CITY COLLEGE NORWICH

Report and Financial Statements

for the year ended 31 July 2015

Contents

Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2015.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Norwich City College of Further and Higher Education ("City College Norwich"). The College is an exempt charity for the purposes of the Charities Act 2011.

Mission

The College's mission as approved by its members is:

Challenging Minds – this is what education is all about; it reinforces our aspirations around stretching students; it's about teaching students to think differently; it's about enrichment and extracurricular stuff too; it needs to be interpreted as how we enable vocational skills to be accessed also not simply academic and co-ordinating cognitive activities and physical activities is a critical component of what we are really good at.

Inspiring Success – success for all our students is our ultimate goal; we want to inspire them to achieve, wherever possible exceeding their goals; we want the curriculum to be inspirational – in its content and its delivery; we want our staff to be inspired and to be inspirational to our students.

Public Benefit

City College Norwich is an exempt charity under Part 3 of the Charities Act 2011 and from 1st September 2013, is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England.

The members of the Corporation, who are trustees of the charity, are disclosed on page 15 In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

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

Operating and Financial Review (continued)

Implementation of strategic plan

2014/15 has been the first full academic year of operation of the College's new Strategic Framework. The framework was developed through extensive consultation with students, staff, governors and stakeholders and is organised as with four "pillars":

- Community, Employers and Stakeholders,
- Students,
- Culture of Excellence,
- Growth and Sustainability

A rolling programme of the agreement and monitoring of annual Strategic Targets will enable the College to meet the Strategic Aims by 2019.

The College has worked on a new strategy for 2014 to 2019, which commenced with revisiting guiding principles with students, staff, governors and stakeholders. From these, a Strategic Framework was agreed along with 5 Strategic Aims and success indicators, which are as follows:

Aim One: To achieve outstanding outcomes for our students, employers and other clients with a welcoming and engaging environment that is respectful, inclusive and fosters success

Success Indicators

- Measures of student achievement and progression are outstanding
- Provision judged by external bodies to be of the highest possible grade
- Student involvement in designing, delivering and commissioning learning
- Very high student, staff, employer and stakeholder satisfaction ratings

Aim Two: To be recognised as a driving force in skills training for regional economic development

Success Indicators

- Employer or other stakeholder 'sponsor' for all full-time programmes
- Excellent, industry standard facilities available for delivery
- Curriculum constantly reviewed and, where possible, aligned to regional priorities
- Learning models and infrastructure developed to enable students to learn anywhere

Aim Three: To achieve excellence through our ability to challenge each other, and our processes, as we learn, teach and work together

Success Indicators

- Ways of Working embedded in staff and student life at our college
- Highly effective processes and procedures which limit our impact on the environment
- Staff journey focussed on maximising individual potential and well-being
- Strong stakeholder participation in our evaluation and review processes

Aim Four: To achieve financial sustainability through efficient and effective use of our human and physical assets whilst confidently taking intelligent risks aligned to our strategic framework

Success Indicators

- Financial resources enable us to meet our strategic aims
- All staff confident in practising entrepreneurial thought and action
- All curriculum areas have a profitable commercial income stream
- Qualified and experienced workforce, excellent in their field

Aim Five: To work with our students, community, employers and stakeholders in order to grow our college and increase our influence

Success Indicators

- Partnerships with other colleges and providers give us more influence than we would have on our own
- High profile, well recognised celebrations of success
- Staff, students and alumni confidently promoting our college
- Strong and productive partnerships with a broad range of employers, schools and other stakeholders

Operating and Financial Review (continued)

In 2014-15, performance was monitored against a series of targets (Strategic, Improvement and Enhancement) by the Corporation throughout the academic year. Achievement of strategy targets is as follows:

SA1: Learner Responsive overall success rate to be 88% (+2%) (National Average 85%) – Our final out-turn at 86.2% falls short of this target and therefore is not achieved.

SA2: Employer Responsive overall apprenticeship success rate to be 78% (+4%) (NA 69%) Overall Success for Apprenticeships is76% (+2% from 1314) but has failed to meet the target of 78% despite strong increases in Advanced Apprenticeship performance. Therefore this item has not been fully achieved.

SA3 - Outcome of Higher Education Review to be at least 'meets UK requirements' in all 4 areas – We met expectations in 3 of the 4 areas but “required improvement” in one area relating to Student Enhancement.

SA4: 88% of 1415 curriculum self-assessment grades to be good or outstanding – 4 of the 16 curriculum grades are overall Requires Improvement and therefore this target will not be achieved.

SA5 - 2 courses in each curriculum area redesigned with input from students for delivery in 1516 – There have continued to be good examples of student engagement in the redesign of curriculum programmes but this has not been achieved in every area.

SA6 - Overall satisfaction in National Student Satisfaction survey for Higher Education for 1415 to be 88% (+3%) (NA 86%) – Overall satisfaction declined to 75%.

SA7 - Overall satisfaction in internal Further Education Student Survey to be 84% (+3%) – This target is met with the 3% increase in the percentage of students who agreed with the statement

SA8 - All curriculum areas to have a facilities and resources plan informed by the college accommodation strategy – The emerging accommodation strategy has not allowed time for the development of curriculum area plans and this item is ongoing.

SA9 - Curriculum offer mapped to Local Enterprise Partnership priorities with a plan to close any gaps – Good levels of curriculum mapping have been undertaken and detailed planning implemented for 2015/16 and into 2016/17 and therefore this areas is rated green.

SA10 - Ways of Working revisited 6 monthly by staff teams and introduced at induction for all full-time students – This approach is consistently in place and is providing the foundation for further work on the culture of the organisation in our drive to be an outstanding college.

SA11 - All curriculum self-assessments and Higher Education Annual Monitoring Reports (AMR) for 1415 to have input from students/employers as appropriate – There is evidence of employer involvement making a strong contribution in both self-assessment and in particular in AMR processes.

SA12: Meet or exceed all finance KPIs in 1415 - All KPIs were met for the end of the 1415 year with the exception of staffing which was close to plan.

SA13: All schools to have a commercial income streams making a demonstrable profit - We have worked towards this target and plans will be further developed in 2015-16

SA14: All delivery staff qualified to fulfil their role with 90% good or better FE, HE and ER teaching (80% for other delivery groups) - The target has been achieved for FE and HE teaching, ER teaching is 4% short of the target which is also 1% lower than in 1314.

SA15: Celebration events get increased media coverage and attract headline sponsors for 1516 – There was good coverage of celebration events such as the FE awards and graduation but this was not the step change we were aiming at from previous years.

Operating and Financial Review (continued)

Financial Objectives

The College's financial objectives are:

- to achieve an annual operating surplus
- to pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances
- to generate sufficient levels of income to support the asset base of the College
- to further improve the College's shorter term liquidity
- to fund continued capital investment

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

Performance indicators

The College has continued to enhance its performance on key measures during 2014/15. Whilst overall success rates have remained at 13/14 levels at 86%, this position masks some significant challenges and successes. Most notably, the college responded positively to the organisational challenge posed by the new government rules on 16-18 students being required to retake GCSE maths and English, with a 267% increase in the number of entries to these qualifications (1706 entries in total). Performance in this challenging provision was weak however (and is a key area for improvement) and therefore the static overall success rates represent continued increased performance in many areas of our 16-18 work. 19+ overall success rates, which were a key area of improvement for 2014/15, saw a significant increase of 5% to 85% mainly driven by excellent improvements in English for Speakers of Other Languages (ESOL) provision. Apprenticeships also continued to perform well with Overall success increasing by 2% to 76%. For HE provision, the proportion of students achieving "good or better" (First and 2:1 degree classifications) rose to a 4 year high of 61% of the graduating cohort of 394 degree students.

