

Financial Statements

For the year ended

31 July 2019

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STRATEGIC REPORT

Report of the Corporation Board

The members present their report and the audited financial statements for the year ended 31 July 2019.

OBJECTIVES AND STRATEGIES:

Legal status

The Corporation, hereinafter called the College, was established under the Further and Higher Education Act 1992 for the purpose of conducting Abingdon College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011. The members of the Corporation are the Corporation Board, who are trustees of the charity, are disclosed on pages 15 and 16.

On 1 April 2001, the Secretary of State granted consent to the Corporation to change its name to Abingdon and Witney College, upon the merger of Abingdon and West Oxfordshire Colleges. West Oxfordshire College Corporation was dissolved on 31 March 2001 and all property, rights and liabilities transferred to the re-named Abingdon and Witney College Corporation.

Mission

The College mission is that it will be the best performing, most responsive and highest quality college in Oxfordshire.

The updated Strategic Plan "Changing Lives and Communities" was approved by the Board of Governors in July 2019.

The plan contains five key strategic objectives:

- Delivering the highest quality
- Developing the curriculum
- Fulfilling external requirements
- Working within our means
- Being an Employer of Choice

Under-pinning each objective are a series of key performance indicators to ensure progress against the objective is visible.

This is reviewed annually by Governors

Public benefit

The College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all Further Education Corporations in England. The members of the Corporation Board, who are trustees of the charity, are disclosed on pages 15 and 16.

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

DEVELOPMENT AND PERFORMANCE

Performance indicators

The College is committed to observing the importance of sector measures and indicators and uses the Further Education Provider Performance Measures and National Achievement Rate Tables on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency (ESFA). The Finance Record produces a financial health grading. The March 2017 rating was "Good".

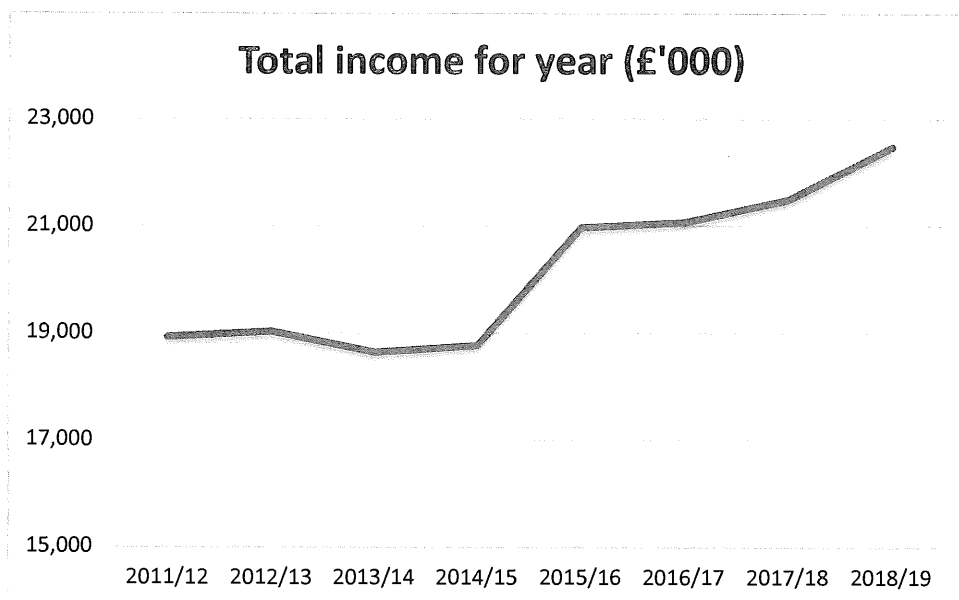
FINANCIAL POSITION

Financial results

The College made a deficit in the year of £1,830k (2017/18 – deficit of £1,534k) before taking into account actuarial movements on pension schemes. The increased deficit is due to the impact of applying Financial Reporting Standard 102 on pension costs (2018/2019 £1,897k; 2017/18 £1,670k). Prior to these changes the College made a surplus of £67k (2017/18 a surplus of £136k). There are accumulated reserves of £1,548k (2017/18 £6,171k) and cash balances of £1,795k (2017/18 £2,015k). The decrease in reserves reflects the actuarial loss of £2,793k (2017/18 an actuarial gain of £4,363k) in respect of the pension schemes.

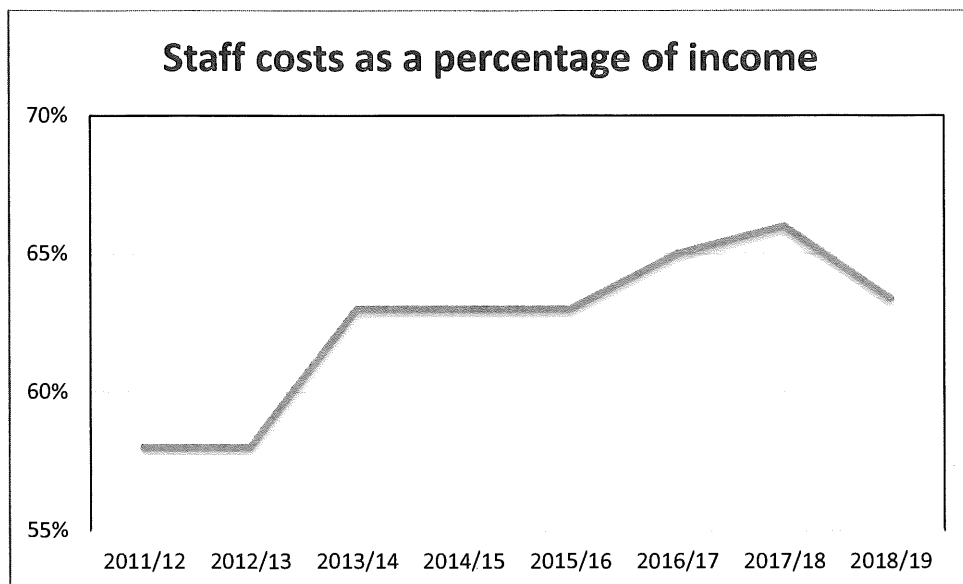
Total income for year

Income was in line with the full year forecast, despite the challenging financial climate. The graph below shows actual income for the previous seven years compared to the 2018/2019 outturn.

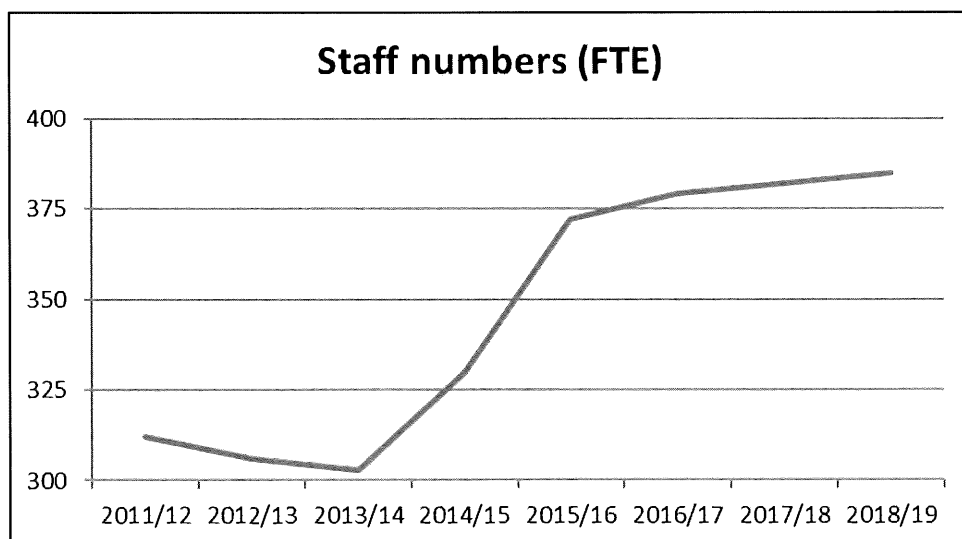


Staff costs as percentage of income

Staff costs (excluding LGPS pension provision) are 63% of income (2017/18 66%).

