Tameside College

Clarendon Sixth Form College

Tameside College

Members' Report and Financial Statements

For the year ended 31 July 2019

Key Management Personnel, Board of Governors and Professional advisors

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2018/19:

Mrs J Moores Principal and CEO; Accounting officer
Mrs T Farran Deputy Principal
Mr L Dowd Vice Principal Quality and Services to Learners
Mrs V Hayhoe Executive Director Finance and Estates (appointed May 2019)

Board of Governors

A full list of Governors is given on page 16 and 17 of these financial statements.

Dr N Elgar acted as Clerk to the Corporation

Professional Advisers

Financial Statements auditor and reporting accountant:
Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Internal Auditor:
Gateway Assure Ltd
MCH House,
21 Bailey Drive,
Gillingham Business Park,
Gillingham,
Kent ME8 0PZ

Banker:
Santander Bank
Bridle Road
Bootle
Merseyside
L30 4GB

Banker:
Lloyds Bank plc
8th Floor
40 Spring Gardens
Manchester
M2 1EN

Solicitor:
Eversheds
Bridgewater Place
Water Lane
Leeds
LS11 5DR

Analysis Legal
Davenport House
191c Moss Lane
Bramhall
Stockport
SK7 1BA

Principal's office:
Tameside College
Beaufort Road
Ashton-under-Lyne
Tameside
OL6 6NX

Members' Report and Financial Statements

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MEMBERS REPORT

NATURE, OBJECTIVES AND STRATEGIES

Members of the Corporation are pleased to present their report and the audited financial statements for the year ended 31 July 2019.

Legal Status

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

Mission

The College's Mission as approved by the Corporation is:

> ***"Tameside College will transform lives by offering first class education and training in order to improve employability and generate economic prosperity"***

The Mission was reviewed in 2006 following recommendations made in the Foster Report 'Realising the Potential'. It is due for further review in 2019/20 by the Corporation. In 2018/19, the College re-defined its values and behaviours expected from all in the college community. These values and behaviours are as follows:

> *Excellence through learning; It's my responsibility; Work together; Value and respect each other; Act with integrity.*

The College welcomes people from all sections of the community. In all aspects of College life, the College promotes equal opportunities and values diversity.

The College works at a strategic level, in partnership with key local stakeholders, to create an environment where learning is valued, is easily accessible and available to all and promotes the economic, cultural and social wellbeing of our community.

Public Benefit

Tameside College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 16. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on the public benefit and particularly upon its supplementary guidance on the advancement of education.

The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to 6000+ students, including in excess of 100 students with high needs. The college provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. The college adjusts its courses to meet the needs of local employers and provides training to around 700 apprentices. The college is committed to providing information, advice and guidance to the students it enrols and to finding suitable courses for as many students as possible regardless of their educational background.

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
- An excellent record of progression to employment, Apprenticeships or HE for students
- Strong student support systems
- Highly effective links with employers, industry and commerce.
- A strong GM focus working collaboratively with key partners

Implementation of Strategic Plan

The College five year strategic/development plan was approved by the Corporation in November 2015, and runs until summer 2020. It is currently in draft format for the period 2020 to 2025 and due for Governor approval in April 2020. It is reviewed on an annual basis. The Corporation monitors the performance of the College against this plan. The College's current strategic objectives are:

1. **Enhancing and improving quality**
2. **Maintain the very strong financial health of the college**
3. **Developing the College**
4. **Developing an estate to ensure outstanding accommodation for all learner**

Financial Objectives

The College's financial objectives are:

- Further develop the annual business planning process
- Establish and achieve ambitious targets for operating surpluses
- Achieve ESFA income targets
- Grow apprenticeships starts from 515 to 1500 by 2020 and HE numbers by at least 200 by 2020
- Maximise and monitors course level productivity
- Reduce staff costs to income to sector norms
- Maintain the financial performance of the College at 'Outstanding'

Performance indicators

Key performance Indicator	**Revised budget 18/19**	**Actual 18/19**
Financial Health score	Outstanding	Outstanding
EBITDA as a % of income – education specific	8.05%	8.37%
Cash Balance	£7,170,000	£8,909,000
Adjusted Current ratio	3.77	3.85
Pay Expenditure as % of Income	61.55%	61.75%

The College is committed to observing the importance of sector measures and indicators and uses sector benchmarks for measures such as overall achievement rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The College is assessed by the ESFA as having an "Outstanding" financial health grading.

FINANCIAL POSITION

Financial Results

The College incurred a deficit before other gains and losses in the year of £1,021,000 (2017/18: deficit of £765,000), with total comprehensive income of (£5,185,000), (2017/2018:£6,357,000).

Tangible fixed asset additions during the year amounted to £2,389,000, (2017/18: (£903,000)).

The College has accumulated reserves of £16,532,000 and cash and short term investment balances of £8,909,000. The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund and to fund further estate development and modernisation.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2018/19 the funding bodies provided 82% (2017/18: 79%) of the College's total income.

The College has two wholly owned subsidiaries.

Tameside College Energy Supply Limited – This company was originally set up to supply energy to the College until March 2001. This subsidiary started trading again in 2003, developing and selling software in the Further Education market in partnership with Compass Computer Consultants Ltd. All surpluses generated by the subsidiary were transferred by deed of covenant. The company ceased to trade once again in September 2012.

Tameside College Services Limited – This Company has never traded.

Financial plan

The College governors approved a three-year financial plan in July 2019 which sets objectives for the period to 2020.

Treasury policies and objectives

Treasury Management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College has a separate Treasury Management Policy in place. Short term borrowing for temporary revenue purposes is authorised by the Principal/Chief Executive Officer. All other borrowing requires the authorisation of the Corporation. There has been no borrowing in 2018/19.

Cash flows and liquidity

At £1,342,000 (2017/18 £4,635,000), net cash flow from operating activities cash flow is strong. The College has cash and investment balances of £8.9 million (2017/18: £7.6 million).

Reserves Policy

The College's Reserves Policy is included within the Financial Regulations and the College recognises the importance of reserves in the financial stability of the organisation, and ensures that there are adequate reserves to support the College's core activities. The College's reserves do not include any monies held as restricted reserves. As at the balance sheet date, the Income and Expenditure reserve stands at £14,684,000 (2017/18: £19,806,000). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial health

The College's Financial Health grading for 2017/18 was assessed by the ESFA in March 2019 as Outstanding. During 2018/19 the College continued to operate as a financially strong College and it is planned to remain financially outstanding in its three year plan submitted in July 2019.