In 2014-15 the College was successful in performance against funding targets as indicated by Table 1 below. It should be noted that the 16-18 Apprenticeship target was raised in year as a result of the College exceeding the original allocation of £1.6m. Similarly, growth in 19+ apprenticeships was strong against target levels which at the beginning of 14/15 were £650k, growing to £856k as a result of our strong in- year performance.

Table 1	**Funding Target**	**2014-15 Out-turn**	**% of target achieved**
16-18 Classroom Learning	£18,929,429	£18,732,326	99%
16-18 Apprenticeships	£1,741,261	£1,739,499	100%
Adult Single Budget total	£3,118,867	£3,055,803	98%
Of which 19+ Apprenticeships	*£649,903*	*£856,175*	*132%*

Operating and Financial Review (continued)

FINANCIAL POSITION

Financial results

The College generated an operating surplus (before exceptional items) in the year of £309k *(surplus of £825k: 2013-14).* The historical cost surplus (after adjustments for exceptional items, pensions, depreciation and revaluation) was £504k *(£2,306k 2013-14*).

The College has accumulated reserves at 31 July 2015 of £84k (deficit) *(£1,165k surplus at 31 July 2014*), net assets of £7,763k *(£7,042k at 31 July 2014*) and cash balances of £4,379k *(£5,448k at 31 July 2014*). The overall reduction in reserves in 2014-15 is primarily due to actuarial loss of £1,557k on the Local Government Pension Scheme liabilities. This loss is not within the control of the College and is a figure provided by the actuary to the Norfolk Local Government Pension Scheme.

Tangible fixed asset additions during the year amounted to £4,202k *(£6,036k in 2013-14*). The additions were primarily the construction of the new Profound Multiple Learning Disabilities centre and the re-development of three new science laboratories and associated prep rooms.

The College has significant reliance on the Skills Funding Agency / Education Funding Agency for its principal funding source, largely from recurrent grants. In 2014-15 the SFA / EFA provided 72% (2013-14: 75%) of the College's total income.

The College is committed to observing the importance of sector measures and indicators and use the FE Choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Skills Funding Agency / Education Funding Agency. The Finance Record produces a financial health grading. The current rating of Good (both for 2014-15 and for 2015-16 budget) is considered an acceptable outcome.

Political and charitable contributions

The College made no political or charitable contributions during the year.

Subsidiary companies

The College owns 51% of the £1 ordinary share capital of Norfolk Educational Services Limited ("NES"), a company incorporated in England and Wales. Norfolk Educational Services Limited was established to provide shared services to the TEN Group.

The College owned 100% of the issued 1p shares in Interim Records Ltd, a company incorporated in England and Wales. The company was dissolved on 1 October 2013.

Significant investments – The Gazelle Group

Gazelle was created in 2011 by five college principals with an exclusive focus on building a recognisable cluster of entrepreneurial colleges within five years.

On 7 August 2015 members of Gazelle Transform Limited voted to appoint UHY Hacker Young to undertake a voluntary liquidation of Gazelle Transform Limited. Information provided by Gazelle Transform Limited indicated that this would be a solvent liquidation and members would receive a settlement. Based on this information we have fully impaired our investment in Gazelle Transform Limited (£206k) at 31 July 2015 and have accounted for a planned receivable of £37k (included in 'Other Debtors').

Operating and Financial Review (continued)

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

Cash flows

Overall cash has decreased by £1.1m during 2014-15 (*£1.5m 2013-14*). This movement is comprised:

- Operating cash inflow of £1.2 million (*2013-14 £2.8 million cash inflow*);
- Net cash outflow from servicing of finance £0.1m (*2013-14 £0.1m*);
- Net cash outflow from capital expenditure and financial investment of £1.9 million *(2013-14 £3.9 million*); and
- Net cash outflow from financing £0.3m (*2013-14 net cash outflow of £0.3m*).

Cash at 31 July 2015 was £4.4m (*31 July 2014 £5.5m*).

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2014-15 the College has delivered activity that has produced £23,228k in funding body main allocation funding (2013-14 – £23,367k). The College had 8,391 funded and 1,594 unfunded students.

Student achievements

Students continue to achieve well at City College Norwich. 16-18 Success rates have declined slightly (86.4%) from the high levels reported in 13/14 (87.1% which placed the college in the top 10% of Colleges nationally), with the decline driven mainly by the challenge of the rapid growth in English and maths provision (enrolments on Level 2 English and maths qualification rose by 74% to 2,157 in 2014/15 compared to 2013/14). In Adult classroom provision, focussed interventions in key areas requiring improvement including ESOL have led to significant improvements in headline success with a 5% increase to 85.2%. Apprenticeship performance in 14/15 remains strong with overall success at 76% (+2% from 2013/14 and 6% above the 2013/14 National Average) and timely success at 67% (same level as 2013/14 and +10% above 2013/14 National Average).

The percentage of HE students achieving 1st or 2:1 degree classifications rose in 2014/15 to a 4 year high, demonstrating the strength of student achieved across all major provision types.

Operating and Financial Review (continued)

Curriculum developments

In 2014/15 the college provided substantial courses in 13 of the 15 subject sector areas (SSA), with only SSA 3 (Agriculture and Horticulture) and SSA 6 (Information Technology) not having significant levels of activity.

The College's delivery of higher vocational and technical education is significant. As the largest provider of College based HE in the New Anglia region, the contribution that this provision makes to the opportunities for progression for local students is significant and the College plays an integral role in providing the higher and graduate levels skills required by the local economy.

Work with local employers is integral to the development and enhancement of our Further and Higher Education curriculum. 2014/15 saw the commencement of 2 innovative programmes built on such links; the Level 3 Estate Agency course and the Level 2 Aviation Engineering course.

2014/15 was an academic year that saw new developments and also new areas of challenge in responding to emerging local and national priorities. The College chose to fully implement the English and maths condition of funding arrangements in 2014/15 for those on a Grade D, a year earlier than required by the funding mechanism. Coupled with this, the College has continued to reflect local needs by growing its GCSE resit programme, known as Phoenix Plus in response to high demand from school leavers for a "second chance" and recognising that many students within our community fail to complete Year 11 in a position to achieve their full potential. Given Norfolk's schools modest performance in terms of Year 11 GCSE performance (compared to other counties nationally on the 5 A*-C measure including English and maths), this has presented the College with a significant challenge.

Our leadership role with the Norfolk educational system was further demonstrated through our support of a local training provider who withdrew from the market. EAGIT was a specialist engineering private training provider specialising in Apprenticeships who the College had worked alongside for many years and who was well respected within the Norfolk engineering landscape. Through the early months of 2014, the College made arrangements for the transfer of all EAGIT students and some of the staff to the College so as to ensure that the county continued to have the specialist provision it required in this key sector. The students formally commenced their studies in 2014/15 and the College continues to build on the employer relationships that EAGIT had to promote new and exciting provision in this area such as our Aviation developments.

Operating and Financial Review (continued)

RESOURCES

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

Financial
The College has £7.8 million (2013-14: £7 million) of net assets including £14.4 million (2013-14: £12.7 million) pension liabilities. The College has a long term loan of £2.6m over a 14 year period with a fixed rate.

People
The College employs 567 (2013-14: 553) people (expressed as full time equivalents), of whom 274 (2013-14: 267) are teaching staff.

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.

