



OAKLANDS COLLEGE

OAKLANDS COLLEGE

HERTFORDSHIRE

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

Oaklands College, Hertfordshire

Report and financial statements for the year ended 31 July 2015

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Oaklands College, Hertfordshire

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

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

Mission and vision

The mission of the college is:

"To realise the potential of our communities"

The vision of the college is:

"An amazing experience with outstanding learning so you are ready to take on the world"

The mission and values were re-affirmed by the Corporation in September 2011.

Public Benefit

Oaklands College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Corporation, who are trustees of the charity, are disclosed on pages 11 and 12.

In setting and reviewing the college's strategic objectives, the Corporation's public value statement has 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 and learning
- Widening participation and tackling social exclusion
- Strong student support systems
- Excellent links with employers, industry and business to promote progression
- Financial sustainability

Strategic objectives

The college has three strategic objectives:

- High quality responsive curriculum offers
- Talented and valued workforce
- Financial sustainability

Oaklands College, Hertfordshire

Operating and Financial Review (continued)

NATURE, OBJECTIVES AND STRATEGIES (continued)

Strategic Objectives (continued)

Each strategic objective is supported by a further set of objectives against which the performance of the college is measured.

Values

The values of the college are centred around achieving student success by:

- Pursuing excellence
- Working together
- Being innovative
- Being open and honest
- Valuing diversity

Financial objectives

The college's financial objectives in 2014/15 were to break even and to generate cash for re-investment and cover the annual capital expenditure budget.

Performance against these objectives is reported to the Corporation during the year and following the year-end when the financial results are available.

Performance indicators

In October 2014, the Corporation agreed the Key Performance Indicators (KPIs) for 2014/15. On a monthly basis, the college's Senior Management Team reviews performance against the KPIs and takes action, where appropriate, to ensure that targets are met. Performance against the KPIs is monitored by the Corporation at each meeting throughout the year and formally reviewed annually to ensure adequate progress has been made. KPIs for the following year are also confirmed on an annual basis in the light of the previous year's performance.

A robust system of monitoring KPIs is therefore embedded within the college's management framework.

FINANCIAL POSITION

Financial results

The college generated an operating deficit after FRS 17 charges in the year of £640,546 (2013/14: deficit of £26,321).

The college has accumulated general reserves of £21,363,376 and total cash balances (including investments) of £6,822,126. The college wishes to continue to accumulate reserves and to generate cash in order to invest in new facilities.

Oaklands College, Hertfordshire

Operating and Financial Review (continued)

FINANCIAL POSITION (continued)

Financial results (continued)

Tangible fixed asset additions during the year amounted to £6,059,518. This was split between freehold and leasehold improvements of £5,489,070 and equipment purchased of £570,448.

The college has significant reliance on education sector funding bodies for its principal funding source, largely from recurrent funding. In 2014/15 the EFA and SFA provided 71% 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 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.

Cash flows

The college had a net outflow of cash and liquid resources in the year of £3,909,892. This net outflow reflects the continued investment in the provision of new and improved facilities for students during the year. Net cash outflow from capital expenditure amounted to £5,261,266 after receipt of £896,103 of capital grants.

Liquidity

The college has sufficient funds available to meet its debts as they fall due.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2014/15 the college delivered activity that has produced £22,545,946 in funding body main allocation funding (2013/14 - £25,071,575). The college has approximately 7,000 funded and 2,500 non-funded students.

Student achievements

Students continue to prosper at the college. Success rates for long qualifications were 83% in 2014/15 (84% in 2013/14).

Timely completions on apprenticeship provision improved from 61% in 2013/14 to 73% in 2014/15, due to improved monitoring.

Oaklands College, Hertfordshire

Operating and Financial Review (continued)

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Curriculum Developments

The college has a proactive approach to supporting local people in the context of the current difficult economic climate. It continues to provide a broad range of learning opportunities in all subject sector areas (placing emphasis on ensuring clear pathways of progression for students from pre-entry to higher education). The college has developed a range of tailored programmes for the unemployed, bringing together community services to collaborate effectively and support individuals in a more accessible way. The college has also continued to provide delivery of training in the work place and in community venues.

In many subject areas, the college has maintained student numbers in its 16-19 vocational provision, with progression of school students (14-16) onto full FE programmes at college. In this regard, the college has sustained collaboration with many of the local schools to offer an alternative 14-16 provision. The curriculum management team have placed emphasis in furthering progression at all levels and in enabling students to progress to further and higher education or directly into employment.

The college maintained its commitment to the provision of:

- A range of nationally recognised vocational certificate and diplomas from entry 3 to level 3
- A broad range of 14-16 tasters and vocational provision in each of its vocational specialities in order to excite and encourage students to remain in education and succeed
- A Levels across a broad range of subjects to complement but not unnecessarily replicate the provision of local schools
- Higher Education Foundation Degrees and Higher National Certificates / Diplomas
- Intermediate and Advanced Level Apprenticeships in a range of trades and vocations and the development of Higher Apprenticeships
- Programmes to meet the needs of NEET (not in employment, education or training) students
- An extensive programme for Students with Learning Difficulties and/or Disabilities to meet a broad and diverse student need which is recognised as an 'Outstanding' (graded) provision
- Professional body examinations to increase vocational competency for those seeking work and those in employment

Standards of teaching continue to improve with the support of a central team of Senior Advanced Practitioners leading the development of best practice across the college.

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%. The college incurred no interest charges in respect of late payment for the period 1 August 2014 to 31 July 2015.

RESOURCES

The college has various resources that it deploys in pursuit of its strategic objectives.

Tangible resources include the two main college campuses.

Oaklands College, Hertfordshire

Operating and Financial Review (continued)

RESOURCES (continued)

Financial

The college has £25,748,440 of net assets (including £13,954,000 pension liability) at 31 July 2015.

People

The college employs 656 people (expressed as full time equivalents), including 301 teaching staff and 113 support assistants.

Reputation

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

PRINCIPAL RISKS AND UNCERTAINTIES

The college continues 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 objectives, the Senior Management Team undertakes a comprehensive review of the risks to which the college is exposed. They identify systems and procedures including specific preventable actions which should mitigate any potential impact on the college. In addition to the annual review, the Senior Management Team also regularly considers any risks which may arise as a result of a new area of work being undertaken by the college or as a result of emerging issues.

