



Financial Statements

for the year ended 31 July 2017

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Stoke on Trent College Operating and Financial Review for the period from 1 August 2016 to 31 July 2017

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2017.

1 Legal Status

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Stoke on Trent College. The College is an exempt charity for the purposes of The Charities Act 1993 as amended by the Charities Act 2011.

2 Vision and Objectives

The College's vision, as approved by its members, is:-

"To provide young people and adults with the technical and personal skills they need to gain employment, to progress their careers and so to contribute to the City's economic, social and cultural development. Our successful students will help to create a flourishing city"

Public Benefit

Stoke on Trent College is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 18-21.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

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

Strategic Objectives 2015-2018

The College reviews its strategic objectives and associated targets on a regular basis. In respect of the years 2015-2018 these are:

- Work with employers and provide them with skilled new employees and support their existing workforce to improve their skills which results in tangible business benefits.
- Deliver outstanding teaching, learning and assessment which improves the quality of provision and learner outcomes and enables all learners to achieve their full potential.
- Plan, manage and deliver a range of learning opportunities based on the local and national economic and social context.

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- Develop a College community that is a highly fulfilling place to study and work and is embedded in its core values.
- Develop substantial commercial income to reduce Agency dependency and strengthen the College's financial health.
- Protect and manage the long-term financial health of the College.

Our Values

- **Ensure opportunities for all:** widen participation and access.
- **Teaching, learning and assessment:** at the heart of everything we do; our most important pursuit.
- **Commitment to excellence and continuous improvement:** high standards and expectations of students, ourselves and colleagues; challenging, honest and rigorous self-evaluation; seeking and sharing best practice; developing solution-orientated attitudes.
- **Respect and value individuals:** treat everyone with respect, dignity and courtesy; recognise everyone is unique; celebrate diversity; strive to meet individual needs; prioritise learners and promote a united staff culture.
- **Behave honestly and with integrity:** adopt an ethical and transparent approach to working with all users and stakeholders.

3 Performance indicators

FE Choices (formerly the "Framework for Excellence") has four key performance indicators:

- Achievement rates
- Learner destinations
- Learner satisfaction
- Employer satisfaction

The College is committed to observing the importance of the sector measures and indicators and uses the FE Choices data available 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 College is assessed by the ESFA as having an "Inadequate" financial health grading.

OFSTED

The College was last inspected in September 2016 and achieved an overall outcome of 'Requires Improvement'. The previous Inspection had been grade 2 (Good).

4 Financial Objectives

The College's financial objectives are:-

- Work to achieve a sound financial base (solvency and liquidity)
- Maintain financial management by producing management accounts each month, incorporating an income and expenditure account, balance sheet, 12-month rolling cash-flow forecast, capital expenditure, financial performance indicators, staffing information and funding information (including plans)
- Strengthening procedures for testing the desirability and affordability of any proposals which have a financial implication

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- Undertake post-implementation review procedures to assess the success or otherwise of major investments or projects.
- Maintaining the confidence of funding bodies, banks, suppliers and professional advisers
- Raising awareness of financial issues

Reserves

The College does not have a formal Reserves Policy, but recognises the importance of reserves in the financial stability of the organisation, whilst ensuring that adequate resources are provided for the College's core business. The College currently holds no restricted reserves. It is the Corporation's intention to increase the level of reserves by the generation of annual cash surpluses.

5 Financial Results

The inclusion of FRS102 (pension) one-off property strategy and 'Fresh Start' costs have a significant impact on the presentation of the accounts. The table below shows the financial outturn position excluding FRS102 charges and other exceptional items.

	2017 £'000	2016 £'000
Deficit before other gains / losses	(1,610)	(2,278)
Exclude pension accounting adjustments	1,443	1,345
Exclude exceptional restructuring costs	586	305
Exclude exceptional property costs	(9)	427
Exclude provision for onerous lease	-	129
Exclude Annual leave accrual	(54)	140
Professional fees associated with 'Fresh Start'	155	-
VAT Refund	(94)	-
Underlying Operating Surplus	417	68

Financial performance is measured at one level using sector specific EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) as a percentage of cash income. For the 2016/17 financial year, EBITDA was at a level of 5.7%

The College has accounted for 100% of its EFA funding as there is no reconciliation process and 100% of its total Adult Funding allocation.

The actuarial review at 31 July 2017 of the Staffordshire County Council Pension Fund has seen an increase in the net discount rate over this period to 2.7%, and strong asset returns. In addition to this the fund 'remeasurements' have significantly influenced the valuation. As a result, the Fund deficit attributable to the College has decreased from £24.6m at 31 July 2016 to £16.1m at 31 July 2017.