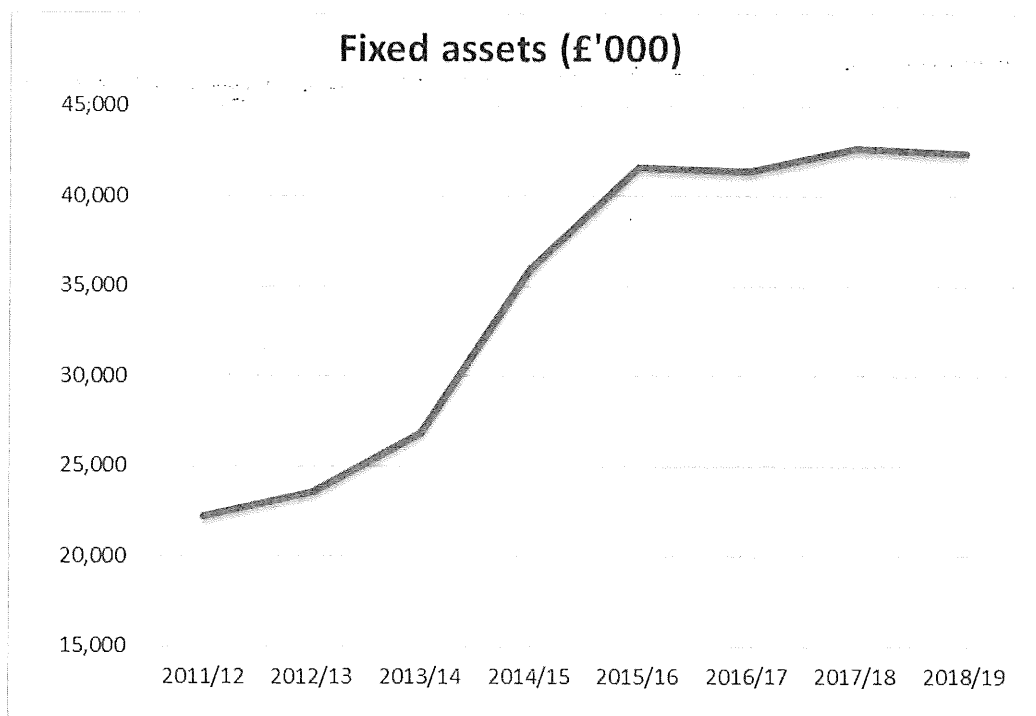


Full time equivalent (FTE) staff numbers have increased over the same period. The main reason for this is the acquisition of Oxfordshire Adult Learning from Oxfordshire County Council in 2015 but has remained stable since then.



Fixed assets at year-end

The net book value of fixed assets is £42,332k, a net decrease of £290k since the end of July 2018. This reflects the completion of the building programme at the Abingdon and Witney campuses and the Livestock Technology Centre at Common Leys.



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. This was last approved in July 2017 and is reviewed every 3 years.

Short term borrowing for temporary revenue purposes is authorised by the Principal as the Accounting Officer. Such arrangements are restricted by limits in the College's Financial Memorandum agreed with the ESFA. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash and borrowings

The overall cash outflow in 2018/19 was £220k (2017/18 £206k outflow). The 2018/19 outflow included significant capital expenditure to support the College's property strategy during the year.

The College had three loans outstanding at the year-end:

- £208k (2017/18- £234k) was for the redevelopment of the Common Leys campus. This is repayable by quarterly instalments until 2027. An equal sum is held in a deposit account as security;
- £4,526k (2017/18- £4,785k) was for Phase 1 of the Witney campus redevelopment. This is repayable by quarterly instalments until 2036; and
- £1,219k (2017/18 – £1,294k) was for Phase 2 of the Witney development and Phase 3 of the Abingdon development. Approximately 50% of this is repayable by 2025 by quarterly instalments. The remaining outstanding loan is to be either repaid or re-negotiated.

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

All the bank covenants have been adhered to for the year ended 31 July 2019.

Payment performance

It is the College's policy to pay creditors within 30 days of the invoice date provided that the College is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The College does not follow any code or standard on payment practice nor is it the College's policy to agree terms of payment in advance with suppliers.

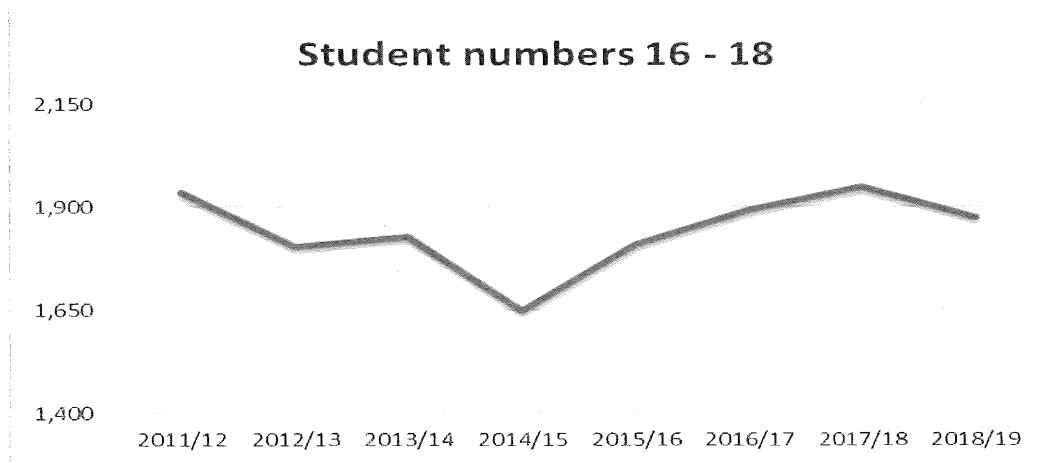
CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Key performance indicators

Key performance Indicator	Actual for 2018/19	Target for 2018/19
Student number targets (16 – 18)	1,873	1,788
Student achievement/progression	89.8%	89%
EBITDA as % of income	6.10%	8.26%
Ofsted rating	Good	Good

