



Report and financial statements
for the year ended 31 July 2015

**New College
Park Lane
Pontefract
West Yorkshire
WF8 4QR**

New College, Pontefract

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

CONTENTS

	Page
Operating and Financial Review	1-9
Statement of Corporate Governance and Internal Control	10-14
Corporation's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding	15
Statement of the responsibilities of the members of the Corporation	16
Independent Auditor's report	17
Reporting accountant's assurance on regularity	18-19
Income and expenditure account	20
Statement of historical cost surpluses and deficits	21
Statement of total recognised gains and losses	21
Balance sheet	22
Cash flow statement	23
Notes to the financial statements	24-42

New College, Pontefract

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 New College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Mission

The College's mission statement is:

"To provide dynamic, high quality learning experiences in a supportive, young adult environment, enabling academic success and personal growth."

Public Benefit

New College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1 September 2013, is regulated by the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed on page 10.

In setting and reviewing the College's strategic objectives, the Corporation 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.

Implementation of strategic plan

In 2014 the College adopted a strategic plan for the period 1 August 2015 to 31 July 2018. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's continuing strategic objectives are to:

- Achieve Outstanding College performance with outstanding success rates and Value Added in all subject areas and for all learner groups
- Grow funded learners from 1999 in 2014/15 to 2100 in 2016/17
- Develop a learner-centred, vibrant and inspiring progression-related curriculum
- Provide a challenging and supportive environment for staff where achievement is recognised, where there are opportunities to continue developing and where the staff voice is key to engaging everyone in college success
- Provide outstanding value for money, and delivery of financial planning and implementation to support the development of a campus with first class facilities.

The College is on target for achieving these objectives.

The College's specific objectives for 2014/15 and achievement of those objectives is addressed below.

- Performance in all key areas exceeded sector benchmarks, with a significant improvement in the high grade rate at A-level
- Challenging targets for Value Added achievement were met and exceeded in every Study Programme, placing the College among the top 8%-15% of providers
- The achievement of 1,970 funded learners over three years has exceeded target and expectation, being funded for 1,927 learners in 2014/15 and 2,001 funded learners in 2015/16

New College, Pontefract

OPERATING AND FINANCIAL REVIEW

- In 2014, we realigned our curriculum with the direction of travel indicated in several key documents commissioned by the Government
- New College teachers and progress tutors work to challenging performance targets with exceptional performance and commitment rewarded and remunerated
- The campus has been remodelled over the last 2 to 3 years, which has supported our funded growth strategy which has resulted in learner growth funding being invested in learner resources
- Newly appointed Learning Leaders will be central to strengthening and developing both Teaching and Learning and assessment to provide learners with an outstanding experience and prepare for qualification reform
- The implementation of reformed A levels will influence all three years of the strategic plan including close monitoring of the new Higher Education provision and outcomes for learners
- We will continue to integrate and improve literacy and numeracy within the learning journey.
- Increase the value and scope of employer engagement to support learner progression.

Financial objectives

The College's specific financial objectives for 2014/2015 included:

- Achieve grade 2 (Good) financial health score and maintain or improve this position
- To achieve an operating annual surplus
- Maintain excellent value for money in all College services
- To fund continued capital development and invest in learner resources

All financial objectives have been achieved

The financial objectives for 2015/16 to ensure financial viability include:

- Protect the annual surplus
- Increase income and diversify income sources
- Ensure robust financial controls and stringent risk management and maintain a sound financial base (solvency and liquidity)
- Seek to increase value for money in procurement and business support functions

Performance Indicators

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices website which looks at measures such as success rates. The National Success Rate Tables published annually, show that in 2014, the College maintained its position in the top 10% of colleges for the key measure of 16-18 success. This is endorsed by the Qualification Success Rate reports which indicate the College performs above national average. In 2014/15 the College performed substantially above the national benchmark threshold. Internally, the College sets challenging KPIs for value added, success, high grades, retention and achievement. Performance against these KPIs was exceeded in every area, with overall outcome being outstanding.

The targets and results of performance relative to our KPI's for 2014/15 are as shown below:

	<u>AS</u>		<u>A2</u>		<u>BTEC</u>		<u>GCSE</u>		<u>Whole college</u>	
	Target	Result	Target	Result	Target	Result	Target	Result	Target	Result
Value Added	2	2	3	2	2	2	N/A	N/A	N/A	N/A
Success Rate	90%	92%	98%	99%	95%	96%	96%	96%	94%	95%
Retention	96%	98%	99%	99%	96%	97%	97%	97%	97%	98%
Achievement	94%	94%	99%	100%	99%	100%	99%	100%	97%	97%
High Grades	41%	41%	52%	56%	80%	89%	47%	61%	55%	56%

New College, Pontefract

OPERATING AND FINANCIAL REVIEW

We met or exceeded every single one of our KPI targets.
Notably, high grades at A level, GCSE, BTEC significantly exceeded target.

We have strengthened in all areas, but most significantly in terms of high grades. As a result, our ALPS grades have soared.

The College is required to complete the annual Finance Record for the Education Funding Agency (EFA) which produces a financial health grading. The current financial outcome rating of good is in accordance with our strategic objectives.

FINANCIAL POSITION

Financial results

The College generated a substantial operating surplus in the year of £388,000 (2013/14 surplus of £157,000).

The College has accumulated reserves of £3,316,000 and cash balances of £486,000. It is the intention of the College to accumulate reserves and cash balances in order to continue investment in our estates strategy.

Tangible fixed assets additions during the year amounted to £956,000. The main contributor to this was the extension of the new Visual Arts Academy and refurbishment of classroom space, with the remainder comprising investment in IT resources to support our teaching and learning strategy.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2014/15 the funding bodies provided 92.4% (2013/14 – 94.9%) 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.

All borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows

The college had a net operating cash inflow of £946,000 (2013/14 inflow £279,000) in the year. This resulted partly from Education Funding Agency capital grant receipts attributable to the investment in estates.

Liquidity

The College took out an unsecured bank loan in 2008 to finance the refurbishment of E Block, which only received 10% capital support from the LSC. Half of the loan was previously converted to a fixed interest rate loan at 5.735% pa repayable over twenty years; the other half will be repaid by 240 equal monthly instalments of £5,417 with interest charged, at Bank of England base rate plus 0.38%, to the bank current account.