After the recognition of the total comprehensive income in the year, capital movements, and the impact of the reduced LGPS pension liability, the total balance sheet net liabilities reduced from £20.6m (2015/16) to £12.4m (2016/17).

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Due to the College's weak financial position, a notice of Financial Concern was issued to the College in October 2014. The Corporation has taken full note of the Notice contents and has worked tirelessly to recover from the reported position. Following its issue, the College was the subject of a review by the FE Commissioner. His report is available on the 'BIS' website. The assessment made regarding Going Concern is set out on page 31. On the 26th October 2015, the College was formally removed from FE Commissioner Intervention. However, as the College is in receipt of a BIS loan, the notice remains in place.

6 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. Wherever possible, positive cash balances are held in interest bearing accounts, the availability of which is matched to the College's planned expenditure.

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

7 Cash Flows

There was a net cash inflow from operating activities for the year of £912k. (2015/16 inflow £1.3m) After taking account of capital flows, the net debt position reduced from £14.8m (2016) to £13.4m (2017).

8 Liquidity

The College has been cash positive throughout the financial year and at 31 July 2017 had cash balances at bank and in-hand of £474k (2016: £583k).

At 31 July 2017 total bank loans and BIS loan outstanding amounted to £13.854m (2016: £15.4m). The College also maintained a small overdraft facility which was not required in-year. Further details are provided in Notes 14, 15 and 16. As set out in the notes, the College breached its bank covenants at 31st July 2017. As a result of this, the bank is currently able to request immediate repayment of its loans and they are therefore shown as short term liabilities in the balance sheet. However, the College does not anticipate this right will be exercised on the basis of recent discussions with the bank and the fact that it was in a similar position in 2014, 2015 and 2016, when the bank acknowledged the breaches but reserved their rights in relation to calling in the loans.

9 CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2016/17 the College has delivered activity that has produced £17.5m (2015/16 £18.3m) in funding body main allocation funding. The decrease in income follows a reduction in the number of EFA funded learners. The College had approximately 8,000 students.

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Student achievements

Overall, retention in 2016/17 was 86.1%, which was a decline of 5% when compared to 2015/16 (91.1%). Overall achievement has also declined slightly to 82.8% when compared to 2015/16 (84.6%); however, overall pass rates have improved to 96.1% (2015/16: 92.8%). For 16-18 learners in 2016/17 retention was 79.4% (2015/16: 87.2%) with contributed to a 1.1% decline in achievement to 75% (2016/17: 76.1%). Of those learners retained, pass rates were high at 94.5% (2015/16: 87.4%). Retention for adult learners was 89.8% (2015/16: 93.0%) with a slight decline in achievement 87% (2015/16: 88.4%). Despite this, pass rates improved 96.9% (2015/16: 95.0%).

Overall achievement (all ages) for apprenticeships was 66.9% (2015/16: 69.6%), with timely achievement (all ages) at 56.8% compared to 58.1% in 2015/16. Overall achievement for 16-18 apprenticeships was 66.8% (2015/16: 71.8%) with timely achievement at 57.1% compared to 58.1% in 2015/16. Overall achievement for adult (19+) apprentices was 67% (2015/16: 68.6%) with a timely achievement for adult apprentices of 56.7% (2015/16: 58.1%).

Curriculum developments

In 2017, the College completed the education, training and curriculum rationale, which sets out the educational character of the organisation. The vision for the Stoke on Trent College curriculum offer is driven by the College Strategic Ambitions & Mission. The College will be a key partner in delivering the LEP Strategic Plan for economic priorities and is therefore driven by the local economic need. The resulting Curriculum Plan focuses on the College's core business with a "back to basics" approach with an assiduous emphasis on quality improvement. In order to achieve this the College will:

- Position itself as the College for business, enterprise, and careers.
- Develop a curriculum that offers seamless progression from Entry to HE, Apprenticeship programmes and/or Employment.
- Ensure the curriculum meets the contemporary needs of government and employers including the phased introduction of 'T' levels, Apprenticeship Standards, the embedding of British Values and the implementation of ILCT in curriculum delivery
- Establish a quality proposition that delivers a good student experience, improved outcomes for learners and grade 2 inspection outcome.
- Improve the reputation of the College by improving learner and employer satisfaction.
- Continue to develop key strategic partnerships to benefit students, employers and the local community.
- Embed English and maths, independent learning and employability skills to provide students with adaptable skills for employment.
- Deliver an Apprenticeship offer that ensures a smooth transition from Frameworks to standards to meet existing, emerging and future skills needs.
- Ensure ongoing review of the curriculum offer to meet the needs of Local, Regional and National labour market.