The Executive Team undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Executive Team will also consider 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 College level which is reviewed regularly by the Audit Committee. 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 culture of risk management throughout the College with risk regularly discussed in School and Centre management meetings. During 2014-15 significant work has been undertaken by the Principal, Governors and Senior Management on developing 'risk appetite' and the application of this appetite to the Risk Register.

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

   As noted previously the College is fully aware of the likely pressures on post 16 education budgets in the current fiscal climate. The fiscal climate increases the challenge of operating to a balanced budget.

The College is responding to this is a number of ways:

- The College is well positioned to navigate the unpredictable HE funding environment from 2015-16 onwards due to its strong relationship with its HEI partner, UEA, and its position as the premier institution for vocational Higher Education within Norfolk. However as with FE, a prudent approach to the supplementary funding currently associated with HE is considered wise.
- The College continues to seek to develop 24+ Advanced Learning Loans and is considering how best to reinvigorate the 14-16 agenda at the College in order to increase income in these key areas.
- Active and effective engagement in local partnerships such as with the New Anglia Local Enterprise Partnership (LEP) are well developed in order to identify funding sources that may become available via the growing LEP routes.
- Carefully monitoring the impact of the 18 year old funding cut announced for 2014-15 and fully implemented in 2015-16 on the income we received for this key group, so that we might continue to lobby on the inequity of that situation with local and national stakeholders.
- Continuing to offer a high quality offer to local students and employers that increases recruitment and secures income.

Operating and Financial Review (continued)

2. Tuition fee policy – risk of setting a fee policy that doesn't balance financial need and recruitment.

The College actively debates fee policy as the emerging policies develop in this area. With respect to HE fees, the College made a decision in 2013-14 to raise our HE fees for 2014-15 and 2015-16 to £6,999 and at this stage there does not appear to have been a negative impact on recruitment.

FE fees have been standardised around the government's expected levels, with fees from employers an increasing focus especially given the emerging policy requiring an employer contribution to secure government support in the future.

24+ Advanced Learning Loan fees were set at £3,000 per full time programme in 2013-14 and despite this level being significantly higher than the previous government support fees, recruitment in programmes such as Access to HE increased.

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 FRS 17.

Furthermore the College's balance sheet includes a provision for the value of the pension liability for those staff who transferred under TUPE to NES. See Note 25 for further detail.

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Education Sector Funding bodies;
- Staff;
- Parents/Carers;
- Local employers (with specific links);
- Local Authorities and local schools;
- Government Offices/ LEPs;
- The local community;
- University of East Anglia;
- Other FE institutions;
- Trade unions; and
- Professional bodies.

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

Operating and Financial Review (continued)

Equal opportunities

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis.

The College's equality statement is that we are:

- A College where everyone benefits from the wide diversity of staff and students
- A College we can all access with equal ease and dignity, enjoy a sense of belonging, and where learning and working have been designed with each of us in mind

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010.

The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Disability statement

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

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 21 December 2015 and signed on its behalf by:

Matthew Colmer
Chairman of the Corporation

Professional Advisors

Financial statements and regularity auditors:
KPMG LLP
6 Lower Brook Street
Ipswich
IP4 1AP

Internal auditors:
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Bankers:
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Solicitors:
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1 St James Court
Whitefriars
Norwich
NR3 1RU

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College/Board has adopted and complied with the Foundation Code. 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 complies with all the provisions of the Foundation Code and it has complied throughout the year ended 31 July 2015. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of *The English Colleges' Foundation Code of Governance* issued by the Association of Colleges in December 2011, which it formally adopted on 26 June 2012. In addition the College takes full account and in the opinion of the governors, complies with all the provisions of the *Audit & Accountability Annex* to the *Foundation Code of Governance*, which was adopted by the Corporation Board on 9 July 2013.

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

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. The delivery of public benefit is covered throughout the Operating and Financial Review above.

Statement of Corporate Governance and Internal Control (continued)

The Corporation

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

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served	Corporation meeting attendance 2014-15
Mr. A Barnes	21/02/2012	4 years		General	Vice-Chair of Corporation; Chair B	5/5
Mr. C Barratt	06/12/2012; 05/12/2013	4 years	17/10/2013; 09/06/14	General; co-opted to Audit	A	1/1
Mr. M Colmer	12/07/2005, re-appointed 12/07/2009, re-appointed 15/07/2013	4 years		General	Chair of Corporation; B, Chair CS	5/5
Ms. S Dawson	27/02/2014	4 years		General	B	4/5
Mr. C Douglas	03/10/2012	4 years		General	A	3/5
Ms. P Dunn	01/09/2013	4 years		General	CS	3/5
Ms. J Lanning	26/03/2015	4 years		General	CS	
Ms. N Gray	22/04/2014	4 years		Co-opted to Audit	A	n/a
Mr. L Woods	01/08/2014	1 year	31/07/2015	Student	CS, B	
Mr. C Hoy	06/01/2014	1 year	30/06/2014	Student	CS, B	1/2
Mr. C Maidens	01/07/2014	1 year	30/06/2015	Student	CS, B	1/1
Ms. Z Meadows	01/08/2013	1 year	31/07/2014	Student		5/5
Mr. E Page	01/07/2013	1 year	05/01/2014	Student	CS, B	2/2
Mr. R Palmer	01/01/2003		31/10/2013	CEO to 31/10/13		1/1
Ms. C Peasgood	03/09/2012			Principal from 03/09/2012; Principal / CEO from 1/11/13	CS, B	5/5
Mr. T Salisbury	01/08/2014	1 year	31/07/2015	Student		3/5
Ms. C Seals	01/08/2013	1 year	31/07/2014	Student	A	4/5
Mr. D Stuart	25/05/2010; re-appointed 20/05/14	4 years		Co-opted to Audit	A	n/a
Mr. Z Virgin	12/12/2006 re-appointed 12/12/2010	4 years		General	B, A,	2/5
Ms. C Peasgood	03/09/2012			Principal 03/09/2012; Principal / CEO from 1/11/13	CS, B	5/5
Ms. B. Sherwood	08/10/2015	4 years		General	Chair of A	1/1
Mr. D Hall acts as Clerk to the Corporation.						

Key:
A = Audit Committee; B = Business Committee; CS = Curriculum and Standards Committee

Statement of Corporate Governance and Internal Control (continued)

Following the Corporation's approval of changes in July 2012 to the Instrument and Articles of Government of the Corporation, from 2012-13 the responsibilities of CEO and Principal were split into two discrete posts. From 3 September 2012, Mr R Palmer was the CEO post holder, and the Accounting Officer for the College, and Ms C Peasgood was the Principal post holder. With effect from 1 November 2013, following Corporation approval of re-integrating the two posts and amending the Instrument and Articles of Government accordingly, Ms Peasgood became both Principal and CEO as well as the Accounting Officer of the College.

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets at least once a term.

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

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

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

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

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

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole, acting in collaboration with Transforming Education in Norfolk, the Parent Undertaking of the Corporation under the Instrument & Articles of Government. The Corporation's Business Committee includes a search function and is responsible for monitoring Corporation membership and recommending any new member for the Parent Undertaking's consideration of appointment. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding 4 years.

Statement of Corporate Governance and Internal Control (continued)

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees in 2014-15 were:

Audit, Business, and Curriculum and Standards

Minutes of all Board and committee meetings, except those deemed to be confidential by the Corporation, are available on the College website or from the Clerk to the Corporation at:

City College Norwich
Ipswich Road
Norwich
NR2 2LJ

Appointments to the Corporation

Audit Committee

In 2014-15, the Audit Committee comprised five members (including two co-opted members). The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

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

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

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

The Audit Committee also advises the Corporation on the appointment of internal and financial statements auditors, in conjunction with Transforming Education in Norfolk (TEN) Group policy in this area, and their remuneration for both audit and non-audit work.