The risk management plan is maintained at college level and is reviewed monthly by the Senior Management Team and monitored by the Corporation at each meeting throughout the year. The plan 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. Each risk is graded according to the level of risk (high, medium or low) and any movements in levels, removal of risks or addition of new risks are highlighted in the report to the Corporation.

Outlined below is a description of the principal risks that may affect the college. Not all the factors are within the college's control.

1. Government funding

The college has considerable reliance on continued government funding through the EFA and the SFA. In 2014/15, 71% (2013/14: 74%) of the college's revenue was publicly funded and this level of requirement is expected to continue. 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 a number of issues which will or may impact on future funding:

- Public sector funding cuts, committed to by the current Government, are likely to have a material impact on the level of funding received by the college in coming years
- Reducing funding for adult students
- Potential devolution of adult skills budget to LEPs

Oaklands College, Hertfordshire

Operating and Financial Review (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- The requirements of the funding system for 16 -19 year old students in 2015/16 in respect of Maths and English
- Demographics of 16-18 year olds declining
- Trends in the numbers of students (particularly 16 -19 year olds) seeking to study at college, as opposed to other routes such as remaining at secondary school
- Development of new trailblazer apprenticeships
- Apprenticeship funding moving to employers

This risk is mitigated in a number of ways:

- By deriving funding through a number of direct and indirect contractual arrangements
- Ensuring the college is rigorous in delivering high quality education and training
- Seeking ways of more efficient delivery of teaching and learning and all support services
- Providing progression opportunities to existing students and maximising the recruitment of new students
- Placing considerable focus and investment on maintaining and managing key relationships with the various funding bodies
- Ensuring that the college is focused on those priority sectors which will continue to benefit from public funding
- Maintaining regular dialogue with local authorities in respect of high needs students
- Developing effective links with employers and representative groups including the Local Enterprise Partnership to ensure the offer matches employer and skills needs
- Regular reviews of current and potential offerings and assets to ensure all potential income streams are maximised.

2. Tuition fee policy

Oaklands College has set its tuition fees in accordance with the SFA's fees assumptions, which remains at 50%. The college continues to monitor the price elasticity of adult learning. The risk for the college is that demand falls off as fees are increased. The changes in adult funding entitlements have resulted in potentially more students being liable for fees. The introduction of loans for students aged over 24 undertaking programmes at Level 3 and above in 2013/14 has created more uncertainty and has led to a reduction in overall income per student where it has not been feasible to charge the full level of matrix funding to the student.

The changes in the funding of HE provision with the emphasis on student loans rather than government funding continues to have an impact on the recruitment of students on certain programmes.

The risks will be mitigated to some extent by:

- Ensuring 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 increase
- Setting prices for students aged over 24 on Level 3 and 4 programmes at appropriate levels.

Oaklands College, Hertfordshire

Operating and Financial Review (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

3. Maintaining adequate funding of pension liabilities

On 6 December 2013, the Hertfordshire Local Government Pension Scheme's actuary issued their valuation of the scheme as at 31 March 2013 and this showed a deficit of £6,380,000, a funding level of 82%. This represents an improved position since the previous valuation as at 31 March 2010 when the funding level was 72%. The actuary in assessing the value of assets and liabilities uses his professional judgement and takes a long term view of the scheme, setting contribution rates that are intended to eliminate the deficit over a period of 20 years; this will result in increases to employer contributions over that period.

The financial statements report the share of the pension scheme deficit on the college's balance sheet in line with FRS 17. At 31 July 2015, this was computed by the Scheme's actuary in accordance with FRS 17, at £13,954,000. FRS 17 sets out the basis under which the assets and liabilities of a defined benefit pension scheme must be valued by the Scheme's actuary and as a result the overall outcome can be subject to significant fluctuations between balance sheet dates and over a short period of time. The FRS17 valuation is a snapshot at 31 July 2015. The actuary uses financial assumptions, as set down in the Financial Reporting Standard, that differ from those used in the triennial valuation. The computed liability under FRS 17 is not relevant for calculations undertaken for funding purposes or for other statutory purposes under LGPS Regulations.

The college has no involvement in the management of the Local Government Pension Scheme.

4. Accommodation strategy

The college's current estates strategy was approved by the Corporation in December 2009. This strategy was based on operating at two main campuses, St. Albans and Welwyn Garden City.

The college has developed a masterplan for the further re-development of the St. Albans campus. The funding of the re-development is dependent on the receipt of planning permission for residential development on part of the St. Albans campus. The St. Albans City and District Council's ("the Council") draft local strategic plan identified land at the St. Albans campus as a potential site for residential housing to enable the Council to meet their housing numbers. However, the draft local strategic plan was not adopted and the Council is currently conducting a review and consultation to inform a further revision to the local plan.

The college, in conjunction with Taylor Wimpey, have decided on the basis of legal advice to not wait for the outcomes of the above review of the draft local strategic plan and submitted a planning application in September 2013 for new teaching and administration buildings together with new student accommodation funded by an enabling development of residential housing. This planning application was rejected by the planning committee on 1 December 2014; the college and Taylor Wimpey have appealed and resubmitted the application which is now due to be heard in Spring 2016.

The college is also in the process of the redevelopment and expansion of its Welwyn Garden City campus, comprising a new Learning Resource Centre ("LRC"), as well as enhanced new facilities for Engineering and Performing Arts. The works in relation to Performing Arts were completed in May 2014. The remaining works which include the LRC and a new Engineering Resource Centre were completed in August 2015.

Oaklands College, Hertfordshire

Operating and Financial Review (continued)

STAKEHOLDER RELATIONSHIPS

In line with other colleges, Oaklands College has many stakeholders. These include:

- Students
- Education sector funding bodies
- Staff
- Local employers
- Local schools
- Local authorities
- Sports academies
- Local Enterprise Partnerships (LEPs)
- The local community
- Other FE institutions
- HE institutions
- Private training providers
- Charitable organisations
- Trade Unions
- Professional bodies.

The college recognises the importance of these relationships and engages in regular communication with them through a variety of meetings, both formal and informal.