These borrowings have been re-negotiated during 2014/15 and now represent a fixed interest rate loan at 2.367% repayable until November 2023.

A further bank loan of £800,000 was approved in 2013/14 and drawn down on 28 February 2014. The loan has a final repayment date of 30 March 2029 with quarterly repayments spread evenly over this term. There is an initial final repayment date of 30 March 2019 with the interest rate fixed at 4.125% on £400,000 and interest charged at LIBOR plus 1.95% on the remaining £400,000 for this period. The loan facility will be reviewed by the bank on an annual basis with a view to extending the initial final repayment date each year.

New College, Pontefract

OPERATING AND FINANCIAL REVIEW

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2014/15 the College has delivered activity to 1,999 learners that produced £8,334,176 of funding outturn against a funding allocation of £7,980,981 (excluding transitional and funding formula protection) for 1856 learners. (In 2013/14: £8,071,688 against an allocation of £7,788,194).

Student retention and achievement data

Students continue to make excellent progress at College. The results for the year are shown in the table on the previous pages. Total retention in 2014/15 is an outcome of 98% which is well ahead of national benchmark target of 94% and is also an increase on 2013/14 which was represented by 97%. Overall College achievement is 97%, significantly ahead of national benchmark target of 94%. Success rates are 95% which are also well ahead of the national benchmark. The College was graded as **Outstanding** (grade 1) by Ofsted through inspection in 2013/14 and this excellent performance has been maintained and improved in 2014/15.

TES Award

Successful achievement of outstanding, awarded by HMI in 2014, has enabled the college to take advantage of the freedoms and flexibilities offered by new legislation. In February 2015 the college was awarded Teaching School and National Support School status, recognising and extending the reach of our role in wider system improvement and in supporting other providers, both schools and colleges.

Our Principal works as a National Leader in Education and is deployed contractually in struggling schools and colleges. The College is an approved Teach Direct provider which enables us to feed the pipeline of talented teachers and recruit and retain them to ensure that both the college's students and students in schools supported by us, can be taught by the very best. New College is designated as an academy sponsor by the DfE, who support our ambitious plan to govern and establish schools. The college was short listed for the TES college of the year award in 2015 in recognition of its role both within and outside its gates.

Curriculum developments

In response to national curriculum changes and the work by Ofqual, the QCA and DfE on A-level reform, our curriculum is organised into Academic and Vocational Study Programmes, embedded with tutoring, skills for work, citizenship and British Values, Equality and Diversity, challenge and support.

Students can follow a mixed programme if it is in their interests. Intelligence from the employment market, from Higher education, students and prospective students, is used to review the curriculum and maintain responsiveness, and in 2014 this resulted in additional subjects being researched and approved. In August 2015, the college's offer will include Graphic Design and Music Technology A-level and our first Higher education course, the HNC/D in Sport.

The College's curriculum offer continues to develop to provide courses that provide students with clear progression routes into further study or employment.

Investors in People Gold Award

In June 2015, New College was awarded the Investors in People Gold accreditation for being recognised as an on-going dedicated and committed organisation for our people management practice; an achievement which places the College in the top 7% of more than 13,000 organisations who gain the prestigious IIP standard. This achievement demonstrates the high level of commitment the college puts in to investing in the development and performance of our staff.

New College, Pontefract

OPERATING AND FINANCIAL REVIEW

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1988, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2014 to 31 July 2015, the College paid 84% of the total monetary value and 69% numerically of individual invoices within 30 days. The approval of capital building work invoices for payment resulted in a small payment delay.

Post balance sheet events

There have been no post balance sheet events.

Physical developments

The estate consists of buildings of mixed ages and condition. The College utilises capital grant funding and its own internal estates budget to maintain these buildings, to upgrade facilities for teaching and learning, and the welfare of students, and to accommodate growth in student numbers and an increased range of curriculum provision to meet local needs.

The main development in 2014/15 was the extension of the new Visual Arts academy and refurbishment of classroom space, alongside significant investment in IT resources to support our teaching and learning strategy.

Capital grant funding of £705,000 was used to create four new classrooms to accommodate increased student numbers and in response to the demands of the changing and additional curriculum provision.

This included the completion of an extension of the art studio which has now become the HE sport department with a fully working classroom and separate laboratory with sports equipment and testing facilities to accommodate new provision in HE to meet demand.

In addition, we fully refurbished A block (learning academy central) and strengthened the first floor providing two new classrooms, one IT room and a standard teaching class room to support teaching and learning and increased learner numbers. As part of the structural works to strengthen the floor we refurbished the reception and old central administration office. This office is now a modern open access IT suite and BTEC teaching classroom that can hold over 40 students with access to IT.

Over the summer the College received further Capital funding of £96,250 to undertake emergency asbestos removal in the boiler house and cellar ducting. Phase one is completed and phase 2 in the external toilets will take place over October half term 2015.

As part of the project we are also installing access chambers in the pavement outside to allow safe access to vital services that supply the college.

The College has also used its internal estates budget, to maintain and improve the quality of various buildings and to accommodate growth in numbers and curriculum provision.

In Visual Arts, an extra classroom has been created by splitting an existing space, the Art studio has been provided with new, improved lighting and there is provision of a new kitchen area and storage. Acoustic improvement work has also been carried out to Visual Arts teaching rooms to improve the learning experience and effectiveness of these facilities.

The Modern Foreign Language classroom has been refurbished with new benching to improve facilities in this area, and an additional computer bank with associated benching has installed in the Lower Learning Resource Centre to enhance use of ICT in teaching and learning for BTEC programmes in particular.

The College has improved social space for learners and improved conditions for staff by a range of improvements. The old H block building has been converted into the West Side Café to accommodate student growth and improve access to recreational space and we have provided tutor space above.

New College, Pontefract

OPERATING AND FINANCIAL REVIEW

In conjunction with the refurbishment of the Reception area (see above) the associated main corridors have been refurbished.

In addition facilities in Student Services have been improved by fitting new windows to allow improved fresh air flow.

A number of minor works have been carried out to maintain Health and Safety or to comply with external body requirements and regulations.