Meetings attended in 2014-15 were as follows:

Name	Meetings Attended	Out of Possible
Craig Douglas (Chair)	3	3
Donald Stuart (co-opted)	1	3
Zak Virgin	3	3
Salena Dawson	2	2 (joined 16/3/15)
Nikki Gray (co-opted)	3	3

Statement of Corporate Governance and Internal Control (continued)

Business Committee

The Business Committee's main purpose is to oversee general financial matters of the Board. The Committee's responsibilities include making recommendations to the Board on the remuneration and benefits of the Principal and other senior post holders.

Details of remuneration for the year ended 31 July 2015 are set out in notes 7 and 8 to the financial statements.

Meetings attended in the year were as follows:

Name	Meetings Attended	Out of Possible
Andrew Barnes (Chair)	5	5
Corrienne Peasgood	5	5
Salena Dawson	1	2 (left 16/3/15)
Chris Maidens	3	5
Matt Colmer	5	5
Ian Webb	4	5

Curriculum & Standards Committee

There were 5 members of the Committee at any one time during 2014-15. The elected HE Governor and FE Governor were also invited and encouraged to attend the meetings.

The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to oversee the curriculum and standards matters of the College.

Meetings attended in the year were as follows:

Name	Meetings Attended	Out of Possible
Matthew Colmer (Chair)	4	5
Patricia Dunn	2	5
Chris Maidens	4	5
Corrienne Peasgood	5	5
Jamie Parslow-Williams	5	5

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.

Statement of Corporate Governance and Internal Control (continued)

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

The purpose of the system of internal control

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

Capacity to handle risk

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

The risk and control framework

The system of internal control is based on a framework of regular management information, 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

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

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

Statement of Corporate Governance and Internal Control (continued)

Review of effectiveness

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

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

The Principal has been advised on the implications of the result of the HIA's 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 Principal and 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 Principal and 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 2015 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2015.

Based on the advice of the Audit Committee and the 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*".

The Board has received the annual report, has conducted its annual review of the effectiveness of the system of internal control, and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by City College Norwich. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board.

Fraud

The Corporation has a zero tolerance approach to fraud and action is taken to limit the risk of fraud through the system of internal control. A fraud policy and response plan is incorporated in the risk management framework.

Bribery

The Corporation has a zero tolerance approach to bribery and action is taken to limit the risk of bribery through the system of internal control with the maintenance and monitoring of a register of gifts and hospitality received. The College undertakes regular reviews of the anti-bribery measures in place, ensuring that they remain adequate.

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

The Corporation has considered its responsibility to notify the Skills Funding Agency of material irregularity, impropriety and non-compliance with Skills Funding Agency terms and conditions of funding, under the financial memorandum in place between the College and the Skills Funding Agency. 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 Skills Funding Agency's terms and conditions of funding under the College's financial memorandum. We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Skills Funding Agency.

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 Skills Funding Agency.

Going Concern

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

Approved by order of the members of the Corporation on 21 December 2015, and signed on its behalf by:

Matthew Colmer **Chairman of the Corporation**	**Corrienne Peasgood** **Principal**

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum between the Skills Funding Agency and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting *for Further and Higher Education* and with the Accounts Direction for 2014-15 *financial statements* issued jointly by the Skills Funding Agency and the EFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

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

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the 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 Skills Funding Agency are used only in accordance with the Financial Memorandum with the Skills Funding Agency and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College’s resources and expenditure, so that the benefits that should be derived from the application of public funds from the Skills Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 21 December 2015 and signed on its behalf by:

____

Matthew Colmer
Chairman of the Corporation

Independent Auditor's report to the Corporation of City College Norwich

We have audited the College financial statements ("the financial statements") of City College Norwich for the year ended 31 July 2015 set out on pages 27 to 60. The financial reporting framework that has been applied in their preparation is applicable law and UK Generally Accepted Accounting Practice.

This report is made solely to the Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the 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 to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Corporation of City College Norwich and Auditor

As explained more fully in the Statement of the Corporation's responsibilities set out on page 22, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Independent auditor's report to the Corporation of City College Norwich (continued)

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

In our opinion:

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

Stephanie Beavis

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
6 Lower Brook Street
Ipswich
Suffolk
IP4 1AP

December 2015

Independent Auditor's Report on Regularity to the Corporation of City College Norwich and the Chief Executive of Skills Funding

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

In accordance with the terms of our engagement letter dated 14 June 2013 and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by City College Norwich during the period from 1 August 2014 to 31 July 2015 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of City College Norwich and the reporting accountant

The corporation of City College Norwich 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 to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 August 2014 to 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

Independent Auditor's Report on Regularity to the Corporation of City College Norwich and the Chief Executive of Skills Funding (continued)

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

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

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

The work undertaken to draw our conclusion included:

- 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.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of the Joint Audit Code of Practice.

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 from 1 August 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Stephanie Beavis
For and on behalf of KPMG LLP, Reporting Accountant
Chartered Accountants
6 Lower Brook Street
Ipswich
Suffolk
IP4 1AP

December 2015

Consolidated Income and Expenditure Account

	Note	Year ended 31 July 2015	Year ended 31 July 2014
		£000	£000
Income			
Funding body grants	2	27,509	28,013
Tuition fees and education contracts	3	7,699	6,881
Research grants and contracts	4	-	-
Other income	5	2,899	2,666
Investment income	6	60	24
Total Income		**38,167**	**37,584**
Expenditure			
Staff costs	7	26,559	25,627
Other operating expenses	9	9,337	9,178
Depreciation	12	1,852	1,661
Interest and other finance costs	10	110	293
Total Expenditure		**37,858**	**36,759**
Surplus on continuing operations after depreciation of assets at valuation, exceptional items and tax		**309**	**825**
Exceptional item - Net settlement gain on pensions following restructuring involving staff to other group entities	25	-	**1,285**
Surplus for the year retained within general reserves		**309**	**2,110**

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

Consolidated Statement of Historical Cost Surpluses and Deficits

	Note	Year ended 31 July 2015	Year ended 31 July 2014
		£000	**£000**
Surplus on continuing operations before and after taxation		309	2,110
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	20	195	196
Historical cost Surplus for the period before and after taxation		**504**	**2,306**

Consolidated Statement of Total Recognised Gains and Losses

	Note	Year ended 31 July 2015	Year ended 31 July 2014
		£000	**£000**
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		309	2,110
Restricted Reserves	19	(1)	(1)
Actuarial loss in respect of pension scheme	25	(1,557)	(1,485)
Total recognised (losses) / gains relating to the year		**(1,249)**	**624**

Reconciliation

Opening reserves		1,165	541
Total recognised gains for the year		(1,249)	624
Closing reserves		**(84)**	**1,165**

The notes on pages 31 to 60 from part of these financial statements.