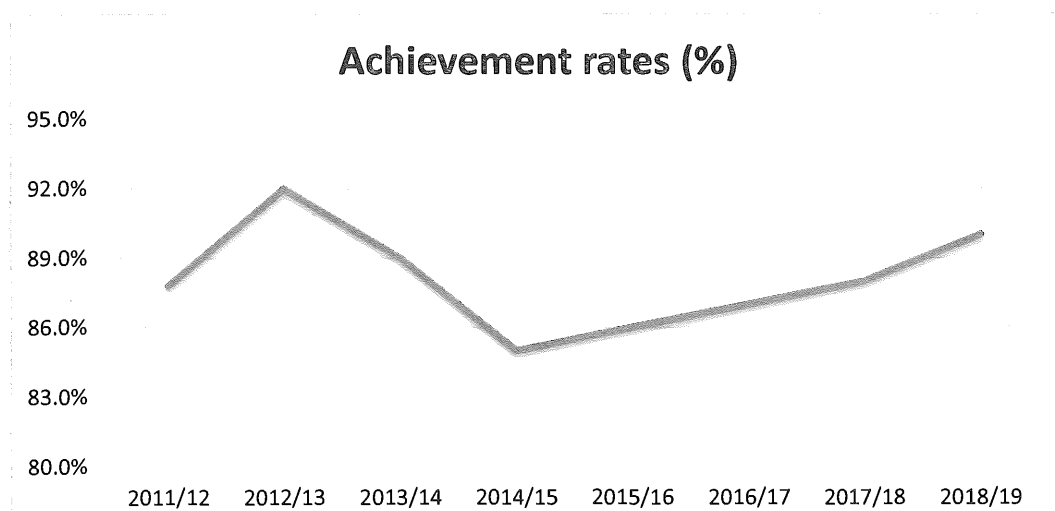
Student numbers

The graph below shows total 16-18 year old students (including those funded by ESFA for Apprenticeships):



Student achievements

Achievement rates continue to be very good, at 90% in 2018/19 compared to 88% in 2017/18. Retention rates were 95.3% (95% in 2017/18) and 93% of students (95% in 2017/18) progressing to a positive and meaningful destination.



Curriculum developments

Throughout 2018-19 significant work was undertaken to support teachers to use additional digital tools with their students. This included using readily available Microsoft Tools, for example, OneNote and Teams to create a bespoke digital learning and collaboration environment rather than purchasing an 'off the shelf' external virtual learning environment (VLE). The College created a new Study Programmes faculty bringing together all cross-college aspects of students' study programmes including work experience, English and maths, tutorial programmes and enrichment activity. Work is also continuing to ensure that the 'intent' of all curriculum programmes and courses is articulated clearly and implemented effectively to continue to meet the needs of learners, employers and the local community.

Property developments

During 2018/19 the Livestock Technology Centre, partly funded by the Oxfordshire Local Enterprise Partnership (OXLEP) was completed. This will allow the College to improve teaching in land-based industries subjects and build on the strength of the college in providing training of this type.

Post-balance sheet events

None.

Future developments

The College was successful in its application to pilot T Levels (new Government led level 3 technical qualifications) in Education, Health and Digital from September 2021. Significant work is taking place to prepare for T Level introduction with a particular focus on strengthening relationships with local employers to support extended industry placements which are being trialled in advance of T Levels.

Work continues to further expand the range of apprenticeships that we offer and increase the numbers we recruit to our existing provision. In 2018/19, we developed Degree Apprenticeships in Digital Technologies and in Engineering, explored opportunities to enhance construction skills provision. We will continue to grow the numbers of apprentices on our existing Degree Apprenticeship and Higher Apprenticeship programmes. Work to transition our apprenticeship provision from frameworks to standards also continues.

Budgets and financial plans have been prepared on a prudent basis and show that the College will remain in good financial health for the foreseeable future.

Resources

The College has significant resources which can be deployed in pursuit of its strategic objectives.

The College offers provision across Oxfordshire. It owns four sites in Abingdon, Witney (two sites) and Common Leys and leases two sites in Kidlington and Oxford on an ongoing basis.

Financial

The College has £1,548k of net assets. Its strong financial health is reflected in a cash balance of £1,795k.

People

During the 2018/19 year, the College employed an average of 385 people (expressed as full-time equivalents, FTE), of whom 149 were teaching department staff. Workforce composition data shows that 73% of these staff members were female and 27% male (2017/2018: 74% female and 26% male).

Trade union facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, the return for College employees granted time off for their trade union duties is detailed below:

Relevant union officials

Number of employees who were union officials during the reporting period	Full-time equivalent employee number
8	6.44

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1% - 50%	8
51% - 99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£6,920.67
Total pay bill	£15,874,000
Percentage of the total pay bill spent on facility time	0.04%

Paid trade union activities

Time spent on paid trade union activities percentage of total paid facility time hours	100%
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Reputation

The College has an excellent reputation locally and nationally. In March 2017 Ofsted judged the College to be Good and rated Apprenticeships to be Outstanding because:

- *Apprentices make significant and sustained progress from their starting points, and the vast majority of apprentices achieve their qualifications.*
- *Managers maintain strong partnerships with local and regional employers and ensure that courses meet local needs.*
- *Learners benefit from a wide range of enrichment activities and additional qualifications that develop the skills they need to progress to their next steps.*
- *Managers oversee a highly effective teaching, learning and assessment strategy, which leads to sustained improvements in learning and learners' progress.*
- *Teachers receive excellent support to improve the quality of teaching, learning and assessment.*
- *Learners develop good, industry-standard skills, attitudes and knowledge; they are taught by highly qualified teachers with up-to-date industry experience.*
- *Managers ensure that learners with high needs follow highly individualised learning programmes that meet their needs and develop their independence.*

Maintaining a quality brand is essential for the College's success in attracting students and building external relationships. In 2018/19 the college was a national Beacon Award finalist for widening participation and social mobility. A lecturer was shortlisted for the TES FE Awards (Teacher of the Year) and another lecturer won the BTEC award for Teacher of the Year. The College was runner up for best Apprenticeship Provider in England and received a second RoSPA Gold Award. The college was also the named improvement partner (SCIF partner) for two colleges which needed to improve the quality of their teaching and learning.

PRINCIPAL RISKS AND UNCERTAINTIES

The risk register identifies the key objectives for the College and the risks inherent in achieving those objectives. The risk register is reviewed by the Senior Management Team each month and high level risks are presented for discussion on a termly basis by the Audit Committee and the Corporation Board. Three measures are identified for each risk: the likelihood of the risk occurring, the potential impact on the finances of the College and the potential impact on the reputation of the College. The gross score of each risk to the College is considered to be the likelihood multiplied by the sum of the two impact scores. Mitigating and control actions are identified in order to minimise the impact of each risk and a net score is calculated, which takes into account the expected effect of these actions. Risks are graded as High, Medium or Low priority and further measures are identified for any risks categorised as High priority. The objectives identified in the current risk register are the five strategies which underpin the College strategy *Changing Lives and Communities*:

- Delivering the highest quality
- Developing the curriculum
- Fulfilling external requirements
- Living within our means
- Being an Employer of Choice

The College has identified the following current high-level risks and associated controls and mitigating actions:

- The College's current Ofsted grade of Good could reduce to Requires Improvement or Inadequate which damages the College's reputation. Controls and Mitigation: six monthly review of College annual improvement plan, cross College quality cycles in place;
- Programmes cannot run as standards have fallen below the Minimum Standard as defined by ESFA. Controls and Mitigation: high standards of teaching, learning and assessment, and effective student support. Intensive care process for low pass rate courses. Course self-assessment reports (SAR) and action plans reviewed regularly by course teams;
- Enrolments fall because the courses on offer do not meet student and employer needs. Controls and Mitigation: continual review of local and national skills agenda and government policy. Student and employer led surveys held annually;
- Courses are designed which are not financially sustainable. Controls and Mitigation: curriculum planning model built and reviewed throughout the year, all ad-hoc courses set up mid-year require approval, workload monitoring of teaching staff held twice a year, tuition fee policy updated annually;
- The calibre of governors and their skill sets are insufficient to achieve effective governance. Controls and Mitigation: governor recruitment skills matrix, training, internal audit of Governance, self-assessment, professional clerk;
- Failure to comply with Regulatory, Funding and Awarding body rules and regulations leads to withdrawal of permissions and/or funding. Controls and Mitigation: internal audit, trained staff, internal compliance checks, awareness of funding rule updates, college quality cycle;
- Enrolment numbers are lower than planned leading to insufficient funding for planned expenditure. Controls and Mitigation: market research undertaken to identify and respond to needs, clear marketing plan and energetic promotion and schools' liaison, live reports on applications and acceptance available via EBS. If necessary, reduce costs as appropriate;
- Cash holdings are eroded as the college does not make use of effective working capital. Controls and Mitigation: 12 months rolling cashflow produced every month, Treasury Management Policy reviewed every 3 years, monthly debtor analysis produced to focus on overdue debts, governor oversight, tight financial controls. If necessary, reduce costs as appropriate;
- Reductions to government funding leads to cost cutting measures which erode quality. Controls and Mitigation: annual budgeting process identifies task required to achieve at least cash neutral budget, effective procurement, expectation management. Continued focus away from government funding, including the provision of back office services in HR and IT;
- Cost inflation increases faster than income inflation leading to an unsustainable deficit. Controls and Mitigation: annual budgeting process identifies task required to achieve at least cash neutral budget, effective procurement, expectation management. Reduction to variable costs;
- College is subject to a significant fraud leading to reduced reserves and reputational damage. Controls and Mitigation: Financial Regulations Policy reviewed annually. Clear guidance in Finance department for the setting up and changing of supplier bank details. Fraud training

regularly undertaken by Finance team Bank approval process requires two approvers for payments over £5k;

- Competitors acquire market share leading to a reduction in enrolments below planned levels. Controls and Mitigation: SMT and CLT continually monitor competitor activity and respond accordingly. Work in partnership with schools. Provide attractive offer;
- College is unable to recruit and retain the right staff leading to a fall in quality of teaching and learning, and a risk to business operations. Controls and Mitigation: Recruitment specialist in place. Effective support of new recruits. Annual consideration of pay award. Competitive benefits package. College culture including training opportunities and succession planning.

STAKEHOLDER RELATIONSHIPS

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

- learners
- education sector funding bodies
- FE Commissioner
- Government offices and local economic partnerships
- local authorities
- the local community
- local employers and representative bodies
- other further education institutions
- professional bodies
- staff
- trades unions
- university partners

The College recognises the importance of these relationships and engages in regular communication with them through the network meetings and through the College website.

Staff and students actively support charities, undertake voluntary work and take part in fundraising events. The College also provides opportunities for local community groups and organisations to make use of its premises, land and facilities.

EQUALITY AND DIVERSITY

The College is committed to ensuring equality of opportunity for all who learn and work there. The College believes there should be no limits to achievement and as well as celebrating the individual talents of all staff and students, it challenges discrimination. The College strives vigorously to remove barriers which place people at a disadvantage.

As well as this commitment, the College is required to ensure that staff and students should all have equal opportunity to succeed. The Equality Act 2010 focuses on nine 'Protected Characteristics': race, gender, sexuality, pregnancy and maternity, disability, age, marriage and civil partnerships and religion and belief. The College's Equality and Diversity Policy is published on the College's website with information on its objectives in this area.

College admissions data demonstrates that the proportion of college students from ethnic minority backgrounds exceeds that of the local area and that these students achieve at least as well as the wider student population.

The safeguarding protocols of the College ensure that staff and students are aware that safeguarding is the responsibility of everyone. The College has adopted a robust anti-bullying culture and safeguarding, anti-bullying and anti-radicalisation policies are reviewed annually.

DISABILITY STATEMENT

The College seeks to achieve the objectives set down in the Equality Act 2010. It is committed to enabling all students to achieve their potential, whatever their ability. This commitment is reflected in the following measures taken:

- the College has made a significant investment in the appointment of specialists to support students with special educational needs and/or disabilities including mental health conditions. There are a number of student support assistants who can provide a variety of support for learners. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students
- a range of specialist equipment including assistive technology is available for use by students
- the admissions policy for all students is available on the website and includes an appeals process against decisions not to offer a place
- the college offers a range of specialist programmes, details of which are available in College prospectuses. Achievements and destinations of students are recorded and collated
- counselling and welfare services are available cross College, and promoted in the College's student information

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 applicants with disabilities, 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 opportunities commensurate with those of non-disabled employees.

SOCIAL, ENVIRONMENTAL AND ETHICAL ARRANGEMENTS

The College recognises the importance of economic, environmental and social sustainability. The new strategic plan identifies as a key activity the need for the College to grow and develop in an environmentally conscientious manner and to demonstrate civic environmental leadership. The College's Estates team responsibilities include the implementation of sustainability and carbon reduction strategies and the measurement of improvements.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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



Gavin Maitland-Smith

Chair

REFERENCE AND ADMINISTRATIVE DETAILS

Board of Governors

G Maitland-Smith	D Batchelor	F Croft	H Dodd	V Field	R File
N J Handy	B Jenner	M Johnstone	A Kennedy	T Lincoln	A Mumford
A Petruso	J Revis	S Vickers	S J Wellington	L Coppock	

Clerk

R Reavley

Senior Management Team

D Batchelor	-	Principal and Chief Executive
J Canton	-	Deputy Principal
J Craig	-	Vice Principal, Curriculum and Quality
M Boyle	-	Vice Principal, Student Engagement
M Lay	-	Finance Director

Principal and Registered Office

Abingdon and Witney College
Wootton Road
Abingdon
Oxfordshire
OX14 1GG

Professional advisers

Financial statement and regularity auditors:

MHA MacIntyre Hudson
30-34 New Bridge Street
London
EC4V 6BJ

Internal auditors:

TIAA Ltd
Artillery House
Fort Fareham
Fareham
PO14 1AH

Bankers:

Barclays Bank PLC
11 West Way
Oxford
OX2 0JB

Solicitors:

Shakespeare Martineau
No 1 Colmore Square
Birmingham
B4 6AA

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

- 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 Code of Good Governance for English Colleges ("The Code")
- having due regard to the UK Corporate Governance Code insofar as it is applicable to the further education sector

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the Corporation Board has adopted and complied with The Code. The Corporation Board has not adopted, and therefore does 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.

The Corporation Board 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 Code, which it formally adopted on 2 July 2015. The Association of Colleges (AoC) Senior Post Holder Remuneration Code, a supplement to The Code, was adopted by the Board on 25 March 2019.

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

The members who served on the Corporation Board during the year and up to the date of signature of this report were as listed below.