Educational, Training and Curriculum Rationale

The curriculum plan for the College is derived from the needs of business, enterprise and the communities the College serves. It aims to meet these needs by providing the highest quality vocational, technical and professional education and training.

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The Curriculum strategy covers six key areas:

- Study Programmes for 16-19 year olds
- Adult co-funded Provision, including programmes for the unemployed
- Adult loan provision
- Apprenticeships and Traineeships
- Levy & Non Levy
- HE provision
- Full Cost Commercial
 - School links
 - Employer led Full Cost
 - Indirect Apprenticeships

The underpinning principles of the curriculum plan based on the following objectives:

- Delivery is effective and efficient by: viable group sizes, improved quality offer and delivery hours.
- Delivery makes the best use of high quality specialist resources.
- Delivery methods used for the curriculum are engaging, modern and age/learning style appropriate

Classroom provision:

There was a full strategic review of the curriculum plan undertaken to ensure that the planned offer is fit for purpose, meets the needs of the local, regional and national priorities. This review included the following:

- Full review of organisational structure at middle manager level with the introduction of the Head of Faculty role and the role of team leaders.
- Full review of study programmes for 16-18 learners to deliver an efficient and effective offer utilising appropriate resources across the College.
- Development of new roles in order to support with learner progress and attendance in maths and English,
- Further embedding of wider learning including employability skills, work experience, enrichment and enhancement to broaden the impact of the learner experience and enhance outcomes.
- Development of the revised Teaching, Learning and Assessment framework to improve the quality of delivery and ensure that all learners make progress against their qualification outcomes.
- Development of a target setting performance procedure to support retention and achievement forecasting.

Stoke on Trent College ensures that the 16-19 Study Programme offer is compliant with conditions of funding whilst at the same time providing engaging opportunities for young learners through a range of options to enable their progression into work or further study.

In readiness for the introduction of 'T' qualifications, the College offers study programmes in pathways. Until the introduction of 'T' qualifications, these pathways have a range of qualifications to suit the differing aspirations of securing employment, this pathway to be called 'into work' or moving on to further study, called 'into further study'. All learners aged 16-19 undertake maths and English in Functional Skills, GCSE or further maths and English dependent on their prior attainment when they begin their vocational course. In addition, all learners aged 16-19 undertake work experience as part of their study programme.

Funded provision for the unemployed includes Sector Based Work Academies in Business Administration, Adult Social Care and Bespoke Academies, which are targeted to support

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local employer skills gaps. In addition, the College offers fully funded provision for people who in receipt of Jobseekers Allowance, Employment Support Allowance or Universal Credit.

Adult learner numbers have declined due to the significant cuts in funding experienced by the College over a number of years. Despite this, the College continues to be the largest provider of Adult Learning in the region.

The education attainment of the local population shows that 17% have no formal qualifications, and only 24.5% of adults have level 4+ qualifications (compared to a national average of 37.1%). The curriculum plan does not anticipate any significant growth in Adult provision and the overall income profile will therefore remain stable. The Adult Offer is delivered through a mix of funding streams including fully funded (entitlement provision), co-funded provision including a small number of adult and community learning and loan funding provision which will be dependent on learner status and prior learning achievements:

- Fully funded, entitlement provision in English and maths, ESOL courses for 19+ and pre-employment programme. This is a significant area of provision for the College and includes funded provision for the unemployed together with daytime and evening courses for adults in English and maths.
- First level 2 and level 3 qualifications for 19-23's including LEP priority mixed programmes largely infilled into 16-18 Study Programmes. This funded provision is available to adults across all areas including Access to HE programmes (Health, Science and Medicine), Admin and Professional Studies (AAT).
- Self-funded, Co-Funded and Loan Funded provision. Full college tuition rates will apply and are included in the curriculum planning model and will include
 - Level 3 Diploma, adult infill provision
 - Access to Higher Education courses
 - Higher technical and professional qualifications

Currently, Access to Higher Education course fees paid by an Advanced Learning Loan will be paid back by the government on successful completion of the course and successful completion of a related Higher Education qualification.

- Funded provision for the unemployed. This provision includes Sector Based Work Academies in Business Administration, Adult Social Care and Bespoke Academies, which are targeted to support local employer skills gaps. In addition, the College will offer fully funded provision for people who in receipt of Jobseekers Allowance, Employment Support Allowance or Universal Credit.