EQUALITY AND DIVERSITY

The college is committed to achieving equality and diversity in an inclusive and supportive environment. There is zero tolerance to any form of behaviour which contravenes the policy.

The college's Equality and Diversity objectives are published on the college's web-site. The Corporation receive an annual report on Equality and Diversity to provide assurance that the college is meeting its statutory requirements.

The college is committed to the promotion and implementation of equality and diversity in all of its activities as a provider of services, an employer and as a member of the community. The student experience is at the heart of all college policies and procedures and the college places great emphasis on access to education aiming to remove barriers in order to create a culture of inclusiveness.

The college welcomes diversity and recognises, values, celebrates and respects the many different contributions and needs of our students, staff and the communities we serve. We both celebrate and value the diversity brought to our workforce by individuals and believe that the college will benefit from engaging staff from a variety of backgrounds, thus allowing it to meet the needs of a diverse student population.

The college treats all students and employees with respect and dignity and seeks to provide a positive learning and working environment free from direct or indirect discrimination, harassment or victimisation.

The college has committed to the "Mindful Employer" initiative to assist the mental health wellbeing of staff. All new staff receive Equality and Diversity training as part of their induction and refresher training is provided, as appropriate.

Oaklands College, Hertfordshire

Operating and Financial Review (continued)

EQUALITY AND DIVERSITY (continued)

The college seeks to continuously challenge its values and practices to ensure that equality and diversity issues do not start and end with simply a policy statement.

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 14th December 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Phillip Thompson', written in a cursive style.

Phillip Thompson
Chair

Oaklands College, Hertfordshire

Professional advisers

External auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
10 Bricket Road
St. Albans
AL1 3JX

Internal auditors

RSM UK
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
MK9 1BP

Bankers

Barclays Bank PLC
22-24 Upper Marlborough Road
St. Albans
Hertfordshire
AL1 3AL

Solicitors

Eversheds
Kett House
Station Road
Cambridge
CB1 2JY

Oaklands College, Hertfordshire

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the college to obtain a better understanding of its governance and legal structure.

The college endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges 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 Corporation has adopted and complied with the Foundation Code.

In the opinion of the members of the Corporation, the college complies with all the provisions of the Foundation Code and has complied throughout the year ended 31 July 2015. The Corporation 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 in July 2012.

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

The Corporation

The members who served on the Corporation during the year and subsequent to the year end were as follows:

Name	Date of appointment	Term of office	Date of resignation/ or expiry of term of office	Status of appointment	Committees served	Attendance during the year
Mr C Adefiranye	10 October 2014	2 years		Student		100%
Ms E Bennett	2 February 2015	4 years				80%
Mr N Bradley	2 July 2013	4 years	Resigned 10 October 2014			0%
Ms V Bunn	8 July 2013	4 years			Search	56%
Ms F Chiappinelli	11 November 2013	4 years		Academic Staff	Audit	100%
Ms A Francis	13 July 2015	4 years	Resigned 29 September 2015			100%
Mrs S Grant	8 July 2013	4 years			Audit	89%

Oaklands College, Hertfordshire

Statement of Corporate Governance and Internal Control (Continued)

The Corporation (Continued)

Ms ZJC Hancock	1 April 2011		Principal	Search	100%
Mr M Hart	13 July 2009, re-appointed 13 July 2013	4 years	Resigned 8 July 2015	Search, Chair: Remuneration	88%
Mr G Humphries	10 February 2014	4 years	Resigned 10 October 2014		0%
Ms V Kerridge	10 December 2012	4 years		Audit	67%
Mr G Lane	1 May 2010, reappointed 1 March 2014	4 years		Vice Chair: Corporation from 9 December 2013, Chair: Search from 9 December 2013, Remuneration	100%
Mr G Lambert	11 July 2011, re-Appointed 1 July 2015	4 years		Chair: Audit, Remuneration	100%
Mr L McConnell	10 October 2014	1 year	Student		78%
Ms R Scott	8 December 2014	4 years		Audit	67%
Mr D Sykes	13 May 2012	4 years		Audit	100%
Mr P Thompson	1 August 2009, re-appointed 1 August 2013	4 years		Chair: Corporation, Search, Remuneration	100%
Mr J Wheeler	9 March 2015	4 years			100%
Mr J Whitehead	1 September 2015	2 years	Student		N/A
Mrs L Wood	13 October 2014	4 years	Support Staff	Audit	78%

Ms Dawn Brown acted as Clerk to the Corporation throughout the year.

Oaklands College, Hertfordshire

Statement of Corporate Governance and Internal Control (continued)

The Corporation (continued)

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, safeguarding and environmental issues. The Corporation meets up to ten times per year.

The Corporation conducts its business through three committees. Each committee has terms of reference which are reviewed bi-annually and approved by the Corporation. These committees are Remuneration, Search and Audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at www.oaklands.ac.uk or from the Clerk to the Corporation at:

Oaklands College
St Albans Campus
Hatfield Road
St Albans
AL4 0JA

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

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

Formal agendas, papers and reports are supplied to members in a timely manner, prior to Corporation meetings. Briefings and training sessions are also provided on a regular basis as required.

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 and the Accounting Officer are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee comprising the Chair of the Corporation, the Principal and four other Corporation members, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Clerk to the Corporation is responsible for ensuring that appropriate training is provided as required.

Oaklands College, Hertfordshire

Statement of Corporate Governance and Internal Control (continued)

Appointments to the Corporation (continued)

Members of the Corporation are appointed for a term of office not exceeding four years. No member may serve for more than eight years or two consecutive terms of office unless by a resolution of the full Corporation it is determined that the member may continue for a further specified term of office.

Remuneration Committee

During the year ended 31 July 2015, the college's Remuneration Committee comprised four members, the Chair and Vice-Chair of the Corporation, the Chair of the Audit Committee and a fourth member of the Corporation. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer, the Clerk and any other senior post-holders.

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 a Chair and at least six members of the Corporation. The Accounting Officer and Chair of the Corporation are ineligible. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets three times per year and provides a forum for the reporting by the college's internal 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 monitor the system 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 the internal audit service undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

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

Oaklands College, Hertfordshire

Statement of Corporate Governance and Internal Control (continued)

Internal Control (continued)

Scope of responsibility (continued)

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 college policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the college and the funding bodies. She is also responsible for reporting to the Corporation any material weakness 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 Oaklands 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 a 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 year ended 31 July 2015 and up to the date of approval of the annual report and financial statements. This process is annually reviewed by the Corporation.