Balance Sheet

	Note	2015 £000	2014 £000
Fixed assets			
Tangible assets	12	27,431	25,126
Investments	13	6	212
Total fixed assets		**27,437**	**25,338**
Current assets			
Stock		-	6
Debtors	14	2,016	2,195
Cash at bank and in hand	24	4,379	5,448
		6,395	7,649
Less: Creditors: amounts falling due within one year	15	(5,206)	(6,563)
Net current assets		**1,189**	**1,086**
Total assets less current liabilities		**28,626**	**26,424**
Less: Creditors - amounts falling due after more than one year	16	(2,435)	(2,636)
Less: Provisions for liabilities	17	(4,005)	(4,019)
Net assets excluding pension liability		**22,186**	**19,769**
Net pension liability	25	(14,423)	(12,727)
Net assets including pension liability		**7,763**	**7,042**
Deferred capital grants	18	7,847	5,877
Reserves			
Income and expenditure account excluding pension reserve		6,129	5,486
Pension reserve	25	(14,423)	(12,727)
Income and expenditure account including pension reserve	21	(8,294)	(7,241)
Revaluation reserve	20	8,100	8,295
Restricted Reserves	19	110	111
		(84)	1,165
TOTAL FUNDS		**7,763**	**7,042**

The financial statements on pages 27 to 60 were approved by the Corporation on the 21 December 2015 and were signed on its behalf on that day by:-

Matthew Colmer
Chairman

The notes on pages 31 to 60 from part of these financial statements.

Cash Flow Statement for the year ended 31 July 2015

	Note	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Cash inflow from operating activities	22	1,164	2,790
Returns on investments and servicing of finance	23	(94)	(85)
Capital expenditure and financial investment	23	(1,859)	(3,886)
Net cashflow before financing		(789)	(1,181)
Financing	23	(280)	(308)
(Decrease) in cash in the period	24	**(1,069)**	**(1,489)**

Reconciliation of net cash flow to movement in net funds

Decrease in cash in the period		(1,069)	(1,489)
Repayment of loan		155	112
Movement in net funds in period		(914)	(1,377)
Net funds at 1 August		2,710	4,087
Net funds at 31 July	24	**1,796**	**2,710**

The notes on pages 31 to 60 from part of these financial statements.

Notes to the Accounts

1 Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the 2007 Statement of Recommended Practice (SORP): Accounting for Further and Higher Education and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency and the EFA in the 2014-15 Accounts Direction Handbook.

Basis of accounting

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

Going concern

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

The College has currently £2.6m of loans outstanding with bankers. The terms of the agreements are for up to 13.5 years. 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.

Basis of consolidation

As a wholly owned subsidiary, City College Norwich is exempt from preparing its own consolidated accounts, in accordance with FRS 2. Also in accordance with FRS 2, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are prepared to 31 July 2015.

Recognition of income

The recurrent grant from the Skills Funding Agency / EFA is that receivable as determined by the results of the funding audit undertaken. The recurrent grant from HEFCE represents the funding allocation attributable to the current financial year and is credited direct to the income and expenditure account.

Notes (continued)

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

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

Other discrete Skills Funding Agency/EFA grants received during the year are taken to income as expenditure is incurred in line with the specific terms and conditions attached to each fund by the funding bodies.

Where the College receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the College does not have direct control over the future economic benefits derived from these funds. The College has applied this policy to certain funds received during the year from the Skills Funding Agency/EFA (see note 31).

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Post-retirement benefits

Retirement benefits 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.

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

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Further details of the pension schemes are given in note 25.

Notes (continued)

Enhanced Pensions

The actual cost of any enhanced on-going pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the on-going 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 spread sheet provided by the funding bodies.

Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. Leasehold land and buildings are amortised over 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 15, 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. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

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 income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- 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

Notes (continued)

Buildings owned by third parties
Where land and buildings are used, but the legal rights are held by a third party, they are only capitalised if the College has rights or access to on-going 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 (except for computer equipment) is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

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

Cars	-	4 years
Minibus	-	7 years
Computer equipment	-	3 to 5 years
Furniture and fittings	-	5 years
Lab / Kitchen equipment	-	10 years
Other equipment	-	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. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The relevant assets are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Notes (continued)

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.

Stocks

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

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 year with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

Taxation

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

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

The College’s subsidiary company is subject to corporation tax and VAT in the same way as any commercial organisation.

Liquid resources

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

Provisions

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

Notes (continued)

Cash

Cash for the purposes of the cash flow statement comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand.

Agency arrangements

The College acts as an agent in the collection and payment of discretionary support. Related payments received from the main funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 31 except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant (3% for the HE Learner Support funds). The College employs 1.25 FTE members of staff dedicated to the administration of Learner Support Fund applications and payments.

Notes (continued)

2 Funding body grants

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Recurrent grant - main funding bodies	23,228	23,367
Recurrent grant - HEFCE	827	1,607
Non recurrent grants - main funding bodies	3,205	2,830
Releases of deferred capital grants (note 18)	249	209
Total	**27,509**	**28,013**

3 Tuition Fees and Education Contracts

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Tuition fees	7,399	6,438
Education Contracts	300	443
Total	**7,699**	**6,881**

4 Research Grants and Contracts

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Research grants and contracts	-	-
Total	**-**	**-**

5 Other Income

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Residences, catering and conferences	916	860
Other income generating activities	439	416
Other grant income	542	311
Releases from deferred capital grants - non SFA/YPLA (note 18)	108	100
Other income	894	979
Total	**2,899**	**2,666**

6 Investment Income

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Other interest receivable	16	24
	16	**24**
Pension finance income (note 25)	44	-
Total	**60**	**24**

Notes (continued)

7 Staff numbers and costs

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

	Year ended 31 July 2015	Year ended 31 July 2014
	Number	**Number**
Teaching staff	274	267
Non-teaching staff	293	286
Total	**567**	**553**

Staff Numbers in 2014 have been restated to include assessors within teaching staff

Staff costs for the above persons:	**Year ended 31 July 2015**	**Year ended 31 July 2014**
	£000	**£000**
Wages and salaries	15,648	15,291
Social security costs	1,038	982
Other pension costs - including FRS 17 adjustments of £183k (2014: £35k)	2,387	2,218
Enhanced Pension Provision	132	134
Payroll sub total	19,205	18,625
Contracted out staff costs *	7,354	7,002
Total	**26,559**	**25,627**

* Certain staff were transferred at the 1 September 2012 to Norfolk Educational services Limited.

Notes (continued)

The number of staff including senior post-holders and other staff who received annual emoluments, excluding pension contributions but including benefits in kind in excess of £60,000, in the following ranges was:

	Year ended 31 July 2015		Year ended 31 July 2014	
	Number senior post-holders	**Number other staff**	**Number senior post-holders**	**Number other staff**
£ 60,001 to £ 70,000	-	2	-	2
£ 80,001 to £ 90,000	1	-	1	-
£ 120,001 to £ 130,000	-	-	1	-
£ 130,001 to £ 140,000	1	-	-	-
£ 180,001 to £ 190,000	-	-	1	-
	2	**2**	**3**	**2**

Notes (continued)

8 Emoluments of senior post holders and members

Senior postholders are defined as staff being appointed by the Corporation.

	Number 2015	Number 2014
The number of senior post-holders including the Principal was:	2	3

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

	2015 £000	2014 £000
Salaries	222	260
Benefits in kind	-	1
Pension contributions	29	30
Total emoluments	**251**	**291**

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

	2015 £000	2014 £000
Salary	137	132
Benefits in kind	-	-
Pension contributions	18	19
	155	**151**

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

Notes (continued)

9 Other Operating Expenses

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Teaching costs	1,877	1,797
Non-teaching costs	5,017	5,052
Premises costs	2,443	2,178
Bursary payments to HE Students	-	151
Total	**9,337**	**9,178**

A prior year transfer of costs for Assisted Learner Support and library of £192k has been actioned between teaching and non-teaching costs.