Apprenticeships

The College delivers a wide range of Apprenticeships and, during 2016/17, had a significant apprenticeship funding contract. As with all providers, the College faces the challenges of fully implementing the changes associated with the Apprenticeship Levy.

Commercial activity

The College has significant volumes of Indirect Apprenticeships where Apprentices are supported from other commercial providers along with notable employers such as BT and Vodafone. The total income generation is circa £800k (potential to increase with Levy

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funding changes). The College also generates £150k of other commercial income linked to mandated training, technical and professional trades delivery.

Higher Education:

There are currently 223 learners studying HE provision at the College. Under present arrangements, and in the absence of in-house awarding powers, the relationship with HEI partners is crucial in determining the shape of higher education programmes. The College's single partner is Staffordshire University under a franchise arrangement. The College has a progression agreement with Keele University. This year the College has completed the following actions:

- Promotion of the College's Higher Education offer through a more visible and distinct identity
- Maintaining strong relationships with validating University Partners in order to provide a range of progression opportunities.
- Review of the HE offer in order to provide an increased range of progression opportunities for FE learners.

10 Learner Support

Learner Support sits within the area of Learner and Business Support and is responsible for providing a range of support and service functions for College learners, including Safeguarding and personal development, behaviour and welfare. The department also leads on the Learner Involvement Strategy and works with Quality to ensure learner and stakeholder engagement is effective and to allow numerous opportunities for learners to feedback to the College about their experience and be involved in the life of their College. Within the directorate, there are two main areas that have responsibility for key services relating to this: Learning Support and Learner Support and Wellbeing. The Learner Support and Wellbeing ensures that the learner experience is positive, pastoral support needs are met, and learners have a wide and varied range of personal, social, moral, financial, spiritual and cultural development opportunities.

Value for money is achieved by maximising the free input from local services and using, where possible, electronic media to disseminate information. The development of 'Health Zones' on both campuses over the last four years means that the service providers are delivering their services 'in house'. Relevant staff have received training from the Sexual Health Service to enable them to deliver and provide appropriate support to learners and share their experiences with other professionals. This enhances a multi-agency approach to supporting young people and vulnerable adults. 100% of customers rate this service as excellent, very good/good. In addition, 10 Health awareness campaigns run throughout the academic year:

National Sexual Health
Week
Breast Cancer Awareness
World Mental Health Day
World Aids Day
National Obesity Week

World Cancer Day
National Anti-Bullying
National Heart Month
National No Smoking Day
Depression Awareness
Drugs Awareness

The Big Tutorial offer for 16-18 learners (including apprentices) includes tutorials on relevant and key themes such as Risky Business and Staying Safe, Making a

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Difference (Equality and Diversity) and Looking Good, Feeling Great. In addition, there are fourteen e-tutorials that learners can access including Safeguarding, Healthy Minds, Work Experience, Study Skills and Bullying.

The enrichment programme offers a wide range of activities across both campuses such as football, basketball and tennis as well as the opportunity for learners to take part in the Challenge programmes. There is also an Inspirational Speaker Programme plus L3 HE Academy programme in place.

The College Mentor Team assist learners with personal, social welfare related issues which may put them 'at risk' of dropping out of education. Early intervention is paramount to the welfare of our most vulnerable learners. The Student Assistance Team supports learners with their financial and transport applications, removing barriers regarding accessing further education.

There are highly effective and efficient Financial Support systems and processes in place ensuring learners get assistance at their point of need, supporting retention and achievement for vulnerable individuals.

The development of employability skills is embedded within teaching, learning and assessment and is also supported through the delivery of employability programmes in tutorials, which is delivered and monitored by Personal Tutors. There is a Careers team in College who will provide careers related IAG (information, advice and guidance) support to all learners and who develop career plans for full and part time learners. They also provide CV/Interview tutorials and are also responsible for UCAS applications for level 3 learners. The Careers team contributes to the College's Job Shop services and contribute to employability, apprenticeships and employment.

To support the employability skills of all learners, particularly those who are on the study programme, the College has a dedicated team of Work Experience Officers. Their role is to work with each department to ensure all the learners undertake a meaningful work experience opportunity. Due to the increased numbers of learners who require work experience the team are working on efficient methods that support both the learner and the employer. An example of this is when an apprentice is on day release from College, we can send in an able replacement for that day. This method means that the employer does not lose a member of staff for a day and more than one student can benefit from the work placement.