The risk and control framework

The system of internal financial control is based on a framework of regular management information, administrative procedures including 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.

Oaklands College has an internal audit service that is required to operate in accordance with the requirements of the EFA and SFA's *Joint Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the college is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum annually, the Audit Committee provides the Corporation with a report on internal audit activity in the college. The report includes an opinion on the adequacy and effectiveness of the college's system of risk management, controls and governance processes.

Oaklands College, Hertfordshire

Statement of Corporate Governance and Internal Control (continued)

Internal control (continued)

Review of effectiveness

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

- the work of the internal auditors
- the work of senior 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 regularity auditors in their management letter and other reports.

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

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 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 therein from the Senior Management Team and Audit Committee. The emphasis is on obtaining the relevant degree of assurance, not merely reporting by exception. At its December 2015 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the senior Management Team and internal audit, and taking account of events since 31 July 2015.

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

Oaklands College, Hertfordshire

Statement of Corporate Governance and Internal Control (continued)

Going concern

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

Approved by order of the members of the Corporation on 14th December 2015 and signed on its behalf by:



Phillip Thompson
Chair



Zoe Hancock
Accounting Officer

Oaklands College, Hertfordshire

Corporation's statement on the college's regularity, propriety and compliance with Funding body terms and conditions of funding

The Corporation has considered its responsibility to notify the Skills Funding Agency/Education Funding Agency of material irregularity, impropriety and non-compliance with Skills Funding Agency/Education Funding Agency terms and conditions of funding, under the financial memorandum/funding agreement in place between the college and the Skills Funding Agency/Education Funding Agency. As part of its consideration the Corporation has had due regard to the requirements of the financial memorandum/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 Skills Funding Agency's/Education Funding Agency's terms and conditions of funding under the college's financial memorandum/funding agreement. We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Skills Funding Agency/Education Funding Agency.

Oaklands College, Hertfordshire

Statement of the Responsibilities of 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/Funding Agreement agreed between the Skills Funding Agency/EFA and the Corporation of the college, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2007 *Statement of Recommended Practice – Accounting for Further and Higher Education Institutions* and with the *Accounts Direction for 2014-15 financial statements* issued jointly by the Skills Funding Agency and the EFA, and which give a true and fair view of the state of affairs of the college and the result for that year.

In preparing the financial statements the Corporation is required to:

- select suitable accounting policies and then 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 and a Statement of Corporate Governance and Internal Control which describes what it is trying to do and how it is going about it, including the legal and administrative status of the college.

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


The maintenance and integrity of the college website is ultimately 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 Skills Funding Agency and EFA are used only in accordance with the Financial Memorandum with the Skills Funding Agency and the Funding Agreement with the EFA 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 sufficient to safeguard public and other funds and ensure that they are used properly. In addition, members of the Corporation are responsible for securing the 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 Skills Funding Agency and the Education Funding Agency are not put at risk.

Oaklands College, Hertfordshire

Statement of the Responsibilities of Members of the Corporation (continued)

Approved by order of the members of the Corporation on 14th December 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'P Thompson', followed by a period.

Phillip Thompson
Chair

Oaklands College, Hertfordshire

Independent auditors' report to the Corporation of Oaklands College (the "institution")

Report on the financial statements

Our opinion

In our opinion:

- Oaklands College's financial statements (the "financial statements") give a true and fair view of the state of the institution's affairs as at 31 July 2015 and of the income and expenditure, recognised gains and losses and cash flows for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.
-

What we have audited

The financial statements comprise:

- the Balance Sheet as at 31 July 2015;
- the Income and Expenditure Account for the year then ended;
- the Statement of Total Recognised Gains and Losses for the year then ended;
- the Statement of Historical Cost Surpluses and Deficits for the year then ended;
- the Cash Flow Statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Generally Accepted Accounting Practice.

In applying the financial reporting framework, the Corporation has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

Opinions on other matters prescribed in the Joint Audit Code of Practice issued by the Education Funding Agency and the Chief Executive of Skills Funding

In our opinion, in all material respects:

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

Independent auditors' report to the Corporation of Oaklands College (the "institution") (continued)

Respective responsibilities of the Corporation and auditors

As explained more fully in the Statement of the Responsibilities of Members of the Corporation set out on page 19 the Corporation is responsible for the preparation of the financial statements and for being satisfied that they 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 with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Corporation as a body in accordance with Article 22 of the institution's Articles of Government and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Responsibilities for the financial statements and the audit

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group and parent institution's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Corporation; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

St Albans

15 December 2015

Oaklands College, Hertfordshire

Independent Reporting Accountant's Assurance Report on Regularity to the Corporation of Oaklands College and the Secretary of State for Business, Innovation and Skills acting through Skills Funding Agency and Secretary of State for Education acting through Education Funding Agency

In accordance with the terms of our engagement letter dated 6 October 2015 and further to the requirements of the financial memorandum with Skills Funding Agency / funding agreement with Education 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 Oaklands College during the period 1 August 2014 to 31 July 2015 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of Oaklands College and the reporting accountant

The Corporation of Oaklands College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance 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 as set out in the Association of Colleges Accounts Direction 2014 to 2015.

Approach

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

Oaklands College, Hertfordshire

Independent Reporting Accountant's Assurance Report on Regularity to the Corporation of Oaklands College and the Secretary of State for Business, Innovation and Skills acting through Skills Funding Agency and Secretary of State for Education acting through Education Funding Agency (continued)

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 to our conclusion includes reviewing policies, gaining an understanding of procedures, and testing samples of transactions in relation to regularity, use of funds and propriety.