Student Numbers

In 2018/19 the College delivered activity that has produced £17 million in funding body main allocation funding (2017/18 - £16.3 million). The College had approximately 5,299 funded and 1,004 non-funded students.

Student achievements

Tameside College has a community focus with an aim to make a significant difference to the lives of its learners through the attainment of qualifications and experiences which will enable next steps. In academic year 2018/19 achievement rates across the College exceed the national average for classroom based and apprenticeship delivery. The number of study programme students who have not achieved a grade 4 or better by age 16 and hence require to continue to study English and/or Mathematics remains very high representing approximately one third of enrolments. In 2018-2019 the college offered a mixture of GCSE and functional skills from entry to level 2 in English and mathematics to meet the needs of learners.

Curriculum Developments

In Academic year 2018/19 the College offered a wide range of provision from pre-entry to level 7 (PGCE). Following the introduction of Animal Care the curriculum was delivered in all 15 Sector Subject Areas. With the addition of study programmes in 2018/19 for 16-18's the College now has an offer in all 15 sector subject areas:

- Health, Public Services and Care
- Agriculture, horticulture and animal care
- Science & Mathematics
- Engineering & Advanced Manufacturing Technologies
- Construction, Planning & Built Environment
- Information & Communications Technology
- Retail & Commercial Enterprise
- Leisure, Travel & Tourism
- Arts, Media & Publishing
- History, Philosophy and Theology
- Social Sciences
- Languages, Literature & Culture
- Education & Training
- Preparation for Life & Work
- Business, Administration & Law

- Apprenticeships were delivered across intermediate and advanced frameworks with a wide range of employers from SMEs as well as Tameside Council and a couple of other larger providers. Primarily apprenticeships were in the areas of Construction Services and Engineering Industries, Food, Hospitality and Catering, HSC, Dental Nursing and Childcare, Business Administration, Customer Service, Accounting and Hair & Beauty.

- The College has continued to take the lead as the main provider of post 16 High Needs Special Educational provision across the Borough and played a significant role in 14-16 education and training in partnership with a range of Schools.

- HE provision in 2018/19 has seen growth in Foundation degrees and numbers continue to be strong in Financial and Professional Services as well as the HNC/D Engineering provision meeting the skills demand from local employers.

- The college policy for English and Maths in 2018/19 has led to growth in numbers for Functional skills and a reduction in GCSE candidates.

Accommodation Strategy

The College has completed Phase 1 (Clarendon Sixth Form and the Advanced Technology Centre) of an aspirational three phase plan to develop provision in Ashton-under-Lyne town centre in partnership with Tameside MBC and to redevelop accommodation for the balance of provision on the Beaufort Road campus.

Phase 2 was the development of Tameside One in partnership with Tameside Council and the College moved into these premises in March 2019.

The College has commenced works on Phase 3 which is the redevelopment of the Beaufort Road. The demolition of existing buildings is almost complete and the building of a new £11m construction centre will commence in November 2019. 33% of these works will be funded by the GMCA.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2017 to 31 July 2019, the College paid 95 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Events after the end of the reporting period

There have been no significant post balance sheet events.

Future prospects

The College's three Phase capital build projects will see increased learner numbers. This is made up of the new build from Phase 1 at Clarendon Sixth Form, the Advanced Technology Centre at Beaufort Road, the completion of Tameside One during 2018/19 and the college's property master planning for Phase 3 which seeks to rationalise and modernise remaining facilities at its Beaufort Road site and the construction of an £11m new build. This has been evidenced in 2016/17 at Clarendon Sixth Form and in 2018/19, learner numbers for adults and 16-18 are good at Tameside College. The capital programmes will maximise estate efficiencies. The College would like to reduce its dependency on funding bodies and continues to look to grow other provision including Levy Apprenticeship and HE Provision.

The College currently has no debt and believes it will continue to be financially strong going forward as supported by its 3-year financial plan approved by the Corporation in July 2019.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives.

Tangible resources include sites at Beaufort Road, TCFE and Camp Street. The College also has land which can be released for Victoria Street, Hyde.

Financial

The College has net assets of £16.5m (including £11.7m pension liability), (2017/18:£21.7m) (including £6.2m pension liability) and has no long term debt.

People

The College employs 355 staff (2017/18: 360) (expressed as Full-Time Equivalents), of whom 217 (2017/18: 212) are teaching staff.

Reputation

In 2017/18 OFSTED reported that "Managers have successfully cultivated effective partnerships with a range of stakeholders, resulting in a curriculum that meets local needs well and provides good work experience opportunities. Senior leaders and managers have developed and implemented an excellence in learning framework; which communicates clearly to staff the standards of teaching expected. The quality of, for example, adult learning courses, closely matches local employment needs. Clear progression pathways ensure that 16 to 18-year-olds and apprentices continue their education or secure long-term employment. As an outcome, the College and its senior leaders are highly regarded by employers, community partners and the local authority and learners enjoy and take pride in studying at the College. Improvements evidences in the last three years, including achievement rates, have been sustained.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Based on the Strategic Plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. The Risk Management Action Plan identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against actions to mitigate the risks. In addition to the annual review, the Risk Management Group also considers any risks which may arise as a result of a new area of work being undertaken by the College.

A Risk Register is maintained at the College level which is reviewed at each Audit Committee meeting. The Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. This is supported by a risk management training programme to raise awareness of risk throughout the College.

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

1. Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and HEFCE. In 2018/19 92% (2017/18: 92%) of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding including:

- A demand led funding system applies to FE colleges and other providers in respect of adult provision. The funding methodology applies a series of factors such as guided learning hours and achievement rates to calculate an amount of funding to be received for each learner. Such funding cannot be guaranteed though.

- Learners aged 19+ studying Level 3 or above courses no longer attract Grant funding from 2015/16 onwards (24+ learners from 2013/14). They are able to access an 'Advanced Learning Loan' to pay course fees. Fees have increased as a result but it is difficult to assess the effect on demand in the medium term.
- The introduction of the Apprenticeship Levy 2016/17 has significantly affected the marketplace, however, the full implications are not yet known as government policy continues to develop which means it is difficult to assess the effect that this may have for the College. In addition the increasing and changing audit demands for apprenticeship provision has created additional administrative requirements and risk of clawback.
- Local Authorities capping their allocation of element 3 funding for high needs learners and/or they are given the flexibility on the use of element 2 funding rather than it being guaranteed from the ESFA. The numbers of EHCP leaners could continue to rise with no mechanism for additional funding.

The risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- The college is developing partnership working to develop additional income sources and hence reduce the reliance on public funding
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Regular dialogue with funding bodies
- Rigorous controls of apprenticeship records
- A positive working relationship with the Local authorities with transparency on costs and effectively managing staff deployment

2. Tuition Fee Policy

The government fee assumption remains at 50% in 2018/19. In line with the majority of other colleges, the College will increase tuition fees in accordance with the rising fee assumptions. The price elasticity of adult learning for the College is not yet fully understood. The risk for the College is that demand falls off as fees increase. This will impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

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

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS102.

This risk is mitigated by an agreed deficit recovery plan with the Greater Manchester Pension fund.

4. Failure to maintain the financial viability of the College

The College's current financial health grade was assessed by the ESFA in March 2019 as Outstanding.

Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring

- Robust financial controls
- Exploring ongoing procurement efficiencies

5. Financial and reputational risks associated with Estate.

The College identifies the risk in regards to the new build Construction Skills Centre due for completion in December 2020 on its Risk Register, as both financial and reputational risks.

A strong bank account, external funding, decant working group, and structured contingency plans have been developed to minimise any potential risk to the college.

STAKEHOLDER RELATIONSHIPS

The College's core stakeholders are students and in 2018/19 new processes were further refined to ensure the views of its students are better heard, responded to and drive continual quality improvement. Over 800 students completed the FE Choices survey. Overall, the satisfaction score was 85%.

In 2018/19 the College worked with over 400 employers in a range of sectors, the vast majority of these being in Greater Manchester. Furthermore, the college maintained or further developed relationships with;

- The Greater Manchester Colleges Group
- Tameside Metropolitan Borough Council
- Chester University
- University of Salford
- University of Huddersfield
- GM Chamber of Commerce
- A range of Local Authorities
- The Growth Company
- The Hyde Group
- A range of Retail and Business employers
- Schools
- Siemens
- Amazon

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

EQUALITY

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively, differences in protected characteristics as outlined in the Equality Act 2010. We strive vigorously to remove conditions which place people at a disadvantage and we will actively challenge intolerance of these principles. This approach is resourced, implemented and monitored on a planned basis through the College's policies and procedures including the Equality Policy along with the College's Equality Duty. The Equality Duty can be located on the College's website.

The College has an Equality and Diversity Strategy Group that ensures equality is embedded in every area of the College. The College supports teachers to embed equality awareness into their lessons and the VLE, 'LearningBox' is used well to promote Equality and Diversity. In addition, the College subscribes to an online Equality and Diversity Package which is used by both staff and learners. Good practice from lesson observations (from across all areas of the College), are used to share good practice and identify areas for further development. College performance indicators include those that enable any gaps between different groups to be identified and eradicated.

The College guarantees an interview to all staff applicants with a declared disability who meet the minimum essential criteria for a job vacancy. The College is proud to have been awarded the Employment Service Kite mark

'Positive about Disabled People'. Where an existing employee becomes disabled, every effort is made to ensure that their employment with the College continues.

DISABILITY STATEMENT

The College seeks to achieve the objectives set down in the Equality Act 2010 and the College's Equality Duty is available on the College website. This demonstrates the impact of College policies, procedures and services on staff and learners with different protected characteristics including those with a disability/learning difficulty. At Tameside College, we are committed to Equality, Diversity & Inclusion in everything that we do relating to both staff and learners. Tameside College respects the values and differences of the nine protected characteristics. We believe that everyone should have an equal opportunity to meet their aspirations, realise their full potential and improve their life chances. As a sign of our commitment, Equality Diversity and Inclusion has been embedded across our functions and is an integral part of our core values.

a As part of its Accommodation Strategy the College updates its access audit. Experts in this field have previously conducted full access audits regularly, and the results of these have formed the basis of bids to the funding bodies for funding minor capital projects aimed at improving access.

b There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the Learning Hubs through the additional learning support team.

c The College has made a significant investment in staffing to support students with learning difficulties and/or disabilities. There are a significant number of Learning Support Officers who provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

d Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.

e Welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure information at induction.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college

Numbers of employees who were relevant period	FTE employee number
2	0.19

Percentage of time	Number of employees
0%	0
1-50%	2
51-99%	0
100%	0

Total cost of facility time	£5,673
Total pay bill	£10,052,000
Percentage of total bill spent on facility time	0.06%

Time spent on paid trade union activities as a percentage of total paid facility time	100%

DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the Members of the Corporation on 9 December 2019 and signed on its behalf by:

Joan Ryan

Joan Ryan
Vice Chair

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2018 to 31st July 2019 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

The Corporation is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted the Code of Good Governance for English Colleges. 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 upon 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.

In the opinion of the Governors, the College substantively complies with the provisions of the Code of Good Governance for English Colleges, having adopted the Code on 13 May 2019 and developed its position in the year ended 31 July 2019. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standard of corporate governance at all times.

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.

Statement of Corporate Governance and Internal Control

THE CORPORATION

The Members who served the Corporation during the year ending 31 July 2019 and up to the date of signature of this report were as listed in the table below:

Name	Date of Current Appointment / Term of Office	Date Membership Ceased	Status of Appointment	Committees Served	Attendance In 2018/19
Alison Ashworth	01/09/18 (3 years)		Independent	 F&R Remuneration Search	100% (7/7) (Board) 100% (3/3) 100% (3/3) 100% (2/2)
Damien Bourke	17/10/17 (4 years)		Independent	 Audit PSWG	57% (4/7) (Board) 50% (2/4) 67% (2/3)
Simon Boyle	06/11/19 (1 year)		Independent	 C&S PSWG	 Not applicable Not applicable
Phillip Brown	01/09/19 (1 year)		Independent	 F&R PSWG	86% (6/7) (Board) 100% (3/3) 100% (3/3)
Malcolm Bruce	16/10/17 (3 years)		Independent	 Audit C&S	43% (3/7) (Board) 50% (2/4) 100% (3/3)
Philip Dawson	21/10/19 (1 year)		Independent	 Audit C&S	 Not applicable Not applicable
Shayer Hussain	11/12/17 (2 years)		Staff	 C&S	86% (6/7) (Board) 100% (3/3)
Karen James	11/12/17 (4 years)		Independent	 Audit Remuneration	57% (4/7) (Board) 75% (3/4) Not applicable
John Lyne (Chair)	01/09/18 (4 years)		Independent	 F&R PSWG Remuneration Search	100% (7/7) (Board) 100% (3/3) 100% (3/3) 100% (3/3) 100% (2/2)
Stephen Miller	15/05/18 (1 year)	10/04/19	Independent	 C&S	75% (3/4) (Board) 100% (2/2)
Manilal Mistry	01/08/18 (1 year)	31/07/19	Independent	 Audit Remuneration Search	71% (5/7) (Board) 100% (4/4) 100% (3/3) 100% (2/2)
Nakul Mohandas	19/10/16 (4 years)	11/02/19	Independent	 Audit C&S	0% (0/3) (Board) 0% (0/2) 0% (0/1)
Jackie Moores	01.11.15 (N/A)		Principal and Chief Executive	 C&S F&R PSWG Search	86% (6/7) (Board) 100% (3/3) 100% (3/3) 100% (3/3) 0% (0/2)