A new secure exam store has been constructed to comply with examination board regulations, and additionally a new marketing store has been created.

To ensure the maintenance of Health and Safety, and in addition to the grant funded asbestos removal, a wall in A block was removed and a classroom refurbished to comply with current fire regulations, and the guttering to A block was checked and repaired alongside associated works.

Future developments

The College plans to further increase student numbers in the next five years as part of our strategic plan. Growth in our Higher Education initiative will be supported by the removal of the student Number Control in 2015. College reserves are being accumulated to improve or expand the estate as necessary in the future.

The College has been successful in the application to the Department of Education to open New College Doncaster in September 2017, which will be a 16-19 Free Sixth Form College providing outstanding academic and vocational learning and progression opportunities for around 1200 young people in Doncaster. A company limited by guarantee, New College Educational Trust, was formed on 9 October 2014 as a vehicle to facilitate this. The company will be converted to a Multi Academy Trust company structure during the financial year of 2015/16.

RESOURCES

The college has made significant investment in various resources that it can deploy in pursuit of its strategic objectives.

Financial

The College has £8.9 million net assets (including £2.1 million pension liability) and long term debt of £2.4 million.

People

In 2014/15 the college employed 150 people (expressed as full time equivalents), of whom 89 were teaching staff.

Reputation

The College has an outstanding reputation in the Pontefract and Wakefield districts. Its reputation is largely based on its excellent academic record, which is well known by prospective students and key stakeholders. The college was graded as Outstanding across all areas by the Ofsted inspection during the previous year of 2013/14. The estate renewal programme, the increased curriculum choice, sustained high performance and high levels of student satisfaction have enabled substantial student growth in a challenging climate.

PRINCIPAL RISKS AND UNCERTAINTIES

A risk register is maintained at the College level which is reviewed at least annually by the Audit Committee. Significant risks are reviewed and reported at each Corporation cycle. The risk register identifies the key risk, the probability 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.

New College, Pontefract

OPERATING AND FINANCIAL REVIEW

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

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.

1. Competition from other providers in the Wakefield District

The College funding is based on lagged learner numbers and whilst significant growth requires careful management, it is important to ensure that the level of applications is not significantly reduced as a result of local competition.

This risk is mitigated in a number of ways:

- Continue to review the curriculum model and liaise with local schools to prevent duplication of courses/curriculum.
- Close contact with schools to ensure early warning of plans to introduce new sixth forms.
- Improvement to College facilities to ensure that accommodation and equipment is as good as high school provision.
- Recruitment from outside Wakefield area to increase applications.
- Publicity of Ofsted inspection grade to encourage undecided students.

2. Learner numbers falling below planned numbers

Staffing levels and curriculum accommodation is based on planned learner numbers and if learner numbers are not accurately predicted there could be surplus staffing and/or accommodation.

This risk is mitigated in a number of ways:

- Monitor the application to enrolment conversion rate each year to enable reliable modelling to take place.
- Marketing drive undertaken targeting undecided applicants.
- Continue to review curriculum offer to ensure alternative courses available for those who don't achieve expected GCSE grades and who might drop out from more difficult courses.
- Further work at enrolment to ensure students are on suitable courses at the start of the year to reduce drop out before day 42.

3. New build projects running over budget

Overspend on capital projects would put additional financial pressure on the College.

This risk is mitigated in a number of ways:

- Estates and Health & Safety Manager monitors expenditure prioritising needs as necessary.
- All changes with significant financial impact are approved by the Principal.

STAKEHOLDER RELATIONSHIPS

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

- | | |
|-----------------------------------|--|
| • Students | • Local Authority |
| • Governors | • Local Enterprise Partnerships (LEPs) |
| • Education sector funding bodies | • The local community |
| • Sixth Form Commissioner | • Other FE institutions |
| • Staff | • Trade Unions |
| • Local schools | • Professional bodies |
| • Local employers | • HE Institutions |

The College recognises the importance of these relationships and engages in regular communication and activity with its stakeholders through internal meetings and publications and external meetings and events.

New College, Pontefract

OPERATING AND FINANCIAL REVIEW

Equality and Diversity

New College is committed to providing an inclusive learning environment free from any form of discrimination, harassment or victimisation. Our fundamental belief in ensuring that all members of the New College community feel valued underpins everything we do, both as a sixth form education provider and as an employer. We welcome and celebrate diversity. We take our responsibility to eliminate all forms of discrimination seriously and are actively opposed to any form of discrimination. We will take positive action to eliminate any inequalities or discrimination.

The College's Single Equality Scheme, which is published on the College's intranet, provides the framework and context in demonstrating our commitment to:

- Promote equality of opportunity throughout the College community
- Value and celebrate diversity
- Removing any barriers to access and achievement
- Ensuring that a disability of any kind does not stop anyone from succeeding at New College
- Creating a supportive and high quality learning environment free from any form of discrimination
- Provide outstanding support to enable each and every student to reach their potential

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010 and in particular makes the following commitments:

- to continue to improve access to facilities by installing lifts in all new buildings;
- to incorporate improvements to access arrangements, where practical, to external areas of the College and facilities within existing buildings, as part of the on-going maintenance of the site;
- to continue to provide appropriate learning support to students.

The College has a Study Support Co-ordinator who has responsibility for co-ordinating the work of a number of Study Support Tutors who work with individuals, or small groups of, students. The College support and counselling services are described in the Student Handbook, which is provided to all students together with the Complaints and Disciplinary Procedures at induction.

Prevent/British Values

The College adheres to the HE/FE Prevent Duty Guidance which came into force September 2015, which makes reference to Fundamental British Values.