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 as set out in the Association of Colleges Accounts Direction 2014 to 2015.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants

Date: *16 December 2015*

Oaklands College, Hertfordshire

Income and Expenditure Account

	Notes	2015 £	2014 £
INCOME			
Funding body grants	2	22,856,516	25,331,287
Tuition fees and education contracts	3	5,997,587	6,144,851
Research grants and contracts	4	130,652	168,273
Other income		2,584,808	2,391,361
Endowment and investment income	5	142,070	92,512
Total income		31,711,633	34,128,284
EXPENDITURE			
Staff costs	6	21,765,484	21,660,027
Other operating expenses	8	8,487,660	10,094,502
Depreciation	12	1,973,476	2,052,910
Interest and other finance costs	9	125,559	347,166
Total expenditure		32,352,179	34,154,605
Deficit on continuing operations after depreciation of assets at valuation before exceptional items		(640,546)	(26,321)
(loss)/surplus on disposal of fixed assets	11	(2,745)	26,083
Deficit on continuing operations after depreciation of assets at valuation and disposal of fixed assets		(643,291)	(238)

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

Oaklands College, Hertfordshire

Statement of Historical Cost Surpluses and Deficits

	Notes	2015 £	2014 £
Deficit on continuing operations after depreciation of assets at valuation and disposal of assets		(643,291)	(238)
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	19,20	50,015	50,015
Historical cost (deficit)/surplus for the year after taxation		(593,276)	49,777

Statement of Total Recognised Gains and Losses

	Notes	2015 £	2014 £
Deficit on continuing operations after depreciation of assets at valuation and disposal of assets		(643,291)	(238)
Actuarial (loss)/gain in respect of pension scheme	20	(1,157,012)	684,000
Total recognised (losses)/gains since last report		(1,800,303)	683,762

Reconciliation of Reserves

Opening reserves	19,20	23,163,679	22,479,917
Total recognised (loss)/gain for the year		(1,800,303)	683,762
Closing reserves	19,20	21,363,376	23,163,679

Oaklands College, Hertfordshire

Balance Sheet as at 31 July

	Notes	2015	2014
		£	£
Fixed assets			
Tangible assets	12	38,621,464	34,540,325
Investments	13	200,049	100,049
Total fixed assets		38,821,513	34,640,374
Current assets			
Stock		176,700	155,236
Debtors	14	1,026,876	1,212,449
Investments	25	394,765	1,891,356
Cash at bank and in hand	25	6,427,361	8,840,662
Total current assets		8,025,702	12,099,703
Less: Creditors - amounts falling due within one year	15	(4,050,883)	(3,907,989)
Net current assets		3,974,818	8,191,714
Total assets less current liabilities		42,796,331	42,832,088
Less: Creditors - amounts falling due after more than one year	16	(8,428)	(8,095)
Less : Provisions for liabilities and charges	17	(3,085,464)	(3,092,581)
Net assets excluding pension liability		39,702,439	39,731,412
Net pension liability	26	(13,954,000)	(12,882,000)
NET ASSETS INCLUDING PENSION LIABILITY		25,748,440	26,849,412
Deferred capital grants	18	4,385,064	3,685,733
Reserves			
Income and expenditure account excluding pension reserve	20	26,549,529	27,227,817
Pension reserve	20	(13,954,000)	(12,882,000)
Income and expenditure account including pension reserve		12,595,529	14,345,817
Revaluation reserve	19	8,767,847	8,817,862
Total reserves		21,363,376	23,163,679
TOTAL FUNDS		25,748,440	26,849,412

The financial statements on pages 25 to 47 were approved by the Corporation on 14th December 2015 and were signed on its behalf by:



Phillip Thompson

Chair



Zoe Hancock

Accounting Officer

Oaklands College, Hertfordshire

Cash Flow Statement

	Notes	2015 £	2014 £
Cash inflow from operating activities	21	1,309,853	1,251,292
Returns on investments and servicing of finance	22	41,521	98,560
Capital expenditure and financial investment	23	(5,261,266)	(2,564,823)
Management of liquid resources	24	1,496,591	1,996,221
(Decrease)/increase in cash in the year	25	<u>(2,413,301)</u>	<u>781,250</u>
(Decrease)/increase in cash in the year		(2,413,301)	781,250
Cash outflow from liquid resources	24	(1,496,591)	(1,996,221)
Movement in net funds in the year		(3,909,892)	(1,214,971)
Net funds at 1 August	25	10,732,018	11,946,989
Net funds at 31 July	25	<u>6,822,126</u>	<u>10,732,018</u>

Oaklands College, Hertfordshire

Notes to the financial statements

1. Accounting Policies

Statement of principal 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 in Further and Higher Education 2007* (the SORP), the *Accounts Direction for 2014/15 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 cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

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

Recognition of income

The recurrent grant from the funding bodies is that receivable as informed by the results of the funding audit undertaken. The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from 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 recoverable from students or their sponsors.

Oaklands College, Hertfordshire

Notes to the financial statements (continued)

1. Accounting Policies (continued)

Recognition of income (continued)

Income from grants, contracts and other services rendered is included to the extent the conditions of 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 year 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 the 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 26, 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. Any increase in present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating result. 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 the college annually. An estimate of expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the college's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Oaklands College, Hertfordshire

Notes to the financial statements (continued)

1. Accounting Policies (continued)

Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority (LEA) are stated in the balance sheet at valuation on the basis of depreciated replacement cost or, where appropriate, open market value for existing use. Buildings constructed or 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 over a period of between 15 and 50 years. Freehold improvements are depreciated over a period of between 4 and 50 years. Leasehold improvements are depreciated over the period of the lease.

Where buildings are acquired, constructed or improved 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.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed assets 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 valued on incorporation in 1992, 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. 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.

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority was included in the balance sheet at a valuation taken at the time of incorporation but has subsequently been fully depreciated (see note 12).

Oaklands College, Hertfordshire

Notes to the financial statements (continued)

1. Accounting Policies (continued)

Tangible fixed assets (continued)

Equipment (continued)

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

• Computer equipment (hardware and software)	3-4 years
• Other equipment	4 years
• Furniture, fixtures and fittings	7 years
• Plant and machinery	5 years
• Vehicles	7 years

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

Leased assets

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

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 year 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.

Oaklands College, Hertfordshire

Notes to the financial statements (continued)

1. Accounting Policies (continued)

Investments

Investments in joint venture companies are stated at cost. Provision is made for any permanent diminution in value.

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 as an agent in the collection and payment of bursary and discretionary learner 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 30. 5% of the grant received is available to the college to cover administration costs relating to the grant. A number of members of the college's staff are involved in the administration of Learner Support Fund applications and payments. 24+ Advanced Learning Loans Bursary funds are also used to reimburse the college for Additional Learning Support and Area Costs.