Suraj Rash	24/01/19 (2 years)		Student	C&S	100% (5/5) (Board) 50% (1/2)
Chris Rushton	10/12/18 (1 year)		Independent	F&R	100% (5/5) (Board) 100% (2/2)
Joan Ryan	01/09/18 (2 years)		Independent	F&R PSWG Remuneration Search	100% (7/7) (Board) 100% (3/3) 100% (3/3) 100% (3/3) 100% (2/2)
Laura Stansfield	10/12/18 (1 year)		Independent	Audit	100% (5/5) (Board) 100% (2/2)

C&S = Curriculum and Standards Committee, F&R = Finance and Resources Committee, PSWG = Property Strategy Working Group

The overall attendance at Corporation meetings for the year 1 August 2018 to 31 July 2019 was 82% (attendance in 2017/18 was 80%). Included in the overall attendance figure is the attendance of Tom Wilkinson, who served as an External Co-opted Member (i.e. not a Governor) of the Corporation's Audit Committee during the year ended 31 July 2019, during which time his attendance was 75% (3/4 meetings).

Attendance of each individual member is monitored by the Search Committee (along with the value of their contribution at meetings they have attended) with actions taken as appropriate.

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

The Corporation is provided with regular and timely information on the overall performance of the College including financial performance; risk management; performance against learner number and funding targets; proposed capital expenditure; quality matters covering the quality of teaching, learning and assessment offered by the College and the levels of student attainment; safeguarding, equality & diversity and personnel related matters including health and safety and environmental issues. Major considerations during 2018/19 were the move into new accommodation at Tameside One and approval of an £11m Construction Skills Centre.

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 and a clear understanding of the distinction between governance and management. There are clear role descriptions for Corporation Members, the Corporation Chair and the Principal which underline this distinction.

Corporation Committees

The committees of the Corporation are:

Audit Committee

The Audit Committee comprises six members that precludes the Principal, Chair of the Corporation and Staff Member. It met four times during the year ended 31 July 2019. The Committee operates in accordance with written terms of reference approved by the Corporation and which take account of the requirements set out in the Post-16 Audit Code of Practice 2018 to 2019 issued by the Education and Skills Funding Agency (ESFA). It notably acts as the Corporation's risk committee.

The Audit Committee provides a forum for reporting by the College's internal and external auditors, who have direct access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the Funding Agencies as they affect the College's business.

The Corporation has retained an internal audit service whose role is to monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed audit plan and report their findings to management and the Audit Committee. Management are responsible for the implementation of agreed audit recommendations and internal audit undertake periodic follow-up reviews to ensure such recommendations have been implemented. The College's external auditors are responsible for ensuring that the financial statements present a true and fair view of the College's activities for the year under review.

The Audit Committee reviews the performance of both the internal auditors and the financial statements auditors and advises the Corporation on their appointment and remuneration.

Curriculum and Standards Committee

The Curriculum & Standards comprises seven members, including both the Staff and Student Members. The Committee met termly in the year ended 31 July 2019. Its work includes providing scrutiny on the quality of teaching, learning and assessment and the overall learner experience, including learner outcomes. It has a particular focus on those curriculum areas that have been identified as requiring improvement.

Finance and Resources Committee

The Finance and Resources comprises six members; the membership of which is mutually exclusive of that of the Audit Committee. The Committee met termly during the year ended 31 July 2019. Its remit is to monitor and advise the Corporation on the financial position of the College, the safeguarding of their assets, the annual estimates of income and expenditure, Accommodation Strategy, employment, health and safety and human resources policies.

Remuneration Committee

The Remuneration Committee comprises four members that precludes the Principal, Staff and Student Members. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and employment conditions of the Principal and other designated Senior Post Holders.

During the year ended 31 July 2019, the Remuneration Committee met twice to consider the performance and remuneration of the Principal and other designated Senior Post Holders and to consider The Colleges' Senior Post Holder Remuneration Code ("Remuneration Code") developed for the sector by the Association of Colleges. It also convened to consider the remuneration and employment terms of the Executive Director Finance and Estates as a replacement to the Vice Principal Finance and Resources post. The Corporation formally adopted the Remuneration Code and considered the first Remuneration Annual Report in the autumn of 2019. This report follows the format suggested in the Annex to the Code. Further work was identified to make explicit the Corporation's policy on the remuneration of Senior Post Holders.

Details of key management personnel remuneration for the year ended 31 July 2019 are set out in Note 7 to the financial statements.

Search Committee

The Search Committee comprises five members. The Committee met twice during the year ended 31 July 2019. The Committee's remit is to advise the Board on appointments to the Corporation and on matters of governance.

Property Strategy Working Group

The Working Group comprises five members. It met three times during the year ended 31 July 2019. The Corporation reinstated the Property Strategy Working Group during the year to oversee capital developments at the College, notably the Construction Skills Centre, and make recommendations to the Corporation, as required.

College Subsidiary Company – Tameside College Energy Supplies Ltd

This company is incorporated under the Companies Act 2006 as a private company and registered in England and Wales. The principal business of the company was the development of software in the FE sector in partnership with Compass Computer Consultants Limited. The company ceased to trade in September 2012. John Lyne and Jackie Moores were directors throughout the year.

Corporation Chair

John Lyne was Chair of the Corporation throughout the year.

Clerk to the Corporation

Nils Elgar acted as Clerk to the Corporation throughout the year, initially on an interim basis and then permanently from 7 January 2019.

The non-confidential minutes of all Corporation meetings can be found on the College's website – www.tameside.ac.uk or can be requested by writing to the Clerk to the Corporation at:

Tameside College
Beaufort Road
Ashton under Lyne
OL6 6NX

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

All Members of the Corporation are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who advises the Board on governance matters and is responsible to the Board for ensuring compliance with all applicable procedures and regulations.