New College, Pontefract

OPERATING AND FINANCIAL REVIEW

Disclosure of information to the 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 3 December 2015 and signed on its behalf by:



J GOUGH

Chair of Corporation

Professional Advisers

Financial statements and regularity auditors:	Allotts Business Services Ltd, The Old Grammar School, 13 Moorgate Road, Rotherham, S60 2EN
Internal auditors:	Wylie & Bisset, 168 Bath Street, Glasgow, G2 4TP
Bankers:	Lloyds Bank plc, 17 Westgate, Wakefield, WF1 1JZ
Solicitors:	Walker Morris, Kings Court, 12 King Street, Leeds, LS1 2HL

New College, Pontefract

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 in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing on best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

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

The Corporation

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

Name	Date of original appt	Date of latest reappt	Date of resignation	Status of appt	Committees served (*)	Corporation Meeting Attendance
Mr J Gough	2 Feb '93	5 Jul '12		External	Chair: Corporation	100%
Ms PM Hagen	20 Jul '10			Principal		100%
Mr NC Bowmer	9 May '98	14 Oct '10		External		20%
Ms K Cook	15 Dec '11			External		50%
Mr R Donaldson	19 Nov '96	7 Jul '11		External	Chair: Audit, Vice-chair: Corporation	100%
Mr R Foreman	27 May '02	4 Jul '13		External		67%
Mrs D Heritage	7 Jan '11			Parent	Audit until 31 Dec '14	100%
Mr JF Langton	7 Oct '02	14 Oct '10		External		83%
Mr N Scriven	21 Nov '12			Parent	Audit from 1 Jan '15	86%
Mr L Shaw	19 Dec '13			External		33%
Mr N Sutcliffe	24 Mar '11			External		83%
Mr J Szczepanski	27 Jan '03	14 Oct '10		External	Audit;	88%
Clerk to the Corporation: Mrs S Leake (Human Resources Administrator)						

New College, Pontefract

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

It is the Corporation's responsibility to bring independent judgement to bear on issues of education character, strategy, performance, resources, risk management 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 environment issues.

During 2014/15 the Corporation met six times during the year and currently conducts its business through a number of committees; each committee has terms of reference, which have been approved by the Corporation. This committee structure includes Audit only in 2014/15.

The Corporation is reviewing its structure, committees and meeting pattern and the arrangements for 2015/16 may be different from the details described.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation and on the College website.

The Clerk to the Corporation maintains a register of financial and personal interests of the governors and senior staff with significant responsibility for resources. The register is available for inspection at the College.

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Corporation 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 and Principal are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. There have been no new appointments during 2014/15. 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 and may be reappointed for one or more terms of office.

Audit Committee

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

The Audit Committee meets two to three times per year and provides a forum for reporting by the College's internal and external auditors, who have access to the Committee for independent discussion, without the presence of College management, except by invitation. The committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

New College, Pontefract

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed audit 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 undertakes 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.

Remuneration

The Corporation has considered and approved the remuneration and benefits of the Principal, other senior postholders and the Clerk.

Details of senior postholders' remuneration for the year ended 31 July 2015 are set out in note 6 to the financial statements.

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 she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum/Financial Agreement between the College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2015 and up to the date of approval of the annual report and accounts.

New College, Pontefract

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

The system of internal control is based on a framework of regular management information, 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 governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

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

Review of effectiveness

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

- the work of the internal auditors;
- the work of executive managers within the College who have responsibility for the development and maintenance of the internal framework;
- comments made by the College's external auditors in their management letters and other reports;
- risk management annual evaluation of controls.

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

The Senior Executive Forum receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms. The Senior Executive Forum and the Audit Committee also receive regular reports from internal audit and other sources of assurance, 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 the consideration of risk and control and receives reports thereon from the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its meeting on 3 December 2015, the Corporation received the annual risk management report for the year ended 31 July 2015, taking into account events since 31 July 2015.

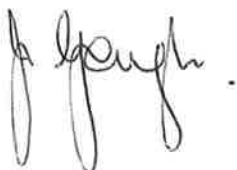
Based on the advice of the Audit Committee and the Principal, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for *"the effective and efficient use of resources, the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

New College, Pontefract

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 3 December 2015 and signed on its behalf by:



J GOUGH

Chair of Corporation



PM HAGEN

Principal

New College, Pontefract

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 Education Funding Agency of material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding, under the Financial Memorandum/Financial Agreement in place between the College and the Education Funding Agency. As part of our consideration we have had due regard to the requirements of the Financial Memorandum/Funding Agreement.

We confirm, on behalf of the Corporation, that after due enquiry and **to the best of our knowledge**, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Education Funding Agency's terms and conditions of funding under the College's Financial Memorandum/Funding Agreement.

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



J GOUGH

Chair of Corporation

Dated 3rd December 2015



PM HAGEN

Principal

Dated 3rd December 2015

New College, Pontefract

STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Financial Memorandum/Funding Agreement agreed between the Education Funding Agency (EFA) 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 for 2014 to 2015 Financial Statements issued jointly by the Skills Funding Agency and the EFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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

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

Approved by order of the members of the Corporation on 3 December 2015 and signed on its behalf by:



J GOUGH

Chair of Corporation

New College, Pontefract

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF NEW COLLEGE

We have audited the financial statements of New College for the year ended 31 July 2015 set out on pages 20 to 42. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of the Corporation of New College and Auditor

As explained more fully in the Statement of Corporation's Responsibilities set out on page 16, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporation; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Operating and Financial Review to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

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

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

In our opinion:

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



Allotts Business Services Ltd

Chartered Accountants
Rotherham

10, 12 2015

New College, Pontefract

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

To: The Corporation of New College and Secretary of State for Education acting through Education Funding Agency

In accordance with the terms of our engagement letter dated 11th November 2015 and further to the requirements of the financial memorandum / 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 New College during the period 1st 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 Education Funding Agency has other assurance arrangements in place.

This report is made solely to the Corporation of New College and the 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 New College and 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 New College and Education Funding Agency for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of New College and the reporting accountant

The Corporation of New 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 1st August 2014 to 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

New College, Pontefract

The work undertaken to draw our conclusion includes:

- Enquiry of Officers of the College
- Review and testing of income and expenditure for compliance with funding and other agreements
- Review and testing of the College's system of controls
- Review of the College's governance procedures
- Examination of relevant documents

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 1st 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.