Oaklands College, Hertfordshire

Notes to the financial statements (continued)

2. Funding body grants

	2015	2014
	£	£
EFA recurrent grant	17,138,455	18,186,259
SFA recurrent grant	5,407,491	6,885,316
HEFCE recurrent grant	84,269	33,958
EFA non-recurrent grants	24,543	22,343
SFA non-recurrent grants	67,609	58,220
Releases of deferred capital grants (note 18)	134,149	145,191
Total	22,856,516	25,331,287

3. Tuition fees and education contracts

	2015	2014
	£	£
Tuition fees	1,217,838	1,187,947
Education contracts	3,798,027	3,760,402
HE franchised funding and fees	981,722	1,196,502
Total	5,997,587	6,144,851

4. Research grants and contracts

	2015	2014
	£	£
Other grants and contracts	130,652	168,273
Total	130,652	168,273

5. Investment income

	2015	2014
	£	£
Interest receivable from deposits	40,070	92,512
Pension finance income (note 26)	102,000	-
Total	142,070	92,512

Oaklands College, Hertfordshire

Notes to the financial statements (continued)

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 Number	2014 Number
Teaching staff	301	297
Non-teaching staff	355	361
	656	658

Staff costs for the above persons

	2015 £	2014 £
Wages and salaries	17,578,382	17,799,863
Social security costs	1,171,368	1,133,716
Other pension costs (including FRS 17 adjustments of £17,000 – 2014: £(36,000))	2,719,802	2,491,976
Enhanced pension provision adjustment (see note 17)	24,883	23,456
Payroll sub total	21,494,435	21,449,011
Restructuring costs	271,049	211,016
	21,765,484	21,660,027

Restructuring costs relate to payments to staff in respect of the termination of their employment.

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

	Senior post-holders		Other staff	
	2015 No.	2014 No.	2015 No.	2014 No.
£50,001 to £60,000	-	1	-	-
£60,001 to £70,000	1	-	7	6
£70,001 to £80,000	-	-	-	2
£80,001 to £90,000	-	-	1	1
£130,001 to £140,000	1	1	-	-
	2	2	8	9

Oaklands College, Hertfordshire

Notes to the financial statements (continued)

7. Senior post-holders' emoluments

Senior post-holders are defined as the Accounting Officer and holders of other senior posts whom the Corporation 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 Corporation.

	2015 Number	2014 Number
The number of senior post-holders, including the Accounting Officer	<u>2</u>	<u>2</u>

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

	2015 £	2014 £
Salaries	198,687	194,308
Benefits in kind	973	677
Pension contributions	43,854	41,600
Total emoluments	<u>243,514</u>	<u>236,585</u>

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

	2015 £	2014 £
Salary	138,576	134,800
Benefits in kind	<u>973</u>	<u>677</u>
	<u>139,549</u>	<u>135,477</u>
Pension contributions	<u>35,463</u>	<u>33,292</u>

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

The members of the Corporation other than the Accounting Officer and the staff members did not receive any payment from the college other than the reimbursement of travel and other expenses incurred in the course of their duties.

Oaklands College, Hertfordshire

Notes to the financial statements (continued)

8. Other operating expenses

	2015 £	2014 £
Teaching costs	3,392,847	4,728,520
Non-teaching costs	3,014,112	3,232,495
Premises costs	2,080,701	2,133,487
Total	8,487,660	10,094,502

Other operating expenses include:

	2015 £	2014 £
Auditors' remuneration		
Financial statements audit	26,400	26,400
Internal audit	31,905	32,085
Other services provided by the financial statements auditors – Regularity audit and Teachers Pensions Return audit	5,400	5,400
Other services provided by the financial statements auditors – VAT advice	2,400	3,360
Other services provided by the internal auditors – advice on taxable benefits	-	864
Hire of plant and machinery – operating leases	54,457	43,075
Hire of other assets – operating leases	93,338	91,518

9. Interest and other finance costs

	2015 £	2014 £
Enhanced pension provision interest charge (note 17)	125,559	135,166
Pension finance costs (note 26)	-	212,000
Total	125,559	347,166

10. Taxation

The members of the Corporation do not believe the college was liable for any Corporation Tax arising out of its ordinary activities for the year ended 31 July 2015, nor the period ended 31 July 2014.

Oaklands College, Hertfordshire

Notes to the financial statements (continued)

11. Disposal of fixed assets

	2015	2014
	£	£
(Loss)/surplus on disposal of other assets	(2,745)	26,083
	(2,745)	26,083

12. Tangible fixed assets

	Land and buildings		Equipment	Total
	Freehold	Freehold and leasehold improvements		
	£	£	£	£
Cost or valuation				
At 1 August 2014	26,001,082	17,888,765	10,411,983	54,301,830
Additions	(82,208)	5,571,278	570,448	6,059,518
Disposals	-	-	(21,326)	(21,326)
At 31 July 2015	25,918,874	23,460,043	10,961,105	60,340,022
Depreciation				
At 1 August 2014	2,414,223	9,254,984	8,092,298	19,761,505
Charge for the year	439,177	692,427	841,872	1,973,476
Disposals	-	-	(16,423)	(16,423)
At 31 July 2015	2,853,400	9,947,411	8,917,747	21,718,558
Net book value at 31 July 2015	23,065,474	13,512,632	2,043,358	38,621,464
Net book value at 31 July 2014	23,586,859	8,633,781	2,319,685	34,540,325
Inherited	8,767,846	-	-	8,767,846
Financed by capital grant	769,874	3,615,189	-	4,385,063
Other	13,527,754	9,897,443	2,043,358	25,468,555
Net book value at 31 July 2015	23,065,474	13,512,632	2,043,358	38,621,464

Included in land and buildings are assets with a value of £6,475,975 (2014: £1,098,256) which have not yet been brought into use. In accordance with the college depreciation policy, no depreciation has been charged on these assets.

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 as at 1 April 1993 for the purpose of the financial statements on the basis of depreciated replacement cost or, where appropriate, open market value for existing use by the Property Services Department of Hertfordshire County Council. Other inherited tangible fixed assets have been valued by the Corporation at their open market value at the date of incorporation.