Formal agendas, papers and reports are supplied to Members in a timely manner, prior to Corporation and committee meetings. Briefings on specific and topical issues are also provided to Members to assist their decision making.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation Board as a whole. The Search Committee is responsible for advising the Corporation Board on the appointment of Members to the Independent Member category. The Corporation is responsible for ensuring that appropriate training is provided for Members, as required.

Members of the Corporation are appointed for a term of office not exceeding four years although members who reach the end of their term of office are eligible to be considered for re-appointment. Decisions on re-appointments will be made in accordance with the needs of the Corporation.

Corporation Performance

The Corporation focussed the evaluation of its own performance for the year ended 31 July 2019 on a gap analysis of its performance against that of the Code of Good Governance for English Colleges, with a view to adopting the Code. The Corporation concluded that it was substantively compliant with the Code and formally adopted the Code. Key areas for further discussion and development included:

- the possible amplification of the College mission along the lines of a 'public benefit statement'
- the development of an organisational development strategy
- further development in the area of equality and diversity
- a review of the Corporation's self-assessment of governance process.

The evaluation activity is considered by Search Committee and informs the subsequent governance development programme.

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 Funding Agreements between the College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or break-downs in internal control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 Tameside College for the year ended 31 July 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

The Risk and Control Framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation
- Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined capital investment control guidelines
- The adoption of formal project management disciplines, where appropriate.

Tameside College has an internal audit service, which operates in accordance with the requirement of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee.

The Head of Internal Audit annually provides the Corporation with a report on internal audit activity in the College. The report includes the auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of Effectiveness

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

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

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

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training.

The Senior Management Team and Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2019 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2019 by considering documentation from the Senior Management Team and internal audit, the Audit Committee's Annual Report for 2018/19 and taking account of events since 31 July 2019.

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 the safeguarding of their assets"*.

Going Concern

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

Approved by order of the Members of the Corporation on 9 December 2019 and signed on its behalf by:

Joan Ryan

Joan Ryan
Vice Chair

Jackie Moores
Accounting Officer

Statement of Regularity, Propriety and Compliance

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

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

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

Joan Ryan

Joan Ryan
Vice Chair

9th December 2019

Jackie Moores
Accounting Officer

9th December 2019

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 agreed between the ESFA and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education and with the Accounts Direction 2018 to 2019 issued by the ESFA and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the 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; and
- 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 to enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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

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

Approved by order of the Members of the Corporation on 9 December 2019 and signed on its behalf by:

Joan Ryan

Joan Ryan
Vice Chair

INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF TAMESIDE COLLEGE FOR THE YEAR ENDED 31 JULY 2019

Opinion

We have audited the financial statements of Tameside College (the 'college') for the year ended 31 July 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the college's affairs as at 31 July 2019, and of its income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporation has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

Responsibilities of the Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 23, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the college's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the college or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Financial Memorandum published by Skills Funding Agency.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for any other purpose or for or to any other person, for our audit work, for this report, or for the opinions we have formed.

Wylie & Bisset LLP

Wylie & Bisset LLP
Chartered Accountants
Statutory Auditor
168 Bath Street
Glasgow
G2 4TP

9 December 2019

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

To: The corporation of Tameside College and Secretary of State for Education, acting through the Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 3 June 2019 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts 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 Tameside College during the period 1 August 2018 to 31 July 2019 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice ("the Code") issued by ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record returns, for which ESFA has other assurance arrangements in place.

This report is made solely to the corporation of Tameside College and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Tameside College and ESFA 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 Tameside College and ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Tameside College and the reporting accountant

The corporation of Tameside 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 Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 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 Code issued by ESFA. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw to our conclusion includes:

- Documenting the framework of authorities which govern the activities of the College;

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Wylie Bisset LLP

Wylie & Bisset LLP
Chartered Accountants
Statutory Auditor
168 Bath Street
Glasgow
G2 4TP

9 December 2019

Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2019 £'000	Year ended 31 July 2018 £'000
INCOME			
Funding body grants	2	17,011	16,265
Tuition fees and education contracts	3	2,765	3,380
Other grants and contracts	4	563	563
Other income	5	258	290
Endowment and Investment income	6	50	20
Donations and Endowments		-	-
Total income		**20,647**	**20,519**
EXPENDITURE			
Staff costs	7	14,086	14,046
Fundamental restructuring costs	7	66	204
Other operating expenses	8	5,543	5,056
Depreciation	10	1,784	1,701
Interest and other finance costs	9	189	278
Total expenditure		**21,668**	**21,284**
Deficit before other gains and losses		**(1,021)**	**(765)**
(Loss)/gain on disposal of assets		(4)	2,698
(Deficit)/Surplus before tax		**(1,025)**	**1,933**
Taxation		-	-
(Deficit)/Surplus for the year		**(1,025)**	**1,933**
Unrealised surplus on revaluation of assets		-	-
Actuarial (loss)/gain in respect of pensions schemes	22	(4,160)	4,424
Total Comprehensive Income for the year		**(5,185)**	**6,357**
Represented by:			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		**(5,185)**	**6,357**
		(5,185)	**6,357**

The statement of comprehensive income is in respect of continuing activities.

Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
College			
Balance at 1st August 2017	13,384	1,976	15,360
Surplus from the income and expenditure account	1,933	-	1,933
Other comprehensive income	4,424	-	4,424
Transfers between revaluation and income and expenditure reserves	65	(65)	-
	6,422	(65)	6,357
Balance at 31st July 2018	19,806	1,911	21,717
(Deficit) from the income and expenditure account	(1,025)	-	(1,025)
Other comprehensive income	(4,160)	-	(4,160)
Transfers between revaluation and income and expenditure reserves	63	(63)	-
Total comprehensive income for the year	5,122	(63)	(5,185)
Balance at 31 July 2019	14,684	1,848	16,532

Balance Sheet as at 31 July 2019

	Notes	2019 £'000	2018 £'000
Non-current assets			
Tangible Fixed assets	10	31,425	30,824
		31,425	**30,824**
Current assets			
Trade and other receivables	12	702	2,464
Cash and cash equivalents	17	8,909	7,567
		9,611	**10,031**
Creditors – amounts falling due within one year	13	(3,424)	(3,288)
Net current assets		**6,187**	**6,743**
Total assets less current liabilities		**37,612**	**37,567**
Creditors – amounts falling due after more than one year	14	(9,364)	(9,643)
Provisions			
Defined benefit obligations	22	(11,513)	(5,982)
Other provisions	16	(203)	(225)
Total net assets		**16,532**	**21,717**
Unrestricted Reserves			
Income and expenditure account		14,684	19,806
Revaluation reserve		1,848	1,911
Total unrestricted reserves		**16,532**	**21,717**