Signed:



Allotts Business Services Ltd

Chartered Accountants
Rotherham

10.12.2015

New College, Pontefract

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 £000	2014 £000
Income			
Funding body grants	2	8,586	8,420
Tuition fees		-	4
Other income	3	596	307
Investment income	4	36	3
Total income		<u>9,218</u>	<u>8,734</u>
Expenditure			
Staff costs	5	5,971	5,765
Exceptional restructuring costs	5	-	-
Other operating expenses	7	2,182	2,157
Depreciation	10	596	569
Interest payable	8	81	86
Total expenditure		<u>8,830</u>	<u>8,577</u>
Surplus/(deficit) on continuing operations after depreciation of tangible fixed assets at valuation and before tax		388	157
Taxation	9	-	-
Surplus/(deficit) on continuing operations after depreciation of assets at valuation and tax	16	<u>388</u>	<u>157</u>

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

New College, Pontefract

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

	Notes	2015 £000	2014 £000
Surplus/(deficit) on continuing operations after depreciation of assets at valuation and tax		388	157
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	16	15	16
Historical cost surplus/(deficit) for the year after taxation		<u>403</u>	<u>173</u>

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

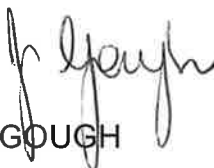
	Notes	2015 £000	2014 £000
Surplus/(deficit) on continuing operations after depreciation of assets at valuation and tax		388	157
Actuarial gain/(loss) in respect of pension scheme	21	(397)	333
Total recognised gains/(losses) since last report		<u>(9)</u>	<u>490</u>
Reconciliation			
Opening reserves		3,261	2,771
Total recognised gains/(losses) relating to the year		<u>(9)</u>	<u>490</u>
Closing reserves		<u>3,252</u>	<u>3,261</u>

New College, Pontefract

BALANCE SHEET AS AT 31 JULY 2015

	Notes	2015 £000	2014 £000
Fixed assets			
Tangible assets	10	13,794	13,434
Current assets			
Stock		13	7
Debtors	11	100	59
Cash at bank and in hand		486	420
		599	486
Creditors: amounts falling due within one year	12	(1,056)	(1,314)
Net current (liabilities)/assets		(457)	(828)
Total assets less current liabilities		13,337	12,606
Creditors: amounts falling due after more than one year	13	(2,413)	(2,596)
Net assets excluding pension liability		10,924	10,010
Net pension liability	21	(2,094)	(1,689)
NET ASSETS INCLUDING PENSION LIABILITY		8,830	8,321
Deferred capital grants	15	5,578	5,060
Reserves			
Income and expenditure account excluding pension reserve		4,109	3,698
Pension reserve		(2,094)	(1,689)
Income and expenditure account including pension reserve	16	2,015	2,009
Revaluation reserve	17	1,237	1,252
Total reserves		3,252	3,261
TOTAL FUNDS		8,830	8,321

The financial statements on pages 20 to 42 were approved by the Corporation on 3 December 2015 and were signed on its behalf on that date by:


J GOUGH
Chair of Corporation


PM HAGEN
Principal

New College, Pontefract

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 £000	2014 £000
Cash inflow from operating activities	18	946	279
Returns on investments and servicing of finance	19	(78)	(74)
Capital expenditure and financial investment	19	(627)	(691)
Cash inflow before use of liquid resources and financing		241	(486)
Management of liquid resources		-	-
Financing	19	(175)	677
Increase/(decrease) in cash in the year	20	66	191
Reconciliation of net cash flow to movement in net funds/(debt)			
Increase/(decrease) in cash in the year		66	191
Cash used to repay debt		175	123
Cash outflow/(inflow) to liquid resources		-	(800)
Movement in net funds		241	(486)
Net debt at 1 August		(2,338)	(1,852)
Net debt at 31 July		(2,097)	(2,338)

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

1 ACCOUNTING POLICIES

Statement of accounting policies

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

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting 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 cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

As stated in note 14, the College currently has £2.583m of loans outstanding with bankers on terms negotiated in 2007/08, 2008/09, 2013/14 and 2014/15. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

Recognition of Income

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

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 of the completion of the contract or service concerned.

All interest receivable is credited to the income and expenditure account in the period in which it is earned.

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

1 ACCOUNTING POLICIES (continued)

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.

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 21, 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.

Tangible Fixed Assets

a) 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. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Building improvements and additions 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 economic useful life of between 20 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the income and expenditure account over the expected useful life of the related assets 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 the fixed asset may not be recoverable.

On adoption of FRS15, 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 FRS11.

The land and buildings from which the College operates were not transferred to the College from the local authority on incorporation. The land and buildings were valued on the basis of depreciated replacement cost on 1 April 1993 at £3,213,000 and were brought into the balance sheet at that value less the depreciation charge to 31 July 1996 (£305,803).

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

1 ACCOUNTING POLICIES (continued)

Tangible Fixed Assets (continued)

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.

b) Equipment

Equipment costing less than £5,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Each asset is depreciated on a straight line basis over its remaining useful economic life as follows:

Computer equipment	33 $\frac{1}{3}$ % pa
Furniture	10 % pa
Other equipment	20% pa

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.

c) Subsequent expenditure on existing fixed assets

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

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Subsequent 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

Leased Assets

Costs in respect of operating leases are charged to the income and expenditure account 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 period it is incurred.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore 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 the 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 to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT.

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

1 ACCOUNTING POLICIES (continued)

Liquid resources

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

Provisions

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

Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 27, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

2 FUNDING BODY GRANTS

	2015 £000	2014 £000
EFA recurrent grant	8,334	8,249
EFA non recurrent grants	58	39
LA non recurrent grants (High Needs students)	27	14
Release of deferred capital grants (note 15)	167	118
	<u>8,586</u>	<u>8,420</u>

3 OTHER INCOME

	2015 £000	2014 £000
Catering income	37	27
Teaching related activities	118	85
Examination cost recoveries	19	20
Premises income	21	20
Other grant income	77	79
Release of capital grants (non-EFA) (note 15)	2	12
Other income	322	64
	<u>596</u>	<u>307</u>

4 INVESTMENT INCOME

	2015 £000	2014 £000
Interest Receivable	4	3
Pension Income	32	-
	<u>36</u>	<u>3</u>

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

5 STAFF COSTS

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

	2015 Number	2014 Number
Teaching staff	89	84
Support staff	61	59
	<u>150</u>	<u>143</u>

Staff costs for the above persons:

	2015 £000	2014 £000
Wages and salaries	4,839	4,621
Social security costs	360	343
Other pension costs	613	627
FRS17 adjustment (see note 21)	40	136
Payroll sub total	<u>5,852</u>	<u>5,727</u>
Contracted out teaching services	119	38
	<u>5,971</u>	<u>5,765</u>
Exceptional restructuring costs	-	-
	<u>5,971</u>	<u>5,765</u>
Teaching staff – normal costs	4,210	3,997
Support staff – normal costs	1,602	1,594
FRS17 adjustment	40	136
	<u>5,852</u>	<u>5,727</u>
Contracted out teaching services	119	38
	<u>5,971</u>	<u>5,765</u>

The number of senior postholders and other staff who received annual emoluments (excluding pension contributions and but including benefits in kind) in the following ranges was:

	Senior postholders		Other staff	
	2015 Number	2014 Number	2015 Number	2014 Number
£60,001 to £70,000	-	-	3	-
£70,001 to £80,000	-	2	-	2
£80,001 to £90,000	2	-	-	-
£90,001 to £100,000	-	-	-	1
£100,001 to £110,000	-	1	-	-
£110,001 to £120,000	1	-	-	-

The Corporation approved the pay award negotiated by the Sixth Form Colleges Association for teaching and support staff which increased all points on the two pay spines by 1.0% with effect from 1 September 2015. The Corporation approved the same pay award to increase the points on the college's senior manager pay spine and for members of the senior leadership team.

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

6 SENIOR POSTHOLDERS' EMOLUMENTS

Senior postholders are defined as the Principal and holders of the other senior posts whom the Corporation have selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Corporation.

	2015 Number	2014 Number
The number of senior postholders including the Principal was:	<u>3</u>	<u>3</u>

Senior postholders' emoluments are made up as follows:

	2015 £000	2014 £000
Salaries	275	250
Pension contributions	<u>39</u>	<u>35</u>
Total emoluments	<u>314</u>	<u>285</u>

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

	2015 £000	2014 £000
Salary	111	101
Pension contribution	<u>16</u>	<u>14</u>
Total emoluments	<u>127</u>	<u>115</u>

The pension contributions in respect of the Principal and senior postholders are in respect of employer's contributions to the Teachers' Pension Scheme and are paid at the same rate as for other employees.

Members of the Corporation, other than the Principal and the staff members, did not receive any payment from the College, other than for the reimbursement of expenses incurred in the course of their duties.

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

7 OTHER OPERATING EXPENSES

	2015 £000	2014 £000
Teaching costs	1,109	1,084
Examination costs	359	335
Administration costs	367	354
Premises costs	347	384
	<u>2,182</u>	<u>2,157</u>

Other operating expenses include:

Auditors' remuneration

- financial statements audit	7	7
- regularity assurance	4	3
- internal audit	5	6

Hire of plant and machinery - operating leases	47	60
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Hire of land and buildings - operating leases	-	8
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8 INTEREST PAYABLE

	2015 £000	2014 £000
On bank loan wholly or partly repayable in more than five years	81	82
Pension finance costs (note 21)	-	4
	<u>81</u>	<u>86</u>

9 TAXATION

The members do not believe the College was liable for any corporation tax arising out of its activities during this year (2014: £nil).

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

10 TANGIBLE FIXED ASSETS

	Land and buildings	Computer Equip.	Furniture	Other Equip.	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 August 2014	15,181	1,503	158	542	17,384
Additions	755	191	-	10	956
Disposals	-	-	-	-	-
At 31 July 2015	15,936	1,694	158	552	18,340
Depreciation					
At 1 August 2014	2,233	1,241	91	385	3,950
Charge for the year	311	223	13	49	596
Disposals	-	-	-	-	-
At 31 July 2015	2,544	1,464	104	434	4,546
Net book value					
At 31 July 2015	13,392	230	54	118	13,794
At 31 July 2014	12,948	262	67	157	13,434
Net book value at 31 July 2015					
Inherited	1,237	-	-	-	1,237
Financed by capital grants	5,466	21	13	79	5,579
Other	6,689	209	41	39	6,978
	13,392	230	54	118	13,794

The transitional rules set out in FRS15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly the book values at implementation have been retained. Land and buildings were valued at 1993 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis. If inherited tangible fixed assets had not been valued they would have been included at the balance sheet at £nil cost.

The land and buildings from which the College operates were not transferred to the College from the local authority on incorporation however, on 9 September 2005, the College was successful in obtaining registered freehold to the land and buildings with title absolute.

11 DEBTORS

	2015 £000	2014 £000
Amounts falling due within one year		
Trade debtors	30	17
Prepayments and accrued income	70	42
	<u>100</u>	<u>59</u>

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £000	2014 £000
Bank loan	170	162
Payments received in advance	237	279
Trade creditors	265	196
Fixed asset creditors	-	315
Corporation tax	-	-
Other taxation and social security	115	107
Other creditors	197	180
Accruals – redundancy payments	-	-
Accruals – other	72	75
	<u>1,056</u>	<u>1,314</u>

13 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2015 £000	2014 £000
Bank loan	<u>2,413</u>	<u>2,596</u>

14 BORROWINGS

	2015 £000	2014 £000
Bank loan repayable as follows:		
In one year or less	170	162
Between one and two years	173	165
Between two and five years	1,041	1,068
In five years or more	1,199	1,363
	<u>2,583</u>	<u>2,758</u>

A bank loan of £2,600,000 was approved in 2007/08 and on 24 September 2008, £1,300,000 was converted to a fixed interest rate loan at 5.735%pa repayable over twenty years; the remaining £1,300,000 will be repaid by 240 equal monthly instalments with interest charged on a monthly basis, at Bank of England base rate plus 0.38%, to the bank current account.

These borrowings have been re-negotiated during 2014/15 and now represent a fixed interest rate loan at 2.367% repayable until November 2023.

A further bank loan of £800,000 was approved in 2013/14 and drawn down on 28 February 2014. The loan has a final repayment date of 30 March 2029 with quarterly repayments spread evenly over this term. There is an initial final repayment date of 30 March 2019 with the interest rate fixed at 4.125% on £400,000 and interest charged at LIBOR plus 1.95% on the remaining £400,000 for this period. The loan facility will be reviewed by the bank on an annual basis with a view to extending the initial final repayment date each year.