Oaklands College, Hertfordshire

Notes to the financial statements (continued)

13. Investments

	2015 £	2014 £
Investment in associate company	200,049	100,049
	200,049	100,049

The College owns 50% per cent of the issued "A" ordinary £1 shares and 49% of the issued "B" ordinary £1 shares of University Campus St. Albans Limited, a company incorporated in England and Wales. The principal business activity of University Campus St. Albans Limited is the delivery of HE degrees.

14. Debtors

	2015 £	2014 £
Amounts falling due within one year:		
Trade debtors	452,321	550,492
Prepayments and accrued income	277,107	376,319
Amounts owed by the Skills Funding Agency	-	141,249
Amounts owed by the Education Funding Agency	106,521	-
Other	190,927	144,389
Total	1,026,876	1,212,449

15. Creditors: amounts falling due within one year

	2015 £	2014 £
Payments received in advance	1,043,685	693,037
Trade creditors	488,656	573,734
Other taxation and social security	407,847	398,640
Pension creditor	318,174	302,703
Other creditors	218,423	105,107
Accruals	1,091,659	1,790,635
Amounts owed to the Skills Funding Agency	482,440	44,133
Total	4,050,883	3,907,989

16. Creditors: amounts falling due after one year

	2015 £	2014 £
Memorial funds	8,428	8,095
Total	8,428	8,095

Oaklands College, Hertfordshire

Notes to the financial statements (continued)

17. Provisions for liabilities and charges

	Enhanced pensions	Total
	£	£
At 1 August 2014	3,092,581	3,092,581
Expenditure in the year	(223,704)	(223,704)
Transferred from income and expenditure account – interest charge	125,559	125,559
New retirement	66,145	66,145
Actuarial losses in the year	24,883	24,883
At 31 July 2015	3,085,464	3,085,464

The enhanced pension provision relates to the cost of staff who have already left the college's employ. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2015	2014
Price inflation	1.21%	1.56%
Discount rate	2.25%	2.50%

18. Deferred capital grants

	Funding bodies grants	Other grants	Total
	£	£	£
At 1 August 2014	2,944,437	741,296	3,685,733
Cash received	896,103	-	896,103
Released to income and expenditure account	(134,149)	(62,624)	(196,773)
Total	3,706,391	678,672	4,385,064

19. Revaluation reserve

	2015	2014
	£	£
At 1 August	8,817,862	8,867,877
Transfer from revaluation reserve to general reserve in respect of: Depreciation on revalued assets	(50,015)	(50,015)
At 31 July	8,767,847	8,817,862

Oaklands College, Hertfordshire

Notes to the financial statements (continued)

20. Movement on general reserves

	2015 £	2014 £
Income and expenditure account reserve		
At 1 August	14,345,817	13,612,040
Deficit on continuing operations after depreciation of assets at valuation and disposal of fixed assets	(643,291)	(238)
Transfer from revaluation reserve	50,015	50,015
Actuarial (loss)/gain in respect of pension scheme	(1,157,012)	684,000
At 31 July	12,595,529	14,345,817

	2015 £	2014 £
Balance represented by:		
Pension reserve	(13,954,000)	(12,882,000)
Income and expenditure account reserve excluding pension reserve	26,549,529	27,227,817
At 31 July	12,595,529	14,345,817

21. Reconciliation of operating deficit to net cash inflow from operating activities

	2015 £	2014 £
Deficit on continuing operations after depreciation of assets at valuation and disposal of fixed assets	(643,291)	(238)
Depreciation (note 12)	1,973,476	2,052,910
Deferred capital grants released to income (note 18)	(196,773)	(207,189)
Loss/(surplus) on disposal of tangible fixed assets (note 11)	2,745	(26,083)
Interest receivable (note 5)	(40,070)	(92,512)
FRS 17 pension cost/(income) less contributions payable (notes 6 and 26)	17,000	(36,000)
FRS 17 pension finance (income) (note 5) / interest (note 9)	(102,000)	212,000
(Increase)/decrease in stocks	(21,464)	2,138
Decrease/(increase) in debtors	184,114	(40,232)
Increase/(decrease) in creditors	143,233	(548,009)
(Decrease) in provisions (note 17)	(7,117)	(65,493)
Net cash inflow from operating activities	1,309,853	1,251,292

22. Returns on investments and servicing of finance

	2015 £	2014 £
Other interest received	41,521	98,560
Net cash inflow from returns on investments and servicing of finance	41,521	98,560

Oaklands College, Hertfordshire

Notes to the financial statements (continued)

23. Capital expenditure and financial investment

	2015 £	2014 £
Purchase of tangible fixed assets	(6,059,518)	(3,393,776)
Sales of tangible fixed assets	2,150	27,107
Payment for shares in joint venture company	(100,000)	(100,049)
Deferred capital grants received (note 18)	896,103	901,895
Net cash outflow from capital expenditure and investing activities	(5,261,266)	(2,564,823)

24. Management of liquid resources

	2015 £	2014 £
Withdrawals from deposits	1,496,591	1,996,221
Net cash inflow from management of liquid resources	1,496,591	1,996,221

25. Analysis of changes in net funds

	At 1 August 2014 £	Cash Flows £	At 31 July 2015 £
Cash in hand and at bank	8,840,662	(2,413,301)	6,427,361
Current asset investments	1,891,356	(1,496,591)	394,765
Total	10,732,018	(3,909,892)	6,822,126

26. 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 Hertfordshire County Council. Both are defined-benefit schemes.

Total pension cost for the year

	2015 £	2014 £
Teachers' Pension Scheme contributions paid	992,433	1,033,184
Local Government Pension Scheme:		
Contributions paid	1,710,369	1,494,792
FRS 17 charge	17,000	(36,000)
Charge to the Income and Expenditure Account (staff costs)	1,727,369	1,458,792
Total pension cost for the year	2,719,802	2,491,976

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS was 31 March 2013. Contributions amounting to £318,174 (2014: £323,159) were payable to the schemes at 31 July and are included in creditors.

Oaklands College, Hertfordshire

Notes to the financial statements (continued)

26. Pension and similar obligations (continued)

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' Pensions Scheme Regulations 2014. 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 Superannuation Act 1972. The Teachers' Pension Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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

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

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

For the period 1 August 2014 to 31 July 2015 the college's contribution rate was 14.1%. From 1 April 2013 the employee rate was between 6.4% and 11.6% depending on the member's salary.