The financial statements on pages 29 to 53 were approved and authorised for issue by the Corporation on 9 December 2019 and were signed on its behalf on that date by:

Joan Ryan

Joan Ryan

Vice Chair

Jackie Moores

Accounting Officer

Statement of Cash Flows

	Notes	Year ended 31 July 2019 £'000	Year ended 31 July 2018 £'000
Cash inflow from operating activities			
(Deficit)/surplus for the year		(1,025)	1,933
Adjustment for non-cash items			
Depreciation	10	1,784	1,701
Decrease/(increase) in debtors	12	1,762	(1,428)
Increase/(decrease) in creditors due within one year	13	136	(512)
Decrease in creditors due after one year	14	(279)	(285)
Decrease in provisions	16	(22)	(21)
Pensions costs less contributions payable		1,371	1,229
Adjustment for investing or financing activities			
Investment income	6	(50)	(20)
Interest payable		-	10
Loss on sale of fixed assets		3	(2,698)
Net cash flow from operating activities		3,680	(91)
Cash flows from investing activities			
Proceeds from sale of fixed assets		1	3,815
Investment income		50	20
Payments made to acquire fixed assets		(2,389)	(623)
Proceeds from refund on Fixed Assets		-	1,526
		(2,338)	3,606
Cash flows from financing activities			
Interest paid		-	(10)
Increase in cash and cash equivalents in the year		**1,342**	**4,635**
Cash and cash equivalents at beginning of the year	17	7,567	2,930
Cash and cash equivalents at end of the year	17	8,909	7,567

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2018 to 2019* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention 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 Members Report. The financial position of the College, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College currently has £nil of loans outstanding with bankers. The College currently has cash and investments of £8.9m. 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

Revenue grant funding

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

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

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

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Fee income

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

Investment income

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

Agency arrangements

The College acts as an agent in the collection and payment of 16-19 Bursary fund and adult learning grants (discretionary support funds). Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Accounting for post-employment benefits

Post - employment benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS). Contributions to the TPS are charged as incurred.

Teachers' Pension scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Greater Manchester Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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

Further details of the pension schemes are given in note 22.

Short term Employment benefits

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

Enhanced Pensions

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

Non- current assets- Tangible fixed assets

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

Land and buildings

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. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. In 2008/09 there was a change in the calculation of depreciation of Freehold buildings from historic cost and 33 years to depreciating over remaining net book values as at 31 July 2008 using revised useful economic life as assessed by a quantity surveyor. Leasehold land and buildings are amortised over 40 years or, if shorter, the period of the lease. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

On adoption of FRS 102, the College followed the transitional provisions to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future.

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

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

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

Subsequent expenditure on existing fixed assets

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

- Market value of the fixed asset has subsequently improved
- Assets capacity increases
- Substantial improvement in the quality of output or reduction in operating costs

- Significant extension of the assets life beyond that conferred by repairs and maintenance

Buildings owned by third parties

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

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

Assets under construction

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

Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost. [Equipment inherited from the Local Education Authority is included in the balance sheet at valuation].

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

Motor vehicles and general equipment	-	5 years
Computer equipment	-	3 years
Furniture and fittings	-	5 years

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

Leased assets

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

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

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments and endowment assets

Fixed asset investments are carried at historical cost less any provision for impairment in their value. Listed investments held as fixed assets or endowment assets are stated at market value. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

Other investments

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

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

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

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

Foreign currency translation

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.
The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions and contingent liabilities

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

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

NOTES *(Continued)*

2 Funding council grants

	Year ended 31 July 2019 £'000	Year ended 31 July 2018 £'000
Recurrent grants		
Education and Skills Funding Agency - adult	2,882	2,831
Education and Skills Funding Agency – 16 -18	11,858	11,347
Education and Skills Funding Agency - apprenticeships	1,819	1,562
Higher Education Funding Council	128	184
Specific grants		
Education and Skills Funding Agency	-	30
Releases of government capital grants	324	311
Total	**17,011**	**16,265**

3 Tuition fees and education contracts

	2019 £'000	2018 £'000
Adult education fees	285	280
Apprenticeship fees and contracts	46	26
Fees for FE loan supported courses	475	445
Fees for HE loan supported courses	771	631
Total tuition fees	**1,577**	**1,382**
Education contracts	1,188	1,998
Total	**2,765**	**3,380**

4 Other grants and contracts

	2019 £'000	2018 £'000
Other grants and contracts	563	563
Total	**563**	**563**

5 Other income

	Year ended 31 July 2019 £'000	Year ended 31 July 2018 £'000
Catering and residences	38	74
Other income generating activities	93	171
Miscellaneous income	127	45
Total	**258**	**290**

NOTES *(Continued)*

6 Investment income

	2019	2018
	£'000	**£'000**
Other investment income	32	15
Other interest receivable	18	5
	50	**20**
Net return on pension scheme	-	-
Total	**50**	**20**

7 Staff costs

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

	2019	2018
	No.	**No.**
Teaching staff	217	212
Non-teaching staff	138	148
	355	**360**

Staff costs for the above persons

	2019	2018
	£'000	**£'000**
Wages and salaries	10,052	10,094
Social security costs	905	895
Other pension costs	2,823	2,613
Payroll sub total	**13,780**	**13,602**
Contracted out staffing services	306	444
	14,086	**14,046**
Fundamental restructuring costs - Contractual	66	204
- Non contractual	-	-
Total Staff costs	**14,152**	**14,250**

NOTES *(Continued)*

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Senior Executive Team which comprises the Principal, Deputy Principal, Vice Principal and Executive Director Finance and Estates (appointed May 2019).

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

	2019	2018
	No.	No.
The number of key management personnel including the Accounting Officer was:	4	4

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

	Key management personnel		Other staff	
	2019	2018	2019	2018
	No.	No.	No.	No.
£9,501 to £10,000	1	-	-	-
£80,001 to £85,000 p.a.	-	1	-	-
£85,001 to £90,000 p.a.	1	2	-	-
£90,001 to £95,000 p.a.	1	-	-	-
£125,001 to £130,000 p.a.	-	1	-	-
£135,001 to £140,000 p.a.	1	-	-	-
	4	**4**	**-**	**-**

Key management personnel compensation are made up as follows:

	2019	2018
	£'000	£'000
Salaries – gross of salary sacrifice and waived	321	394
Employers National Insurance	41	49
Benefits in kind	-	4
	362	447
Pension contributions	55	67
Total key management personnel compensation	**417**	**514**

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

NOTES *(Continued)*

The above compensation includes amounts paid to the Principal and Chief Executive who is the accounting officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2019	2018
	£'000	£'000
Salaries	135	133
Benefits in kind	-	2
	135	135
Pension contributions	22	21
Total compensation	**157**	**156**

The governing body has adopted AoC's Senior Staff Remuneration code in July 2019 and will assess pay in line with its principles in future.