The Corporation

	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees Served	Attendance at Corporation Board, 1 August 2018 – 31 July 2019
Ms D Batchelor	01/01/2016	Ex officio		Principal	Finance & General Purposes Curriculum & Quality (to 25/03/2019) Strategy & Governance (to 25/03/2019)	100%
Ms F Croft	12/06/2014 Re-appointed with effect from 12/06/2018	4 years		Independent member	Curriculum & Quality (to 25/03/2019) Strategy & Governance (to 25/03/2019) Nominations PDBW designated governor	100%
Mr H Dodd	03/07/2018	4 years		Independent Member	Finance & General Purposes	60%
Ms V Field	15/10/2015 Reappointed with effect from 15/10/2019	4 years		Independent member	Curriculum & Quality to 25/03/2019) Finance & General Purposes (to 03/02/2019) Remuneration Nominations (to 25/03/2019) H&S designated governor	100%
Mr R File	12/06/2014 Re-appointed with effect from 12/06/2018	4 years		Independent member	Finance & General Purposes	80%
Mr NJ Handy	07/07/2016	4 years		Independent member	Finance & General Purposes Strategy & Governance (to 25/03/2019)	100%
Mr BG Jenner (Chair from 01/01/17)	05/11/2010 Re-appointed with effect from 05/11/2014 Appointment extended to 31/12/2018	4 years	31/12/2018	Independent member	Strategy & Governance Remuneration Nominations	100%

	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees Served	Attendance at Corporation Board, 1 August 2018 – 31 July 2019
Mr M Johnstone	30/03/2017	4 years	11/09/2019	Independent member	Audit	40%
Mrs A Kennedy	01/01/2019	4 years		Independent member	Audit	100%
Dr T Lincoln	05/04/2011 Reappointed 26/3/15, with effect from 05/04/2015	4 years	04/04/2019	Independent member	Strategy & Governance, Curriculum & Quality	100%
Mr G Maitland-Smith (Chair from 1.1.19)	15/10/2015 Reappointed with effect from 15/10/2019	4 years		Independent member	Audit Committee (to 31/12/2018) Strategy & Governance (to 25/03/2019) Remuneration (from 01/01/2019) Nominations (from 01/01/2019)	100%
Mr A Mumford	04/07/2018	4 years		Independent member	Audit	100%
Mr A Petruso	13/10/2016	4 years		Staff member (Teaching Staff)	Curriculum & Quality (to 25/02/19) Finance & General Purposes (from 23/04/2019)	100%
Mr J Revis	05/06/2013 Re-elected 15/06/2017	4 years		Staff member (Business Support Staff)	Finance & General Purposes	100%
Dr S Vickers	30/03/2017	4 years		Independent Member	Curriculum & Quality (to 25/03/2019) Audit (from 23/04/2019)	20%
Prof SJ Wellington	15/10/2015 Reappointed with effect from 15/10/2019	4 years		Independent member	Finance & General Purposes (from 23/04/2019) Curriculum & Quality to 25/03/2019) Remuneration	100%
Mr E Pereira	17/10/2019	2 years		Student Governor		100%
Mr K Gregory	09/12/2019	2 years		Student Governor		
Ms L Coppock	10/12/2018	2 years	05/07/2019	Student Governor	Curriculum & Quality (to 25/03/2019)	67%

Average attendance at Corporation Board meetings was 86% against a national mean average attendance rate (across 115 colleges) of 81.4%. Attendance at both Corporation Board and Committee meetings was 87%.

Mrs R Reavley acts as Clerk to the Corporation.

It is the Corporation Board's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Corporation Board 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, student voice and personnel-related matters such as health and safety and environmental issues. The Corporation Board meets at least once each term.

The Corporation Board conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation Board. These committees are Finance and General Purposes, Curriculum and Quality (closed on 25 March, 2019), Remuneration, Nominations, Strategy and Governance (closed on 25 March 2019), and Audit. Minutes of all meetings, except those deemed to be confidential by the Corporation Board, are available on the College's website at www.abingdon-witney.ac.uk or are available from the Clerk to the Corporation Board at:

Abingdon and Witney College
Wootton Road
Abingdon
Oxon OX14 1GG

Governors also contributed to the success of the College through, for example, the Link Governor Scheme with faculties and business areas, and through participation in student enterprise events.

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 compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole. Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided to governors periodically.

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

There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

Training and Induction

Governors are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role. New Governors undergo an orientation to brief them on: their legal obligations under charity and company law, the Charity Commission guidance on public benefit, and inform them of the content of Corporation Board's governing documents, the committee and decision-making processes, the strategy, business plan and recent financial performance of the College. During the induction day they meet key employees and other Governors. Governor training on Safeguarding and on Prevent is up to date. Governors receive the weekly Association of Colleges (AoC) Chief Executive's Briefing. Association of Colleges webinars were accessed by some governors. The Chair attended the AoC Annual Conference and participated in the ETF Chair's Leadership Programme starting in March 2019. A staff governor participated in the AoC Staff Governor Conference. An independent Governor attended both the Landex Annual Conference and participated in the ETF Pilot module on Committee chairing. Independent Governors used the Link Governor Scheme to deepen their understanding of particular areas of College activity.

Appointments to the Corporation

Any new appointments to the Corporation Board are a matter for the consideration of the Corporation Board as a whole. The Corporation Board has a search committee (the Nominations Committee) consisting of three external members of the Corporation Board, which is responsible for the selection and nomination of any new external member for the Corporation Board's consideration. The Nominations Committee Annual Report 2018-19 was received by the Corporation Board in October 2019. The Corporation Board is responsible for ensuring that appropriate training is provided as required.

External members of the Corporation Board are appointed for a term of office not exceeding four years and may be re-appointed for a further period of four years, in accordance with a recommendation in the Code.

Corporation Performance

The Corporation Board's governance assessment report 2018-19 was considered by the Corporation Board at its October 2019 meeting. This confirmed the contention that the Corporation Board is, broadly, high performing. Committees reflected on their work, routinely at the end of each meeting. No shortcomings have been identified.

Remuneration committee

Throughout the year ended 31 July 2019 the College's Remuneration Committee comprised three members of the Corporation Board. The Committee's responsibilities are to make recommendations to the Corporation Board on the remuneration and benefits of the Accounting Officer and the Clerk.

Details of remuneration for the year ended 31 July 2019 are set out in note 6 to the financial statements.

Audit committee

The Audit Committee comprised two members of the Corporation Board, (excluding the Principal as Accounting Officer and Chair), and one co-opted non-governor member. The Committee operates in accordance with written terms of reference approved by the Corporation Board.

The Audit Committee met on a termly basis and provided a forum for reporting by the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also received and considered reports from the main FE funding bodies as they affected the College's business.

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

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

Internal control

Scope of responsibility

The Corporation Board is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation Board 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 Abingdon and Witney College and the funding bodies. The Principal is also responsible for reporting to the Corporation Board 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 Abingdon and Witney College for the year ended 31 July 2019 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation Board 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 Board

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 ended 31 July 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Audit Committee.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation Board;
- regular reviews by the Corporation Board of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance.

The College uses independent internal auditors, which operate in accordance with the requirements of the Education and Skills Funding Agency *Post 16 Audit Code of Practice*. The work of the internal auditors 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. Annually, the Internal Audit Service (IAS) provides the Corporation Board with a report on internal audit activity in the College. The report includes the independent opinion of the IAS on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

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

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation Board's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2019 meeting, the Corporation Board carried out the annual assessment for the year ended 31 July 2019 by considering documentation from the senior management team and internal audit. Events since 31 July 2019 were taken into account at the December 2019 Corporation Board meeting.

Based on the advice of the Audit Committee and the Principal as Accounting Officer, the Corporation Board 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".