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

15 DEFERRED CAPITAL GRANTS

	Funding body grants £000	Other grants £000	Total £000
At 1 August 2014	4,945	115	5,060
Cash receivable	687	-	687
Released to income and expenditure account	(167)	(2)	(169)
At 31 July	5,465	113	5,578

16 INCOME AND EXPENDITURE ACCOUNT RESERVE

	2015 £000	2014 £000
At 1 August	2,009	1,503
Transfer from revaluation reserve to income and expenditure account in respect of depreciation of revalued assets	15	16
Transfer from revaluation reserve to income and expenditure account in respect of accelerated depreciation of revalued assets	-	-
Surplus/(deficit) retained for the year	388	157
Actuarial gain/(loss) for year (including change in asset valuation)	(397)	333
At 31 July	2,015	2,009

Income and expenditure account closing balance represented by:

Pension reserve	(2,094)	(1,689)
Income and expenditure account excluding pension reserve	4,109	3,698
	2,015	2,009

17 REVALUATION RESERVE

	2015 £000	2014 £000
At 1 August	1,252	1,268
Transfer from revaluation reserve to income and expenditure account in respect of depreciation of revalued assets	(15)	(16)
Transfer from revaluation reserve to income and expenditure account in respect of accelerated depreciation of revalued assets	-	-
At 31 July	1,237	1,252

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

18 RECONCILIATION OF OPERATING SURPLUS/(DEFICIT) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015 £000	2014 £000
Surplus/(deficit) on continuing operations after depreciation of assets at valuation	388	157
Depreciation (note 1 and note 10)	596	569
Deferred capital grants released to income (note 15)	(169)	(130)
Interest receivable (note 4)	(4)	(3)
Interest payable (note 8)	81	82
FRS17 pension finance cost (note 8 and note 21)	(32)	4
FRS17 pension cost less contributions payable (note 5 and note 21)	40	136
Decrease/(increase) in stock	(6)	6
(Increase)/decrease in debtors	(41)	(10)
(Decrease)/increase in creditors	93	(532)
Net cash inflow from operating activities	946	279

19 ANALYSIS OF HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2015 £000	2014 £000
Returns on investments and servicing of financing		
Interest paid	(81)	(77)
Interest received	3	3
	(78)	(74)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(956)	(1,929)
Deferred capital grants received	329	1,238
	(627)	(691)
Financing		
New unsecured loan	-	800
Repayment of amounts borrowed	(175)	(123)
	(175)	677

20 ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	2014 £000	Cash flows £000	2015 £000
Cash in hand and at bank	420	66	486
Debt due within one year	(162)	(8)	(170)
Debt due after one year	(2,596)	183	(2,413)
Total	(2,338)	241	(2,097)

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

21 PENSIONS

The College's employees belong to two principal pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for teaching and related staff; and the Local Government Pension Scheme (LGPS) for support staff which is managed by the City of Bradford Metropolitan District Council. Both are defined benefit schemes. The total pension cost to the College is as follows:

	2015 £000	2014 £000
Teachers' Pension Scheme: contributions paid	439	437
Local Government Pension Scheme:		
Normal contributions paid	150	145
Additional contribution to scheme (see below)	24	45
Pension cost re redundancies	-	-
FRS17 charge	40	136
	<u>214</u>	<u>326</u>
Charge to the Income and Expenditure Account (staff costs)	<u>653</u>	<u>763</u>

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

Teachers' Pension Scheme

The TPS is a statutory, contributory, defined benefit scheme governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pensions 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 change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

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 pensions' increases). From 1 April 2001, the Account has been credited with the real rate of return which is equivalent to assuming that the balance in the Account is invested in notional investments that produced that real rate of return.

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

21 PENSIONS (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme

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

- Employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration);
- 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.

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

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

Scheme Changes

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

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

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

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

FRS17

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

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

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

21 PENSIONS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by City of Bradford Local Authority. The contribution rates are currently 13.8% for employer and range from 5.5% to 8.5% for employees, depending on salary.

The total contribution made for the year was as follows:

	2015 £000	2014 £000
Employer's normal contributions	150	145
Employer's contributions relating to redundancies	-	-
Employer's additional contribution to the scheme (see below)	24	45
Employees' contributions	67	65
	<u>241</u>	<u>255</u>

Valuation of the Local Government Pension Scheme

The latest actuarial valuation of the College's liabilities took place as at 31 March 2013. As for the previous valuation, the past service liabilities have been calculated using the Projected Unit Method. This method, with a one year control period, has also been used to calculate the cost of future benefits building up for employers who still permit new employees to join the Fund. The costs of providing the cash sum on death in service in the period since the previous valuation have been pooled across all employers in the Fund.

At 31 March 2013 the shortfall of assets relative to the past service liabilities was £454.4m, which corresponds to a funding ratio of 96%. The aggregate employer future service contribution rate in respect of the benefits provided by the 2014 scheme is 14.3% of pensionable pay. The aggregate employer contribution rate required to restore the funding ratio to 100% using a recovery period of 22 years from 1 April 2014, is 16.0% of pensionable pay (if the membership remains broadly stable and pay increases are in line with our assumptions). The comparable figure, at the previous valuation was 15.6% of pensionable pay.

The contribution rate for each employer takes into account their particular membership profile and funding ratio, and the assumptions and recovery periods appropriate to their circumstances. For New College, the contribution rate, based on a recovery period of 22 years, is set at 13.8% pa for the three years from 1 April 2014 with the following additional monetary amounts being payable as follows:

year commencing 1 April 2014:	£22,900
year commencing 1 April 2015:	£23,800
year commencing 1 April 2016:	£24,700

Scheme change

A new scheme applies for pensionable service from 1 April 2014. The key features are:

- Career average structure
- Accrual rate of 49ths
- Pension revalued by CPI before retirement
- Normal Retirement Age linked to State Pension Age
- Changes to member contribution rates, and in particular member contribution rates increased for those earning about £43,000pa
- Member contribution rates based on actual (previously full-time equivalent) pay
- Introduction of 50/50 option, with member contribution and pension accrual rate both half rate
- An underpin to pensions for members within 10 years of age 65 in April 2012.

Benefits for pensionable service before 1 April 2014 are protected, and calculated by reference to current retirement ages. The link to final pay remains for active members.