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple

	2019
	£'000
Principal's basic salary as a multiple of the median of	4.91
Principal total remuneration as a multiple of the median of all staff	4.90

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

8 Other Operating expenses	Year ended 31 July 2019	Year ended 31 July 2018
	£'000	£'000
Teaching costs	2,493	2,319
Non-teaching costs	1,329	1,228
Premises costs	1,721	1,507
Total	**5,543**	**5,054**

Other operating expenses include:

Auditors' remuneration:		
Financial statements audit	19	23
Internal audit	16	15
Other services provided by the financial statements auditor (Teachers' pension audit (£1k)/Due Diligence work (£3k))	4	1
Hire of assets under operating leases	45	48

NOTES *(Continued)*

9 Interest and other finance costs

	2019 £'000	2018 £'000
On bank loans, overdrafts and other loans:	-	10
Net interest on defined pension liability (note 22)	189	268
Total	**189**	**278**

10 Tangible fixed assets

	Land and buildings		Equipment	Assets in the course of construction	Total
	Freehold	Long leasehold			
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2018	44,086	1,646	15,024	322	61,078
Additions	350	-	1,228	811	2,389
Disposals	-	-	(20)	-	(20)
At 31 July 2019	**44,436**	**1,646**	**16,232**	**1,133**	**63,447**
Depreciation					
At 1 August 2018	16,842	280	13,131	-	30,253
Charge for the year	986	41	757	-	1,784
Elimination in respect of disposals	-	-	(15)	-	(15)
At 31 July 2019	**17,828**	**321**	**13,873**	**-**	**32,022**
Net book value at 31 July 2019	**26,608**	**1,325**	**2,359**	**1,133**	**31,425**
Net book value at 31 July 2018	27,244	1,366	1,893	322	30,825

Land & Buildings were valued at incorporation at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis using the Price Waterhouse May 1992 Survey as the baseline.

The College does not have a policy for revaluation.

Land and buildings with a net book value of £6.9m have been partly financed from exchequer funds, through for example the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Education and Skills Funding Agency, to surrender the proceeds.

Tangible fixed asset additions during the year amounted to £2,389,000, (2017/18: (£903,000)).

NOTES *(Continued)*

11 Non-current Investments

The College owns 100 per cent of the issued ordinary £1 shares of Tameside Energy Supply Limited, a company incorporated in England and Wales. The company did not trade during the year ended 31 July 2019. The College also owns 100 per cent of the issued ordinary £1 shares of Tameside College Services Ltd, a company incorporated in England and Wales. This company has not traded since its incorporation in June 1993.

12 Trade and other receivables

	2019	2018
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	143	171
Prepayments and accrued income	328	2,103
Amounts owed by the ESFA	231	190
Total	**702**	**2,464**

13 Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Trade payables	446	146
Other taxation and social security	232	220
Accruals and deferred income	1,020	963
Deferred income - government capital grants	320	349
Provision for Holiday pay accrual	562	600
Amounts owed to the ESFA	19	20
Other creditors	825	990
Total	**3,424**	**3,288**

14 Creditors: amounts falling due after one year

	2019	2018
	£'000	£'000
Obligations under operating leases	11	-
Deferred income - government capital grants	9,353	9,643
Total	**9,364**	**9,643**

NOTES *(Continued)*

15 Maturity of debt

(a) Bank loans and overdrafts

The college had no overdraft or bank loans during the year.

(b) Finance leases

The college had no finance leases during the year.

16 Provisions

	Defined benefit obligations	Enhanced pensions	Total
	£'000	£'000	£'000
At 1 August 2018	5,982	225	6,207
Expenditure in the period	1,371	(16)	1,355
Transferred from income & expenditure account	4,160	(6)	4,154
At 31 July 2019	**11,513**	**203**	**11,716**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 22.

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

The principal assumptions for this calculation are:

	2019	2018
Price inflation	2.20%	2.30%
Discount rate	2.00%	1.30%

NOTES *(Continued)*

17 Cash and cash equivalents

	At 1 August 2018	Cash flows	Other changes	At 31 July 2019
	£'000	£'000	£'000	£'000
Cash and cash equivalents	7,567	1,342	-	8,909
Overdrafts	-	-	-	-
Total	**7,567**	**1,342**	**-**	**8,909**

18 Capital commitments

	2019	2018
	£'000	£'000
Commitments contracted for at 31 July	529	343

19 Lease obligations

At 31 July the College had minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	840	-
	840	**-**
Other		
Not later than one year	7	48
Later than one year and not later than five years	-	-
Later than five years	-	-
	847	**48**

20 Contingent liabilities

The College had a possible contingent liability as at 31 July 2019 regarding a potential payment of £464,000 in relation to a capital build project *(2017/18: £464,000).*

NOTES *(Continued)*

21 Events after the reporting period

There are no issues arising after the balance sheet date which require disclosure.

22 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Greater Manchester Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Tameside Metropolitan Borough Council. Both are multi-employer defined-benefit plans.

Total pension cost for the year		**2019**		**2018**
		£000		**£000**
Teachers' Pension Scheme: contributions paid		817		793
Local Government Pension Scheme:				
Contributions paid	819		851	
FRS 102 (28) charge	1,187		969	
Charge to the Statement of Comprehensive Income		2,006		1,820
Enhanced pension charge to Statement of Comprehensive Income		5		8
Total Pension Cost for Year within staff costs		**2,828**		**2,621**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2018.

Contributions amounting to £137,399 (2017/18:£99,592) were payable to the scheme at 31st July and are included within creditors.

Teachers' Pension Scheme

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

NOTES *(Continued)*

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. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Government Actuary's Department (the Department) on 5 March 2019. The key results of the valuation are:

- New employer contribution rates were set at 23.68% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities for service to the effective date of £218.1 billion, and notional assets of £196.1 billion, giving a notional past service deficit of £22 billion;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 2.8% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The new employer contribution rate for the TPS was implemented in September 2019. Dfe has agreed to pay a teacher pension employer grant to cover the additional costs during the 2019-20 academic year. The next valuation of the TPS is currently underway based on April 2019 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2023.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £817,000 (2017/18: £793,000)

FRS 102 (28)

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

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

NOTES *(Continued)*

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Tameside Metropolitan Borough Council. The total contributions made for the year ended 31 July 2019 were £1,091,348 of which employer's contributions totalled £819,140 and employees' contributions totalled £272,208. The agreed contribution rates for future years are shown below for employers and range from 5.5% to 12.5% for employees, depending on salary.