Other operating expenses include:	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Auditors' remuneration:		
financial statements audit	25	25
internal audit	12	26
other services from external audit	2	19
other services from internal audit	-	-
Hire of plant and machinery - operating leases	108	50
Hire of other assets - operating leases	363	366

10 Interest and other finance costs

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
On bank loans and overdrafts	110	109
Pension finance costs (note 25)	-	184
Total	**110**	**293**

11 Taxation

The members do not believe the College was liable for any corporation tax arising out of its activities during this period.

Notes (continued)

12 Tangible Fixed Assets

	Land and Freehold Buildings	Land and Leasehold Buildings	Equipment	Assets under construction	Total
	£000	**£000**	**£000**	**£000**	**£000**
Cost or Valuation					
At 1 August 2014	32,826	2,488	13,105	3,565	51,984
Additions	659	-	720	2,823	4,202
Transfers	3,210	-	75	(3,285)	-
Disposals	-	-	(891)	-	(891)
At 31 July 2015	**36,695**	**2,488**	**13,009**	**3,103**	**55,295**
Depreciation					
At 1 August 2014	(15,117)	(1,565)	(10,176)	-	(26,858)
Charge for year	(551)	(224)	(1,077)	-	(1,852)
Eliminated in respect of disposals	-	-	846	-	846
At 31 July 2015	(15,668)	(1,789)	(10,407)	-	(27,864)
Net book value					
At 31 July 2015	**21,027**	**699**	**2,602**	**3,103**	**27,431**
Net book value					
At 31 July 2014	17,709	923	2,929	3,565	25,126

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly, the book values at implementation have been retained. Inherited land and buildings were valued in 1993 by Tim Matthews Associates (a firm of independent chartered surveyors), the value of the land only element being £4,569,749.

Other tangible fixed assets inherited from the LEA at incorporation have been valued by the Corporation at depreciated replacement cost. If land and buildings had not been revalued they would have been included at a cost of £nil.

Land and buildings with a net book value of £8,100,005 (2014 - £8,295,469) have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Chief Executive of Skills Funding, to surrender the proceeds.

The transfer out of assets under construction and into 'Land and Freehold Buildings' and 'Equipment' represent the ERG3 (roof and windows) project being finalised during the year:

Notes (Continued)

13 Investments

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Investments		
Investment - Gazelle	-	206
Investment - Other	6	6
	6	**212**

The College owns 51% of the £1 ordinary share capital of Norfolk Educational Services Limited, a company incorporated in England and Wales. Norfolk Educational Services Limited was established to provide shared services to the TEN Group.

The College investment is in Gazelle Commercial Limited and they own 11% of the £1 ordinary share capital, this amount has been impaired in year to £0.

14 Debtors

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Amounts falling due within one year:		
Trade debtors	1,075	1,067
Amounts owed by Funding Bodies	214	145
Amounts owed by fellow subsidiary undertakings	30	140
Prepayments and accrued income	612	800
Other Debtors	85	43
Total	**2,016**	**2,195**

15 Creditors: Amounts Falling Due Within One Year

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Salix loan	40	125
EIB Loan	161	155
Payments received in advance	962	1,935
Trade creditors	904	932
Amounts owed to fellow subsidiary undertakings	-	261
Other taxation and social security	319	314
Accruals	1,795	2,187
Amounts owed to Funding Bodies	587	264
Other creditors	438	390
Total	**5,206**	**6,563**

Notes (continued)

16 Creditors: Amounts Falling Due After One Year

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Salix Loan	13	53
EIB Loan	2,422	2,583
Total	**2,435**	**2,636**

The Salix loan is interest free and repayable over 4 years with biannual repayment of £84k reducing to £13k in the last year.

The unsecured EIB loan was initially for £2,850,000 with 58 quarterly repayments over 14.5 years. The loan was taken out to fund the new roof and windows in the Norwich building

Interest will be calculated on the balance of the loan for each applicable interest period at the aggregate rate of 3.862%, and capital repayments will commence from September 2013.

17 Provisions for Liabilities

	NES Pension £000	Enhanced Pensions £000	Other Provisions £000	Total £000
At 1 August 2014	1,765	1,951	303	4,019
Expenditure in the period	-	(146)	-	(146)
Transferred from/to income and expenditure account	-	132	-	132
At 31 July 2015	**1,765**	**1,937**	**303**	**4,005**

For further information relating to the NES provision see note 25.

The enhanced pension provision relates to the cost of staff who have already left the College's employment 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 other provisions relate to St Andrews House dilapidations, valued in January 2010.

Notes (Continued)

18 Deferred Capital Grants

		Funding Body grants £000	Other grants £000	Total £000
At 1 August 2014 *				
	Land and buildings	4,475	1,206	5,681
	Equipment	50	146	196
Cash received				
	Land and buildings	2,079	74	2,153
	Equipment	79	95	174
Released to income and expenditure account				
	Land and buildings	(216)	(50)	(266)
	Equipment	(33)	(58)	(91)
Total		**6,434**	**1,413**	**7,847**
At 31 July 2015				
	Land and buildings	6,338	1,230	7,568
	Equipment	96	183	279
Total		**6,434**	**1,413**	**7,847**

* Balances have been reclassified in the opening balances, a transfer of £49k between L&B and equipment in other grant

19 Restricted Reserves

	2015 Total £000	2014 Total £000
At 1 August	111	112
Expenditure	(1)	(1)
At 31 July	110	111

The funds represent donations for prize funds, and the movement in the year represents amounts used for prizes awarded and specific earmarked schemes relating to certain building work which are being released over the useful life of the assets.

Notes (Continued)

20 Revaluation Reserve

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
At 1 August	8,295	8,491
Transfer from revaluation reserve to income and expenditure account in respect of depreciation on revalued assets	(195)	(196)
At 31 July	**8,100**	**8,295**

21 Movement on General Reserves

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Income and Expenditure Account Reserve		
At 1 August	(7,241)	(8,062)
Surplus retained for the year	309	2,110
Transfer from revaluation reserve	195	196
Actuarial loss in respect of pension scheme	(1,557)	(1,485)
At 31 July	**(8,294)**	**(7,241)**
Balance represented by:		
Pension reserve	(14,423)	(12,727)
Income and expenditure reserve excluding pension reserve	6,129	5,486
At 31 July	**(8,294)**	**(7,241)**

Notes (continued)

22 Reconciliation of consolidated operating surplus to net cash Inflow from operating activities

	2015 £000	2014 £000
Surplus on continuing operations after depreciation of assets at valuation	309	2,110
Depreciation (note 12)	1,852	1,661
Impairment of investment	206	-
Loss on disposal of tangible fixed assets	29	-
Deferred capital grants released to income (note 18)	(357)	(309)
Pension cost less contributions payable (note 25)	183	(3,015)
Interest Payable (note 10)	110	293
Decrease in stocks	6	4
(Increase)/decrease in debtors	179	827
Increase/(decrease) in creditors	(1,278)	(512)
(Decrease) / Increase in provisions	(14)	1,756
Decrease in restricted reserves	(1)	(1)
Interest receivable (note 6)	(60)	(24)
Net cash inflow from operating activities	**1,164**	**2,790**

23 Analysis of cash flows for headings netted in the cash flow statement

	2015 £000	2014 £000
Returns on investments and servicing of finance		
Other interest received	16	24
Interest paid	(110)	(109)
Net cash (outflow) from returns on investment and servicing of finance	**(94)**	**(85)**

	2015 £000	2014 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(4,202)	(6,036)
Sales of tangible fixed assets	16	-
Deferred capital grants received	2,327	2,150
Net cash (outflow) from capital expenditure and financial investment	**(1,859)**	**(3,886)**

Notes (continued)

	2015 £000	2014 £000
Management of liquid resources		
Sales of investments	-	-
Withdrawal from deposits	-	-
Purchase of investments	-	-
Placing of deposits	-	-
Net cash inflow / (outflow) from management of liquid resources	**-**	**-**

	2015 £000	2014 £000
Financing		
Debt due beyond a year:		
Repayment of amounts borrowed	(280)	(308)
Net cash (outflow) from financing	**(280)**	**(308)**

24 Analysis of Changes in Net Funds

	At 1 Aug 2014 £000	Cashflows £000	Non Cash movement £000	At 31 July 2015 £000
Cash in hand, and at bank	4,848	(1,069)	-	3,779
Cash deposit short term	600	-	-	600
	5,448	(1,069)	-	4,379
Debts due within one year	(155)	155	(161)	(161)
Debts due after one year	(2,583)	-	161	(2,422)
	2,710	(914)	-	1,796

Cash deposits which cannot be realised within 24 hours without penalty are classified as liquid resources in the cash flow statements but are included within cash at bank and in hand on the balance sheet.