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

21 PENSIONS (continued)

Local Government Pension Scheme (continued)

FRS17

Principal Actuarial Assumptions

The following information is based on a full actuarial valuation of the Fund at 31 March 2014, updated to 31 July 2015 by a qualified independent actuary.

	At 31 July 2015	At 31 July 2014
Rate of increase in salaries	3.6%	3.7%
Rate of increase for pensions in payment	2.1%	2.2%
Rate of increase for deferred pensions	2.1%	2.2%
Discount rate for scheme liabilities	3.6%	4.1%
RPI Inflation	3.2%	3.2%
CPI Inflation	2.1%	2.2%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2015	At 31 July 2014
Retiring today/current pensioners		
Males	22.6	22.5
Females	25.5	25.4
Retiring in 20 years/future pensioners		
Males	24.8	24.7
Females	27.8	27.7

The assets and liabilities of the scheme attributed to the College and the expected rates of return were as follows:

	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
Equities	7.5%	3,561	7.5%	3,105
Government Bonds	3.2%	488	3.2%	426
Other Bonds	3.7%	216	3.7%	215
Property	6.8%	211	6.8%	137
Cash	1.1%	70	1.1%	161
Other	7.5%	145	7.5%	91
Overall expected rate of return	6.6%		6.6%	
Notional value of assets		4,691		4,135
Present value of scheme liabilities		(6,785)		(5,824)
(Deficit)/surplus in the scheme		(2,094)		(1,689)

A building block approach is used to determine the rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the fund at 31 July 2015.

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

21 PENSIONS (continued)

Local Government Pension Scheme (continued)

FRS17 (continued)

Analysis of the amount charged to income and expenditure account

	2015 £000	2014 £000
Employer service cost (net of employee contributions)	214	232
Past service cost/(gain)	-	93
Curtailment costs	-	-
Total operating charge	214	325
Employer contributions already charged	174	189
FRS17 adjustment to pension costs (included in staff costs)	40	136

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	275	261
Interest on pension scheme liabilities	(243)	(265)
Pension finance income/(costs)	32	(4)

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

	2015 £000	2014 £000
Actuarial gain/(loss) on pension scheme assets	114	(116)
Actuarial gain/(loss) on pension scheme liabilities	(511)	449
Actuarial gain/(loss) recognised in STRGL	(397)	333

Movement in (deficit)/surplus during year

	2015 £000	2014 £000
(Deficit)/surplus in scheme at 1 August	(1,689)	(1,882)
Movement in year:		
Employer service cost (net of employee contributions)	(214)	(232)
Employer contributions	174	189
Past service costs	-	(93)
Curtailments and settlements	-	-
Net (interest)/return on assets	32	(4)
Actuarial gain/(loss)	(397)	333
(Deficit)/surplus in scheme at 31 July	(2,094)	(1,689)

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

21 PENSIONS (continued)

Local Government Pension Scheme (continued)

FRS17 (continued)

Asset and Liability Reconciliation

	2015 £000	2014 £000
Reconciliation of liabilities		
Liabilities at 1 August	5,824	5,766
Current service cost	214	232
Interest cost	243	265
Employee contributions	67	65
Actuarial (gain)/loss on liabilities	511	(449)
Net benefits paid out	(74)	(148)
Past Service cost	-	93
Curtailments and settlements	-	-
Liabilities at 31 July	6,785	5,824
Reconciliation of assets		
Assets at 1 August	4,135	3,884
Expected return on assets	275	261
Actuarial (loss)/gain on assets	114	(116)
Employer contributions	174	189
Employee contributions	67	65
Net benefits paid out	(74)	(148)
Assets at 31 July	4,691	4,135

The estimated value of employer contributions for the year ended 31 July 2015 is £179,000 (2014 £174,000).

History of asset values, present value of scheme liabilities and surplus/(deficit)

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Fair value of assets	4,691	4,135	3,884	3,037	2,859
Present value of scheme liabilities	(6,785)	(5,824)	(5,766)	(5,254)	(4,290)
(Deficit)/surplus	(2,094)	(1,689)	(1,882)	(2,217)	(1,431)

History of experience gains and losses

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Difference between the expected and actual return on assets	114	(116)	361	(158)	(425)
Experience gains/(losses) on scheme liabilities	19	122	(2)	(12)	978
Total amount recognised in STRGL	(397)	333	298	(698)	595

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

22 POST BALANCE SHEET EVENTS

Capital development

The College has successfully bid for £96,250 to fund asbestos removal. Only planning work has been undertaken up to 31 July 2015 but the development work commenced since the year end.

23 CAPITAL COMMITMENTS

	2015 £000	2014 £000
Capital expenditure		
Commitments contracted for, but not provided in the accounts	22	62

24 FINANCIAL COMMITMENTS

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

	2015 £000	2014 £000
Land and buildings		
Leases expiring within one year	-	8
	-	8
Other		
Leases expiring within one year	4	4
Leases expiring within two to five years	45	56
Leases expiring in over five years	-	-
	49	60

25 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.

No member of the Corporation received any remuneration or waived payments from the College during the year (2014: Nil)

No member of the Corporation received any travel, subsistence or any other out of pocket expenses during the year (2014: Nil)

No transactions have been identified which require disclosure under Financial Reporting Standard 8 Related Party Disclosures.

New College, Pontefract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

26 WELFARE FUND

The Corporation set up a welfare fund to assist students experiencing financial difficulties whilst at New College. The trustees of the fund are members of the Corporation and College staff. The results of the welfare fund have not been consolidated into the financial statements as the amounts involved are not considered to be material. The balance on the fund at the end of the financial year was £4,863 (2014: £4,886).

27 AMOUNTS DISBURSED AS AGENT

	2015 £000	2014 £000
Funding body grants – hardship funds	257	205
Interest earned	-	-
	<u>257</u>	<u>205</u>
Disbursements to students	(212)	(187)
Administration costs	(10)	(10)
	<u>35</u>	<u>8</u>
Unspent at 1 August, included in creditors	33	25
Unspent at 31 July, included in creditors	<u>68</u>	<u>33</u>

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 balance unspent at 31 July is carried forward to be spent in the following financial year.