Approved by order of the Corporation Board on Monday 9 December 2019 and signed on its behalf by


Gavin Maitland-Smith

Chair


Di Batchelor

Accounting Officer

Corporation Board's statement on the College's regularity, propriety and compliance

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

We confirm, on behalf of the Corporation, that to after due enquiry and to the best of its knowledge, the Corporation believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the ESFA's terms and conditions of funding under the College's grant funding agreements and contracts.

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


Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Report of the Corporation Board. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College currently has £5,953k (2017/18 £6,313k) of loans outstanding with bankers on varying terms. In addition, the college has an overdraft facility of £500k, which is currently unused. 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. The college produces monthly management accounts which include a 12 month rolling cash flow and a statement on compliance with bank covenants. Governors approve the ESFA financial plan which incorporates the current year, year 1 budget and year 2 forecast. Financial and operating risks are reflected in the risk register which is updated monthly and high level risks are presented on a termly basis to the Audit Committee and Corporation Board for discussion.

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.

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



Gavin Maitland-Smith

Chair



Di Batchelor

Accounting Officer

Statement of the responsibilities of the members of the Corporation

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

Within the terms and conditions of the College's grant funding agreements and contracts with the ESFA the Corporation, through its accounting officer, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice, which give a true and fair view of the state of affairs of the College and its surplus/deficit.

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.

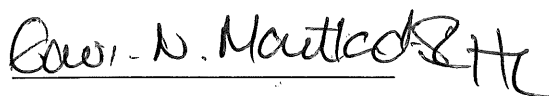
The Corporation is also required to prepare a members' report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation, including the Further and Higher Education Act 1992, the Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Corporation Board 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.

The 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 ESFA are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time. The 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, the Members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the ESFA are not put at risk.

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



Gavin Maitland-Smith, Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CORPORATION

Year ended 31 July 2019

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2019 and of the surplus for the year then ended;
- have been properly prepared in accordance with the 2015 Statement of Recommended Practice Accounting for Further and Higher Education.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CORPORATION OF ABINGDON AND WITNEY COLLEGE (CONTINUED)

Year ended 31 July 2019

material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the members' report or operating and financial review or the statement of corporate governance and internal control.

We have nothing to report in respect of the following matters in relation to which the Post 16 Audit Code of Practice issued jointly by the Skills Funding Agency and the Education Funding Agency (March 2018) requires us to report to you if our opinion:

- adequate accounting records have not been kept; or
- the annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

Responsibilities of Governors

As explained more fully in the Governors' responsibilities statement, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CORPORATION OF
ABINGDON AND WITNEY COLLEGE (CONTINUED)**

Year ended 31 July 2019

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governors.
- Conclude on the appropriateness of the Governors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



MHA MACINTYRE HUDSON

Chartered Accountants & Statutory Auditor

New Bridge Street House

30-34 New Bridge Street

London

EC4V6BJ

Date... 02/12/19

REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY

In accordance with the terms of our engagement letter and further to the requirements of the financial memorandum/funding agreement with the ESFA 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 Abingdon and Witney College during the period 1 August 2017 to 31 July 2018 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of Abingdon and Witney College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Basis of opinion

We conducted our engagement in accordance with the Code issued by the Department. We performed a limited assurance engagement as defined in that framework.

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

REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY (CONTINUED)

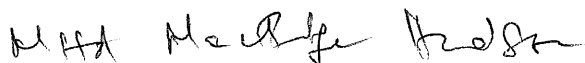
A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a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

- 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 relevant framework;
- Reviewing the Corporation minutes relevant to our consideration of regularity;
- Testing transactions with related parties;
- Testing a sample of payments to suppliers and a sample of payroll payments to staff.

Opinion

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 year 1 August 2018 to 31 July 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



MHA MACINTYRE HUDSON

Chartered Accountants & Statutory Auditor

New Bridge Street House

30-34 New Bridge Street

London

EC4V6BJ

Date..... 12/12/19

Abingdon and Witney College

Statement of Comprehensive Income for the year ended 31 July

	Notes	2019 £'000	2018 £'000
INCOME			
Funding body grants	2	18,538	17,483
Tuition fees and education contracts	3	3,003	3,315
Other income	4	934	689
Investment income	5	-	3
Total income		22,475	21,490
EXPENDITURE			
Staff costs	6	15,874	15,376
Other operating expenses	7	5,786	4,908
Depreciation	10	2,182	2,247
Interest and other finance costs	8	463	493
Total expenditure		24,305	23,024
Deficit before other gains and losses		(1,830)	(1,534)
Loss on disposal of assets		-	-
Deficit before tax		(1,830)	(1,534)
Taxation	9	-	-
Deficit for the year		(1,830)	(1,534)
Actuarial (loss) / gain in respect of pensions schemes		(2,793)	4,363
Total Comprehensive Income for the year		(4,623)	2,829

Abingdon and Witney College

Statement of Changes in Unrestricted Reserves

	Unrestricted Reserves
	£'000
Restated Balance at 1 August 2017	3,342
Deficit from the income and expenditure account	(1,534)
Other comprehensive income	4,363
Balance at 31 July 2018	6,171
Deficit from the income and expenditure account	(1,830)
Other comprehensive income	(2,793)
Balance at 31 July 2019	1,548

Abingdon and Witney College

Balance sheet as at 31 July

	Notes	2019 £'000	2018 £'000
Non-current assets			
Tangible Fixed assets	10	42,332	42,622
		42,332	42,622
Current assets			
Stocks		109	88
Trade and other receivables	11	1,146	826
Cash and cash equivalents	16	1,795	2,015
		3,050	2,929
Less: Creditors – amounts falling due within one year	12	(4,262)	(3,768)
Net current liabilities		(1,212)	(839)
Total assets less current liabilities		41,120	41,783
Creditors – amounts falling due after more than one year	13	25,610	26,306
Provisions			
Defined benefit obligations	15	13,398	8,726
Other provisions	15	564	580
		13,962	9,306
Total net assets		1,548	6,171
Unrestricted Reserves			
Income and expenditure account		1,548	6,171
Total unrestricted reserves		1,548	6,171

The Financial Statements on pages 27 to 45 were approved by the Corporation on 9 December 2019 and were signed on its behalf on that date by:

Gavin Maitland-Smith

Gavin Maitland-Smith
Chair

Di Batchelor

Di Batchelor
Accounting Officer

Abingdon and Witney College**Statement of Cash Flows**

	2019	2018
	£'000	£'000
Cash flow from operating activities		
(Deficit) for the year	(1,830)	(1,534)
Adjustment for non-cash items		
Depreciation	2,182	2,247
(Increase)/Decrease in stocks	(21)	18
(Increase) in debtors	(320)	(323)
Increase/(Decrease) in creditors due within one year	494	(159)
(Decrease)/Increase in creditors due after one year	(336)	1,738
(Decrease) in provisions	(48)	(34)
Pensions costs less contributions payable	1,631	1,378
Adjustment for investing or financing activities		
Investment income	-	(3)
Interest payable	463	493
Loss on sale of fixed assets	-	-
Net cash flow from operating activities	2,215	3,821
Cash flows from investing activities		
Investment income	-	3
Payments made to acquire fixed assets	(1,892)	(3,503)
	(1,892)	(3,500)
Cash flows from financing activities		
Interest paid	(183)	(157)
Repayments of amounts borrowed	(360)	(360)
	(543)	(527)
(Decrease)/increase in cash and cash equivalents in the year	(220)	(206)
Cash and cash equivalents at beginning of the year	2,015	2,221
Cash and cash equivalents at end of the year	1,795	2,015

Notes to the Accounts

1. Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007, the Accounts Direction for 2016 to 2017 financial statements and in accordance with Financial Reporting Standard 102: The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102. Prior year comparative figures have been restated where appropriate.