Notes (continued)

25 Pension and similar obligations

The College's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS):

Total pension cost for the year	**2015 £000**	**2015 £000**	**2014 £000**	**2014 £000**
Teachers' Pension Scheme: contributions paid		1,153		1,107
Local Government Pension Scheme:				
Contributions paid	1,053		1,088	
FRS 17 charge	183		35	
		1,236		1,123
Recharge of pension costs to Open Opportunity		(2)		(2)
LGPS revision in year		-		(10)
Charge to the Income and Expenditure Account (staff costs)		2,387		2,218
Enhanced pension charge to income and Expenditure		132		134
Exceptional Item - Net settlement gain on pensions following restructuring involving transferring staff to other group entities				
Reversal of NES FRS17 liability	-		(3,050)	
NES pension provision	-		1,765	
		-		(1,285)
Total Pension Cost for Year		**2,519**		**1,067**

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

The LGPS that the Group participates in is a funded defined benefit pension scheme administered by Norfolk County Council.

On 31 August 2012 an agreement was signed between Norfolk County Council, Norfolk Educational Services Limited (NES) and City College Norwich (CCN) ('LGPS Pooling Agreement and Guarantee') with respect to the legal responsibilities for the pension liabilities for non-teaching staff employed by NES including those transferring (under TUPE) from CCN and other group academies into NES.

On 1 September 2012 148 staff transferred under TUPE from CCN into NES (and NES also received 32 staff from City Academy Norwich and Wayland Academy Norfolk, therefore total of 180 staff).

The LGPS Pooling Agreement and Guarantee states that CCN guarantees to meet the pension obligations and liabilities of relevant staff employed by NES. The Pooling Agreement also means that for the purpose of NES' participation in the Fund, Norfolk County Council will also apply the same employer contribution rate as that of CCN. Separately, the Service Agreements between NES and the member bodies also states that on exit/termination, CCN and the Academies have to pay any associated pension charges.

Notes (continued)

25 Pension and similar obligations (continued)

In 2013-14, following further revision to the shared services agreement between NES and its customers and clarification that it is possible for NES to obtain reliable and consistent defined benefit valuations for its employees on an ongoing basis NES has fully adopted FRS17 ‘Retirement Benefits’.

The impact of NES showing the full FRS17 liability for the LGPS debts is that the College accounts for 2013-14 show an exceptional settlement gain of £1,285k in the Income and Expenditure Accounts – this comprises:

- The reversal of the prior year NES liability of £3,050k; and
- A new NES pension provision of £1,765k* (this is the value of the FRS17 net pension liability, at point of transfer, for the College staff transferring into NES).

*Further variations in the liability post transfer e.g. actuarial loss or service costs greater than employer contributions, have been accounted for within NES. At point of exit from the shared service arrangement, the agreement requires a full actuarial calculation of the LGPS debt for the exiting party. At this point the respective share of actuarial loss and service costs would be included in the full valuation of the exit debt.

In addition to the NES arrangement set out above the College also continues to employ staff with ongoing membership to the LGPS. This is accounted for using FRS17 ‘Retirement Benefits’ and the amounts and disclosures are shown below.

Notes (Continued)

25 Pension and similar obligations (continued)

Teachers' Pension Scheme
The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' 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.

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

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

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

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

The new employer contribution rate for the TPS will be implemented in September 2015.
A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

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

Notes (Continued)

25 Pension and similar obligations (continued)

Scheme Changes

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

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

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

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015. The pension contributions paid to TPS in the year amounted to £1,153k (2014: £1,107k).

FRS 17

Under the definitions set out in Financial Reporting Standard 17 (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.
Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the deficit in the scheme and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2015 was £1,361k of which employer's contributions totalled £1,043k and employees' contributions totalled £318k. The agreed contribution rates for future years are 14.5% for employers and 5.5% to 12.5% for employees (national employee contribution tiers). A deficit payment for future years has been agreed for 2015-16 this will be £349k (2014:£283k).

Notes (Continued)

25 Pension and similar obligations (continued)

FRS 17

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

	2015	2014
Rate of increase in salaries	3.5%	3.5%
Rate of increase for pensions in payment/inflation	2.6%	2.7%
Discount rate for liabilities	3.6%	4.0%
Expected Return on Assets	3.6%	5.7%
Commutation of pensions to lump sums	50.0%	50.0%

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

	At 31 July 2015	At 31 July 2014
Retiring today		
Males	22.1	22.1
Females	24.3	24.3
Retiring in 20 years		
Males	24.5	24.5
Females	26.9	26.9

Notes (Continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Long-term rate of return expected at 31 July 2015	Value at 31 July 2015 £000	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014 £000
Equities	3.6%	20,964	6.6%	20,690
Bonds	3.6%	9,238	3.8%	6,789
Property	3.6%	4,264	4.7%	3,879
Cash	3.6%	1,066	3.6%	970
Total market value of assets		**35,532**		**32,328**
Present value of scheme liabilities				
Unfunded		(147)		(199)
Funded		(49,808)		(44,856)
Deficit in the scheme		(14,423)		(12,727)

The expected rates of return for 31 July 2015 are set equal to the discount rate (as per the forthcoming FRS102 disclosure requirements).

Analysis of the amount charged to income and expenditure account

	2015 £000	2014 £000
Employer service cost (net of employee contributions)	1,236	1,123
Curtailment and Settlements	-	-
Liabilities transferred	-	(10,813)
Assets transferred	-	7,763
Total operating charge / (gain)	1,236	(1,927)

Analysis of pension finance income/(costs)

	2015 £000	2014 £000
Expected return on pension scheme assets	1,853	1,674
Interest on pension liabilities	(1,809)	(1,858)
Pension finance income / (cost)	44	(184)

Notes (continued)

25 Pension and similar obligations (continued)

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

	2015 £000	2014 £000
Actuarial (loss) recognised in STRGL	(1,557)	(1,485)

Movement in the surplus/(deficit) during year

	2015 £000	2014 £000
Deficit in scheme at beginning of year	(12,727)	(14,073)
Movement in year:		
Current employer service charge	(1,236)	(1,123)
Employer Contributions	1,043	1,075
Contributions in respect of Unfunded Benefits	10	13
Transfers	0	3,050
Net return on assets	44	(184)
Actuarial gain or loss	(1,557)	(1,485)
(Deficit) in scheme at end of year	**(14,423)**	**(12,727)**

Notes (Continued)