LGPS Employer Contribution rates

1 April 2018 to March 2019 18.8%
1 April 2019 to March 2020 18.8%

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2019 by a qualified independent actuary.

	At 31 July 2019	**At 31 July 2018**
Rate of increase in salaries	3.2%	3.2%
Future pensions increases	2.4%	2.4%
Discount rate for scheme liabilities	2.1%	2.8%
Inflation assumption (CPI)	2.4%	2.4%

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 80% of the maximum tax-free cash for post-April 2008 service.

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

	At 31 July 2019	**At 31 July 2018**
	years	years
Retiring today		
Males	20.60	21.5
Females	23.10	24.1
Retiring in 20 years		
Males	22.00	23.7
Females	24.80	26.2

NOTES *(Continued)*

The College's share of the assets in the plan at the balance sheet date and the expected rates of return were:

	Fair Value at 31 July 2019	Fair Value at 31 July 2018
	£'000	£'000
Equity instruments	30,678	28,479
Bonds	6,225	6,701
Property	3,557	2,932
Cash	4,001	3,769
Total fair value of plan assets	**44,461**	**38,286**
Actual return on plan assets	**1,251**	**2,278**

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

	2019	2018
	£'000	£'000
Fair value of plan assets	44,461	41,881
Present value of plan liabilities	(55,974)	(47,863)
(Present value of unfunded liabilities)	-	-
Net pensions (liability) (Note 16)	(11,513)	(5,982)

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

	2019	2018
	£'000	£'000
Amounts included in staff costs		
Current service cost	1,623	1,821
Past service cost	380	-
Total	**2,003**	**1,821**
Amounts included in investment income		
Net interest income	-	-
	-	-

NOTES *(Continued)*

Amount recognised in Other Comprehensive Income

Return on pension plan assets	1,251	2,278
Experience losses arising on defined benefit obligations	-	-
Changes in assumptions underlying the present value of plan liabilities	(5,411)	2,146
Amount recognised in Other Comprehensive Income	**(4,160)**	**4,424**

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

	2019 £'000	2018 £'000
Net defined liability in scheme at 1 August	(5,982)	(9,177)
Movement in year:		
Current service cost	(1,623)	(1,821)
Employer contributions	816	852
Past service cost	(380)	-
Net interest on the defined (liability)	(184)	(260)
Actuarial gain or loss	(4,160)	4,424
Net defined (liability) at 31 July	**(11,513)**	**(5,982)**

Asset and Liability Reconciliation

	2019 £'000	2018 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	47,863	47,463
Current service cost	1,623	1,821
Interest cost	1,358	1,297
Contributions by Scheme participants	271	287
Changes in financial assumptions	5,411	(2,146)
Estimated benefits paid	(932)	(859)
Past Service Cost	380	-
Defined benefit obligations at end of period	**55,974**	**47,863**

Changes in fair value of plan assets

Fair value of plan assets at start of period	41,881	38,286
Interest on plan assets	1,174	1,037
Return on plan assets	1,251	2,278
Employer contributions	816	852
Contributions by Scheme participants	271	287
Estimated benefits paid	(932)	(859)
Fair value of plan assets at end of period	**44,461**	**41,881**

NOTES *(Continued)*

23 Related party transactions

Related Party Transactions

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

The total expenses paid to or on behalf of the Governors during the year was £408 (1 governor) (2017/18: £nil). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity. No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2017/18: None).

Droylsden Academy

Droylsden Academy is an academy school. Mr Leon Dowd is Trustee and Chair of Governors at Droylsden Academy. Mrs Jackie Moore is a Trustee, Governor and Responsible Officer of Droylsden Academy. Mr John Lyne is a Trustee and Governor of Droylsden Academy.

During the year Tameside College supplied Droylsden Academy with Education services totalling £10,977 (2017/18: £5,217). These services were provided at cost. During the year Tameside College paid Droylsden Academy £100 (2017/18: nil) in relation to sponsorship for annual achievement awards.

Active Tameside (Tameside Sports Trust)

Active Tameside deliver a wide range of leisure facility and community-based services that generate participation in physical activity and sport, to improve health and wellbeing, predominantly in the Tameside area but also with our partners across Greater Manchester. Mr Chris Rushton is the Chief Executive Officer.

During the year Tameside College supplied Tameside Sports Trust with Education services totalling £10,200 (2017/18: nil). During the year Tameside College paid Tameside Sports Trust £80 (2017/18:nil) in relation to the hire of leisure facilities.

Quest Media Network Ltd

Quest Media Network is a media company which deals with radio and news. Ms Joan Ryan is a Director.

During the year Tameside College paid Quest Media £9,363 (2017/18: £7,425) for advertisements on local radio and newspapers.

Bromley's Solicitors LLP

Bromley's Solicitors is a solicitors based in Ashton under Lyne. Ms Laura Stansfield is Head of the Wills, Probate and Planning department.

During the year Tameside College paid Bromley's Solicitors £2,184 (2017/18:nil) for legal advice in relation to the capital project.

Greater Manchester Colleges Group

During the year the College has been a member of the Greater Manchester Colleges Group. This organisation contains ten member Colleges from the Greater Manchester Local Authority area and its remit is to secure value-for-money on procurement for the member colleges. In previous years Tameside College has acted as a paying agent for the Greater Manchester Colleges Group. This arrangement ceased for 2018/19.

24 Amounts disbursed as agent
Learner support funds

	2019 £'000	2018 £'000
Balance Brought Forward	266	226
Funding body grants – bursary support	466	423
Funding body grants – Free school meals	131	87
	863	**736**
Disbursed to students	(647)	(445)
Administration costs	(23)	(25)
Balance unspent as at 31 July, included in creditors	**193**	**267**

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

Greater Manchester Colleges Group (GMCG)

	2019 £'000	2018 £'000
Balance brought forward	106	98
Funds Received	-	8
	106	106
Funds defrayed	(106)	-
Balance unspent as at 31 July, included in creditors	-	**106**

All funds in relation to GMCG were passed to a partner college in November 2018

25 Financial instruments

	2019 £'000	2018 £'000
Financial assets measured at amortised cost		
Current assets	143	171
Financial liabilities measured at amortised cost		
Current Liabilities	2,390	2,266