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Going concern

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

The College currently has £5,953k (2016/17 £6,313k) of loans outstanding with banks on varying terms. In addition, the College has an overdraft facility of £500k, which is currently unused. 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. The College produces monthly management accounts which include a 12 month rolling cash flow and a statement on compliance with bank covenants. Governors approve the SFA financial plan which incorporates the current year, year 1 budget and year 2 forecast. Financial and operating risks are reflected in the risk register which is updated monthly and high-level risks are presented on a termly basis to the Audit Committee and full Board for discussion.

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

Recognition of income

The recurrent grant from HEFCE (OFS from 1/4/18) represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

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

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

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

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.

Post-retirement benefits

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

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 21, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Enhanced pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension calculations 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. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 40 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 40 years.

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

Land and buildings (continued)

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

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

On adoption of FRS 102, the College followed the transitional provision 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.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

- market value of the fixed asset has subsequently improved
- asset capacity increases
- substantial improvement in the quality of output or reduction in operating costs
- significant extension of the asset's life beyond that conferred by repairs and maintenance

Equipment and other assets

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at valuation.

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

- major refurbishments – 20 years
- building improvements – 10 years
- motor vehicles – 5 years
- computer equipment – 3 to 5 years
- furniture, fixtures and fittings – 7 years

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1 August 2015 are spread over the minimum lease term.

Stocks

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

Financial liabilities and equity

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

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

Foreign currency translation

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

Taxation

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

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

Liquid resources

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

Provisions

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

Agency arrangements

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 21, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants

	2019	2018
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency - adult	4,555	4,485
Education and Skills Funding Agency – 16-18	9,593	9,574
Education and Skills Funding Agency - apprenticeships	1,726	1,158
Education and Skills Funding Agency – contract for services	142	-
Education and Skills Funding Agency – Transition Unit Grant	100	-
Local Authority	1,328	1,243
Specific grants		
Releases of government capital grants	1,094	1,023
Total	18,538	17,483

3 Tuition fees and education contracts

	2019	2018
	£'000	£'000
Adult education fees	1,627	1,643
Total tuition fees	<u>1,627</u>	<u>1,643</u>
Education contracts	1,376	1,672
Total	<u>3,003</u>	<u>3,315</u>

4 Other income

	2019	2018
	£'000	£'000
Catering and residences	283	314
Other grant income	311	137
Miscellaneous income	340	238
Total	<u>934</u>	<u>689</u>

5 Investment income

	2019	2018
	£'000	£'000
Other interest receivable	-	3
Total	<u>-</u>	<u>3</u>

6 Staff costs

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

	2019	2018
	No.	No.
Teaching staff	149	142
Non-teaching staff	236	240
	<u>385</u>	<u>382</u>
Staff costs for the above persons		
	2019	2018
	£'000	£'000
Wages and salaries	11,836	11,599
Social security costs	971	969
Other pension costs	3,067	2,808
Total Staff Costs	<u>15,874</u>	<u>15,376</u>

Other pension costs include £1,897k for S28 FRS102 adjustments (£1,670k 2017/18).

Key management personnel

The Principal has authority and responsibility for planning, directing and controlling the activities of the College. Staff costs include compensation paid to key management personnel for loss of office.

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

	2019	2018
	No.	No.
The number of key management personnel including the Accounting Officer was:	5	5

Key management personnel

	2019	2018
	No.	No.
Less than £60,000 p.a.	-	1
£60,001 to £65,000 p.a.	-	-
£65,001 to £70,000 p.a.	-	-
£70,001 to £75,000 p.a.	2	2
£75,001 to £80,000 p.a.	-	-
£80,001 to £85,000 p.a.	2	1
£130,000 to £135,000 p.a.	1	1
	<u>5</u>	<u>5</u>

No other staff received £60,000 or above.

Key management personnel emoluments are made up as follows:

	2019	2018
	£'000	£'000
Salaries	449	416
Employers national insurance	56	52
Benefits in kind	-	-
	<u>505</u>	<u>468</u>
Pension contributions	56	66
Total emoluments	<u>561</u>	<u>534</u>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place. The prior year comparative has been restated.

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

	2019	2018
	£'000	£'000
Salaries	135	130
Employers national insurance	17	17
Benefits in kind	-	-
	<u>152</u>	<u>147</u>
Pension contributions	11	21
	<u>163</u>	<u>168</u>

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

6 Staff costs (continued)

Relationship of Principal's pay and remuneration expressed as a multiple:

	2019	2018
Principal's basic salary as a multiple of the median of all staff	5.2	5.2
Principal's total remuneration as a multiple of the median of all staff	5.2	5.2

7 Other operating expenses

	2019	2018
	£'000	£'000
Teaching costs	3,412	2,887
Non-teaching costs	1,524	1,183
Premises costs	850	838
Total	5,786	4,908

Other operating expenses include:

	2019	2018
	£'000	£'000
Auditor's remuneration:		
Financial statements audit	24	23
Internal audit	7	15
Hire of assets under operating leases	71	17
	102	55

8 Interest and other finance costs

	2019	2018
	£'000	£'000
On bank loans:	184	154
	184	154
Pension finance costs (Note 21)	279	339
Total	463	493

9 Taxation

	2019	2018
	£'000	£'000
United Kingdom corporation tax at 19 per cent	-	-
Total	-	-

10 Tangible fixed assets	Land and buildings	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 August 2018	52,303	6,511	296	59,110
Additions	1,692	197	3	1,892
Transfers	296	-	(296)	-
Disposals	-	-	-	-
At 31 July 2019	54,291	6,708	3	61,002
Depreciation				
At 1 August 2018	11,458	5,030	-	16,488
Charge for the year	1,563	619	-	2,182
Elimination in respect of disposals	-	-	-	-
At 31 July 2019	13,021	5,649	-	18,670
Net book value at 31 July 2019	41,270	1,059	3	42,332
Net book value at 31 July 2018	40,845	1,481	296	42,622

Transfers are assets in the course of construction that have been subsequently capitalised when the work has been completed.

11 Debtors

	2019	2018
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	236	168
Other debtors	12	7
Prepayments and accrued income	504	457
Amounts owed by funding bodies	394	194
Total	1,146	826

12 Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Bank loans and overdrafts	360	360
Trade payables	1,109	509
Other taxation and social security	241	227
Accruals and deferred income	1,203	1,422
Deferred income - government capital grants	1,115	1,023
Other creditors	119	99
Oxfordshire Adult Learning	60	120
Amounts owed to the Education and Skills Funding Agency	55	8
Total	4,262	3,768

13 Creditors: amounts falling due after one year

	2019	2018
	£'000	£'000
Bank loans	5,593	5,953
Oxfordshire Adult Learning	100	209
Deferred income - government capital grants	19,917	20,144
Total	<u><u>25,610</u></u>	<u><u>26,306</u></u>

Oxfordshire Adult Learning relates to transitional funding received from Oxfordshire County Council following the transfer of the service on 1 June 2015.