25 Pension and similar obligations (continued)

Asset and Liability Reconciliation

	2015 £000	2014 £000
Reconciliation of Liabilities		
Liabilities at start of period	45,055	51,055
Service Cost	1,236	1,123
Interest Cost	1,809	1,858
Employee Contributions	318	312
Actuarial (gain)/loss	2,660	2,575
Estimated Unfunded Benefits Paid	(10)	(13)
Estimated Benefits Paid	(1,113)	(1,042)
Liabilities transferred	-	(10,813)
Closing Defined Benefit Liability	49,955	45,055

Reconciliation of Fair value of Employer Assets

	2015 £000	2014 £000
Assets at start of period	32,328	36,982
Expected Return on Assets	1,853	1,674
Actuarial Gains/(Losses)	1,103	1,090
Contribution in respect of Unfunded Benefits	10	13
Employer Contributions	1,043	1,075
Employee Contributions	318	312
Estimated Unfunded Benefits Paid	(10)	(13)
Estimated Benefits Paid	(1,113)	(1,042)
Assets transferred	-	(7,763)
Closing Fair Value of Employer Assets	35,532	32,328

History of experience gains and losses

	2015	2014	2013	2012	2011
Experience gains and losses on assets: amount £'000	1,103	1,090	2,823	(1,205)	226
Experience gains and losses on scheme liabilities: amount £'000	529	88	(64)	(528)	2,380
Total amount recognised in STRGL amount £'000	(1,557)	(1,485)	(2,411)	(2,199)	2,989

Notes (continued)

26 Capital Commitments

	2015 £000	2014 £000
Commitments contracted for as at 31st July	154	70
Authorised but not contracted for as at 31st July	626	3,218

27 Financial Commitments

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

	2015 £000	2014 £000
Land and buildings		
Expiring within one year	9	32
Expiring within two and five years inclusive	335	334
Expiring in over five years	-	-
	344	366
Other		
Expiring within one year	108	50
Expiring within two and five years inclusive	-	-
Expiring in over five years	-	-
	108	50

28 Contingent Liabilities

The College has a contingent liability in respect of future variation to the NES pension asset / liability. See note 25 for further information.
There were no other contingent liabilities at 31 July 2015 (2014 £Nil)

Notes (Continued)

29 Related Parties

Due to the nature of the College's operations and the composition of the Board of Governors (being drawn from the 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 organisation 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 company is controlled by Transforming Education in Norfolk (see note 30), the group entities and prior year comparatives have been disclosed below.

Name of related party	Relationship	Transaction Description	Amounts 2014/15	Balance outstanding at period end 2015	Amounts 2013/14	Balance outstanding at period end 2014
			£000	£000	£000	£000
Arden Grove Infant & Nursery School	Connected Business (1)	Tuition Fees	(1)	-	n/a	n/a
Howes Percival LLP Solicitors	Connected Business (1)	Conference / room hire	(3)	-	(4)	(1)
Norfolk & Norwich Festival	Connected Business (1)	Student workshops	1	-	n/a	n/a
Royal Norfolk Agricultural Association	Connected Business (1)	Hire of premises	19	2	n/a	n/a
Norfolk Community Health and Care NHS Trust	Connected Business (2)	Tuition fees	(107)	37	(82)	23
Gazelle Foundation	Connected Business (3&4)	Membership	36	(14)	48	(14)
Cambridge Access Validating Agency (CAVA)	Connected Business (5)	Exams	44	-	2	-
Aviva	Connected Business (6)	Insurance	99	2	-	-
UEA	Connected Business (7)	Funding for HE delivery, validation charge	47	55	n/a	n/a
ABC Awards	Connected Business (8)	Exams	6	-	n/a	n/a
Visit Norwich	Connected Business (9)	Membership	4	-	n/a	n/a
Mills and Reeve LLP	Connected Business (10)	Legal / conference income	5	-	-	-
Pricewaterhouse Coopers LLP	Connected Business (11)	Conference / room hire	-	-	(1)	-
Forum Trust	Connected Business (4)	Property rental	n/a	n/a	85	7
Norfolk Can Inspire	Connected Business (4)	Staff recharge	n/a	n/a	(71)	(8)

Notes (Continued)

Name of related party	Relationship	Transaction Description	Amounts 2014/15	Balance outstanding at period end 2015	Amounts 2013/14	Balance outstanding at period end 2014
Gazelle Transform	Connected Business (4)	Investment / training activities	n/a	n/a	29	-
CBI's Regional Council (East of England)	Connected Business (4)	Membership	n/a	n/a	11	(8)
Norfolk Educational Services	Group Entity (1)	Shared services and staff recharges	6,096	(13)	5,843	228
University Technical College Norfolk	Group Entity (2)	Staff training / bought in curriculum / exams / print services	6	(2)	-	(56)
City Academy Norwich	Group Entity (3)	Staff training / bought in curriculum / exams / print services	(37)	(8)	(173)	(110)
Norfolk Academies	Group Entity (4)	Staff training / bought in curriculum / exams / print services	(79)	(7)	(86)	(1)
Transforming Education in Norfolk	Group Entity (5)	Training activities	-	-	(1)	(14)
Norfolk CC Pension Fund	Charity SORP standard related party - Provision of LGPS		See disclosures in note 25.			
Teachers' Pension Scheme	Charity SORP standard related party - Provision of TPS		See disclosures in note 25.			

Amounts included accounting adjustments (accruals/Prepayments). (Amounts shown in brackets are income/debtors.)

1 A Barnes is a Partner at Howes Percival LLP Solicitors, Director & Trustee of Royal Norfolk Agricultural Association, Trustee of Norfolk & Norwich Festival, director & governor of Arden Grove Infant School
2 M Colmer is a Director of Norfolk Community Health and Care NHS Trust
3 C Peasgood is a Director of Gazelle Foundation
4 R Palmer resigned in 13/14 (13/14 is a Director of Forum Trust, Director of Gazelle Transform, Director of Gazelle Foundation, Director of Norfolk Can Inspire and Board member of CBI's Regional Council (East of England)
5 J White is a Director of the Cambridge Access Validating Agency (CAVA), governor of UTCN
6 I Webb is a Director of HR at Aviva
7 A Blanchflower - employed by UEA
8 J Lanning - is a Trustee of ABC awards
9 S Thorpe - is a board member of Visit Norwich
10 Z Virgin - is a Partner of Mills and Reeve LLP
11 C Douglas - is a Director of PricewaterhouseCoopers LLP

The total expenses paid to or on behalf of the Governors during the year was £nil ; 0 governors (2014:nil ; 0 governors). 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 (2014: None).

Notes (Continued)

30 Controlling Party

The company is controlled by Transforming Education in Norfolk, a private company limited by guarantee and a registered charity, number 1148753.

Copies of the Transforming Education in Norfolk consolidated accounts can be obtained from the Company Secretary c/o City College Norwich, Ipswich Road, Norfolk, NR22 2LJ.

31 Amounts Disbursed as Agent

Learner Support Funds

	2015 £000	2014 £000
Funding Council grants - hardship support	1,239	1,203
Disbursed to Students	(1,101)	(1,003)
Admin Fee	(51)	(54)
Amount consolidated in financial statements	(21)	(33)
Balance unspent at 31 July, included in creditors	66	113

Funding Council 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 have therefore been excluded from the income and expenditure account, other than when the College has directly incurred expenditure itself.

Open Opportunity

	2015 £000	2014 £000
Income	118	210
Expenditure	(216)	(210)
	(98)	-

The College acts as the agent for the Open Opportunity collecting income and making payments on its behalf. These transactions are therefore excluded from the Income and Expenditure Account.