The pension costs paid to the TPS in the year amounted to £984,244 (2014: £1,033,184)

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 FRS 17 and 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 funds administered by Hertfordshire County Council. The total contribution made for the year ended 31 July 2015 was £2,138,856 of which employer's contributions totalled £1,710,369 and employees' contributions totalled £428,488.

During the year, the college's contribution rates for support staff and manual staff was 25.4% for the period from 1 August 2014 until 31 March 2015 and 26.1% from 1 April 2015 to 31 July 2015. The agreed contribution rate for employees are dependent on the gross full time equivalent salary of the member. Rates ranged from 5.5% to 11.4% in the period from 1 August 2014 to 31 July 2015.

Oaklands College, Hertfordshire

Notes to the financial statements (continued)

26. Pension and similar obligations (continued)

FRS 17

Principal Actuarial Assumptions

The following information is based on a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2015 by a qualified independent actuary.

	At 31 July 2015	At 31 July 2014
Rate of increase in salaries (*1% to March 2015 and 4% thereafter)	4%	4%*
Rate of increase for pensions in payment/inflation	2.6%	2.7%
Discount rate for liabilities	3.6%	4.0%
Commutation of pensions to lump sums – service to 31 March 2008	50%	50%
Commutation of pensions to lump sums – service from 1 April 2008	75%	75%

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	22.3	22.3
Females	24.5	24.5
<i>Retiring in 20 years</i>		
Males	24.3	24.3
Females	26.7	26.7

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	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014
		£000		£000
Equities	3.6%	22,197	6.6%	22,075
Bonds	3.6%	9,989	3.7%	7,305
Property	3.6%	2,960	4.7%	2,324
Cash	3.6%	1,850	3.6%	996
Total market value of assets		36,996		32,700
Present value of scheme liabilities				
- Funded		(50,950)		(45,582)
- Unfunded		-		-
Deficit in the scheme		(13,954)		(12,882)

Oaklands College, Hertfordshire

Notes to the financial statements (continued)

26. Pension and similar obligations (continued)

Analysis of the amount charged to income and expenditure account

	2015	2014
	£000	£000
Employer service cost (net of employee contributions)	1,733	1,475
Curtailments and settlements	31	-
Total operating charge	1,764	1,475

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	1,942	1,872
Interest on pension liabilities	(1,840)	(2,084)
Pension finance income/(costs)	102	(212)

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

Actuarial gains/(losses) on pension scheme assets	1,461	(1,427)
Actuarial (losses)/gains on scheme liabilities	(2,618)	2,111
Actuarial (loss)/gain recognised in STRGL	(1,157)	684

Movement in deficit during the year

	2015	2014
	£000	£000
Deficit in scheme at 1 August	(12,882)	(13,390)
Movement in year:		
Employer service cost (net of employee contributions)	(1,733)	(1,475)
Employer contributions	1,747	1,511
Loss on curtailment	(31)	-
Net interest/return on assets	102	(212)
Actuarial (losses)/gains	(1,157)	684
Deficit in scheme at 31 July	(13,954)	(12,882)

Asset and Liability Reconciliation

	2015	2014
	£000	£000
Reconciliation of liabilities		
Liabilities at start of period	45,582	45,067
Current service cost	1,733	1,475
Interest cost	1,840	2,084
Employee contributions	428	386
Actuarial loss/(gain)	2,618	(2,111)
Curtailment loss	31	-
Estimated benefits paid	(1,282)	(1,319)
Liabilities at end of period	50,950	45,582

Oaklands College, Hertfordshire

Notes to the financial statements (continued)

26. Pension and similar obligations (continued)

Local Government Pension Scheme - FRS 17 (continued)

	2015 £000	2014 £000
Reconciliation of assets		
Assets at start of period	32,700	31,677
Expected return on assets	1,942	1,872
Actuarial gain/(loss) (including change in basis of asset valuation)	1,461	(1,427)
Employer contributions	1,747	1,511
Employee contributions	428	386
Benefits paid	(1,282)	(1,319)
Assets at end of period	36,996	32,700

The estimated value of employer contributions for the year ended 31 July 2015 is £1,710,369.

History of experience gains and losses

	2015	2014	2013	2012	2011
Difference between the expected and actual return on assets:					
Amount £000	1,461	(1,427)	3,338	(717)	282
Experience gain/(losses) on scheme liabilities:					
Amount £000	397	3,389	-	(523)	(3,038)
Total amount recognised in STRGL:					
Amount £000	(1,157)	684	2,069	(4,871)	1,154

27. Capital commitments

Capital commitments of £581,721 had been contracted for at 31 July 2015 (2014: £445,990).

28. Financial commitments

At 31 July 2015 the college had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Other		
Expiring within one year	27,739	97,852
Expiring within two and five years inclusive	124,224	38,298
Expiring after five years	-	11,512
	151,963	147,662

Oaklands College, Hertfordshire

Notes to the financial statements (continued)

29. Related party transactions

Owing to the nature of the college's operations and the composition of the Corporation 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 Corporation may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the college's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Corporation members during the year was £977; seven Corporation members (2014: £466; three Corporation members). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Corporation meetings and other College related events and meetings in their official capacity.

No Corporation member has received any remuneration or waived payments from the college during the year (2014: None).

Transactions with the EFA and SFA are detailed in notes 2, 14, 15 and 18.

30. Amounts disbursed as agent

Learner Support Funds

	2015 £	2014 £
Funding body grants - hardship support	549,926	577,199
Funding body grants - childcare	185,963	166,155
Funding body grants - residential bursaries	110,526	72,311
Other funding body grants	172,709	76,856
	1,019,124	892,521
Disbursed to students	(646,608)	(756,729)
Administration costs	(42,048)	(44,100)
Amount included in the financial statements	(50,104)	(47,559)
	280,364	44,133
Balance unspent at 31 July, included in creditors		

Funding body grants are available solely for students. In the majority of instances, the college acts only as paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure account. The income consolidated in the college's financial statements relates to 24+ Bursary Grants in respect of Additional Learning Support and Area Costs.