14 Maturity of debt

Bank Loans

Bank loans are repayable as follows:

	2019	2018
	£'000	£'000
In one year or less	360	360
Between one and two years	360	360
Between two and five years	1,080	1,080
In five years or more	4,153	4,513
Total	<u><u>5,953</u></u>	<u><u>6,313</u></u>

Barclays bank plc have a Legal Charge over Witney campus as security on their loans totalling £6,079k.

15 Provisions

	Defined benefit obligations	Enhanced pensions	Total
	£'000	£'000	£'000
At 1 August 2018	8,726	580	9,306
Expenditure in the period	1,897	(34)	1,863
Additions in period	-	-	-
Actuarial (gain)/loss	2,775	18	2,793
At 31 July 2019	<u><u>13,398</u></u>	<u><u>564</u></u>	<u><u>13,962</u></u>

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

15 Provisions (continued)

	2019	2018
Interest rate	2.3%	2.3%
Inflation rate	1.3%	1.3%

16 Cash and cash equivalents

	At 1 August 2018	Cash flows	At 31 July 2019
	£'000	£'000	£'000
Cash and cash equivalents	2,015	(220)	1,795
Total	<u>2,015</u>	<u>(220)</u>	<u>1,795</u>

17 Capital and other commitments

	2019	2018
	£'000	£'000
Commitments contracted for at 31 July	<u>72</u>	<u>1,590</u>

18 Lease obligations

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

	2019	2018
	£'000	£'000
Other		
Not later than one year	70	22
Later than one year and not later than five years	147	68
Later than five years	-	-
	<u>217</u>	<u>90</u>

19 Contingent liabilities

The are no contingent liabilities (2018 – none).

20 Events after the reporting period

There are no events after the reporting period that need to be adjusted for or noted in these financial statements.

21 Defined benefit obligations

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

Total pension cost for the year	2019	2018
	£000	£000
Teachers' Pension Scheme: contributions paid	794	779
Local Government Pension Scheme:		
Contributions paid	689	698
FRS 102 (28) charge	1,631	1,378
Charge to the Statement of Comprehensive Income	<u>3,114</u>	<u>2,855</u>
Enhanced pension charge to Statement of Comprehensive Income	-	-
Total pension cost included within staff costs	<u>3,114</u>	<u>2,855</u>

Teachers' pension scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). 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

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 Public Service Pensions Act (2013) 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 – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

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 valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

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

The pension costs paid to TPS in the year amounted to £794,000 (2018: £779,000)

21 Defined benefit obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Oxfordshire County Council. The total contributions made for the year ended 31 July 2019 were £1,042k, of which employer's contributions totalled £689k and employees' contributions totalled £353k. The agreed contribution rates for future years are 14.3% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2019 by a qualified independent actuary.

	At 31 July 2019	At 31 July 2018
Rate of increase in salaries	3.9%	3.6%
Future pensions increase	2.4%	2.4%
Discount rate for scheme liabilities	2.1%	2.8%

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

	At 31 July 2019	At 31 July 2018
	years	years
<i>Retiring today</i>		
Males	22.7	23.4
Females	24.3	25.5
<i>Retiring in 20 years</i>		
Males	24.0	25.6
Females	25.7	27.8

Movement in net defined benefit liability during year

	2019	2018
	£'000	£'000
Net defined benefit liability in scheme at 1 August	(8,716)	(11,407)
Movement in year:		
Current service cost	(2,558)	(2,281)
Employer contributions	927	913
Net interest on the defined (liability)/asset	(266)	(326)
Actuarial (loss) / gain	(2,775)	4,385
Net defined benefit liability at 31 July	(13,388)	(8,716)

Asset and liability reconciliation

	2019	2018
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	32,959	32,753
Current service cost	2,558	2,287
Interest cost	954	913
Contributions by Scheme participants	332	341
Experience gains and losses on defined benefit obligations	-	-
Changes in financial assumptions	3,634	(2,829)
Estimated benefits paid	(577)	(506)
Defined benefit obligations at end of period	39,860	32,959

21 Defined benefit obligations (continued)

Changes in fair value of plan assets

Fair value of plan assets at start of period	24,243	21,356
Interest on plan assets	688	587
Return on plan assets	859	1,556
Actuarial gains	-	-
Employer contributions	927	909
Contributions by Scheme participants	332	341
Estimated benefits paid	(577)	(506)
Administration expenses	-	-
Fair value of plan assets at end of period	<u>26,472</u>	<u>24,243</u>

	Fair Value at 31 July 2019	Fair Value at 31 July 2018
	£'000	£'000
Equities	18,530	16,970
Bonds	4,765	4,365
Property	1,853	1,697
Cash	1,324	1,212
Total fair value of plan assets	<u>26,472</u>	<u>24,243</u>

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

	2019	2018
	£'000	£'000
Fair value of plan assets	26,472	24,243
Present value of plan liabilities	(39,860)	(32,959)
Present value of unfunded liabilities	(10)	(10)
Net pensions (liability)/asset (Note 15)	<u>(13,398)</u>	<u>(8,726)</u>

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

	2019	2018
	£'000	£'000
Amounts included in staff costs		
Current service cost	1,631	1,378
Past service cost	-	-
Total	<u>1,631</u>	<u>1,378</u>

	2019	2018
	£'000	£'000
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	859	1,556
Settlements and curtailments	-	-
Changes in assumptions underlying the present value of plan liabilities	(3,634)	2,829
Amount recognised in Other Comprehensive Income	<u>(2,775)</u>	<u>4,385</u>

22 Related party transactions

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

The College was the lead sponsor of the Propeller Academy Trust until May 2018. The Principal and Chief Executive, Ms D Batchelor, is a governor of the trust and a member of the company. During the year the College supplied services to the Trust totalling £11k (2017/2018 £7k).

The Principal was also a director of the Association of South East Colleges during the year to which payments of £3k were made (2017/2018 £3k).

The Principal is a board member of the Oxfordshire Local Enterprise Partnership (OXLEP). During 2018/2019 the College received payments totalling £913k from OXLEP in relation to pre-approved capital projects (2017/2018 £2,995k).

A current governor, Professor S Wellington, was Associate Dean, Faculty of Technology, Design and Environment, at Oxford Brookes University, from whom the College received £1,195k (2017/2018 £1,419k) on normal commercial terms for services rendered during the year. The College made payments totalling £70k to Oxford Brookes University (2017/2018 £29k) during the year.

Mr R File, works as Property Director to Blenheim Estate. The College made payments of £3k to Blenheim (2017/2018 £2k) during the year.

Ms V Field is a trustee of The Mills Art Centre. The College made payments totalling £19k during the year (2017/2018 £14k).

The total expenses paid to or on behalf of the Governors during the year was £1k; 4 governors (2017/2018: £2k; 3 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and other events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2017/2018: nil)

23 Amounts disbursed as agent

Learner support funds

	2019	2018
	£'000	£'000
Funding body grants – hardship support	134	110
Funding body grants – childcare support	104	124
SFA – 24+ Loans Bursary	-	-
	<hr/>	<hr/>
	238	234
Disbursed to students	(178)	(231)
Administration costs	(7)	(9)
Balance unspent/(to be recovered) as at 31 July	<hr/> 53 <hr/>	<hr/> (6) <hr/>

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

