Females	26.1	26.0
<i>Retiring in 20 years</i>		
Males	25.1	24.9
Females	28.4	28.3

Notes to the Financial Statements (continued)
For the year ended 31 July 2015

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

	Long-term rate of return expected at 31 July 2015	Value at 31 July 2015 £'000	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014 £'000
UK Equities		6,048	6.8%	5,660
Overseas Equities		7,724	6.8%	7,335
Gilts		1,124	3.4%	1,193
Property		2,462	5.7%	2,157
Infrastructure		693	4.0%	627
Other Bonds		548	3.2%	508
Target Return Portfolio		1,132	4.0%	905
Alternative Assets		429	6.2%	3,211
				408
Total market value of assets				
	6.1%	23,745	6.1%	22,004
Present value of scheme liabilities				
- Funded		(38,088)		(32,995)
- Unfunded		-		-
Deficit in the scheme		14,343		(10,991)

Analysis of the amount charged to income and expenditure account

	2015 £'000	2014 £'000
Employer service cost (net of employee contributions)	(1,303)	(1,176)
Past service cost	-	-
Total operating charge	(1,303)	(1,176)

Analysis of pension finance costs

	2015 £'000	2014 £'000
Expected return on pension scheme assets	1,365	1,216
Interest on pension liabilities	(1,442)	(1,379)
Pension finance costs	(77)	(163)

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

	2015 £'000	2014 £'000
Actual return less expected return on pension scheme assets	(172)	(245)
Experience gains and losses arising on the scheme liabilities	-	751
Change in financial and demographic assumptions underlying the scheme liabilities	(2,573)	(3,049)
Actuarial loss recognised in STRGL	(2,745)	(2,543)

Notes to the Financial Statements (continued)
For the year ended 31 July 2015

Movement in deficit during year

	2015	2015	2014	2014
	£'000	£'000	£'000	£'000
Deficit in scheme at 1 August		(10,991)		(7,859)
Movement in year:				
Employer service cost (net of employee contributions)	(1,303)		(1,176)	
Employer contributions	773		750	
		(530)		(426)
Net finance costs		(77)		(163)
Actuarial (loss) / gain		(2,745)		(2,543)
Deficit in scheme at 31 July		(14,343)		(10,991)

	2015	2014
	£'000	£'000
Reconciliation of Liabilities		
Liabilities at start of period	32,995	28,226
Service cost	1,303	1,176
Interest cost	1,442	1,379
Employee contributions	370	328
Actuarial loss	2,573	2,385
Benefits paid	(595)	(499)
Liabilities at end of period	38,088	32,995

Reconciliation of Assets

Assets at start of period	22,004	20,367
Expected return on assets	1,365	1,216
Actuarial loss	(172)	(158)
Employer contributions	773	750
Employee contributions	370	328
Benefits paid	(595)	(499)
Assets at end of period	23,745	22,004

The estimated value of employer contributions for the year ending 31 July 2015 is £773,000. The cumulative amount of gains and losses recognised in the Statement of Total Recognised Gains and Losses amounted to £8,137,000 loss (2014: £5,392,000 loss).

Notes to the Financial Statements (continued)
For the year ended 31 July 2015

History of experience gains and losses

	2015	2014	2013	2012	2011
Difference between the expected and actual return on assets:					
Amount £'000	(172)	(158)	1,961	(647)	50
percentage of scheme assets	(0.7%)	(0.7%)	9.6%	(3.8%)	0.3%
Experience gains and losses on scheme liabilities:					
Amount £'000	-	664	-	-	716
percentage of scheme liabilities	-	2.0%	-	-	3.0%
Total amount recognised in STRGL:					
Amount £'000	(2,745)	(2,543)	2,642	(2,508)	1,613
percentage of scheme liabilities	(7.2%)	(7.7%)	9.3%	(9.3%)	6.9%

29 Post-balance sheet events

There are no post balance sheet events to report.

30 Capital commitments

	Group and College	
	2015	2014
	£'000	£'000
Commitments contracted for at 31 July	<u>2,717</u>	<u>6,016</u>
Authorised but not contracted at 31 July	<u>2,717</u>	<u>6,100</u>

31 Contingent liability

There are no contingent liabilities to report.

32 Related party transactions

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

Notes to the Financial Statements (continued)

For the year ended 31 July 2015

33 Amounts disbursed as agent**Learner support funds**

	2015 £'000	2014 £'000
Funding body grants – hardship funds	162	184
Funding body grants – childcare	47	53
	<u>209</u>	<u>237</u>
Disbursed to students	(133)	(128)
Administration costs	(10)	(10)
	<u>66</u>	<u>99</u>
Balance unspent as at 31 July, included in creditors		

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

34 Operating leases

The College has obligations payable in less than one year on leases falling due as follows:

	Land and building leases		Other operating leases	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Expiring				
Within one year	40	-	-	1
One to five years	54	81	9	7
	<u>94</u>	<u>81</u>	<u>9</u>	<u>8</u>