The College's Learning Support Team consists of Learning Support Assistants (LSAs) and Communication Support Workers (CSWs) who provide targeted support for 2,980 learners.

The Learning Support Team provide in support to a range of different learners:

- In class to learners with High Needs
- In class to Learners with Education Health and Care Plans where the plan specifies there is a need
- In class for individual Learners referred for assessment of need for which LSA support has been identified as a requirement
- In class for a group of learners who are operating a low level where needs have been identified
- Out of class for study skills sessions where learners are signposted to additional support
- Loan of specialist equipment such as Dictaphone, laptop with specialist software, reading pens – to encourage independence

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The Head of Learning Support works closely with local authorities in ensuring smooth transition from school for those with plans and also in identifying High Needs funds where appropriate. The funds used effectively to ensure appropriate and adequate staffing that meets the individual needs of the learners and encouraged independence and progression.

The Learning Support Team maintain caseload records to ensure all supported learners have an assessment of need and evidence of support provided. The assessment of need and evidence of support may be included in a Group Profile, ongoing caseload records, on a Summary of Need or Assessment of Need depending on the level of support required and information provided by the learner to the Learning Support Team.

The Learning Support Teams play a key role in supporting the College to meet its duties under the Equality Act 2010 to ensure all learners have equality of opportunity and access to College services.

In 2014 the introduction of the Children and Families Act has placed additional duties on educational institutions to support learners with an Education Health and Care Plan. We currently have 75 plans at the College and 22 at Blackfriars. We have close working relationships with Stoke on Trent and Staffordshire Local Authorities to support the process and identify and cost the support needs of learners with an EHCP to transfer to the College.

The College has a duty under Raising Participation Age legislation to track 16-18 learners and ensure any who withdraw are referred to the Local Authority careers team. An automatic email is generated weekly to advise the LA of learners who withdraw. Schools identify learners at risk of withdrawal prior to their transfer to College and complete a Risk of NEET Index (RONI) Action Plan. All learners in receipt of LSA, CSW or mentor support are robustly tracked and monitored.

The College receives details e.g. learners who are on the Risk of NEET Index (RONI) as identified by schools. Across the City, the RONI cohort is 187; the College cohort is 277. Actions plans are put in place to ensure they are supported appropriately by LSAs or mentors to robustly track and monitor.

11 Future developments

The College aims to increase the financial contribution from its activities as a result of the further application of its financial improvement strategy. In addition, it would like to reduce dependency on monies from the funding agencies, building on increased success with regard to bids for funding from other sources.

12 Resources and Estate developments

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

Tangible resources include the main College sites at Burslem and Cauldon. In addition to the College sites, there is equipment with a net book value of £3.7m employed in the delivery of teaching and learning.

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Financial

The College has £12.4m of net liabilities (after taking account of the £16m defined pension benefit liability and £31.9m deferred capital grants)

People

The College employs 488 people (expressed as full-time equivalents), of whom 241 are teaching staff (2015/16: 505 staff)

Reputation

The College has a strong reputation for the 'value added' experienced by learners and the extent of services offered to employers. The maintenance of this reputation is essential in continuing to attract students and successful external relationships.

Major Estate developments

At the start of the year the College vacated its leased Trinity Street building in Hanley and relocated the provision to its Caudon campus. The lease demises in November 2017.

Two owned buildings were also disposed of during the year. The General Building (located on the Caudon Campus) was sold to an investment company for £700k and a small building known as Lindsay Annexe located in Hanley was sold to Stoke on Trent City Council for £60k.

13 Principal risks and uncertainties

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

Based on the strategic plan, the College undertakes a regular review of the risks to which the College is exposed. This identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions.

A risk register is maintained which is reviewed at each meeting by the Corporation. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

a) Government funding

The College has considerable reliance on continued government funding through the relevant funding bodies. In 2016/17, 77% of the College's revenue was ultimately public funded (2015/16 - 80%) and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at similar levels or on the same terms.

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The College is aware of three issues which may impact on future funding:-

- Ongoing pressures on central Government funding
- Changes to Apprenticeship funding
- Area reviews

This risk is mitigated in a number of ways:-

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the College is rigorous in delivering quality education and training
- Considerable focus and investment is placed on regular dialogue with and maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Engagement with other local providers
- Managing relationships with key funders and stakeholders

b) Tuition fee policy

Ministers have confirmed that the fee assumption remains at 50%. In line with the majority of other Colleges, Stoke on Trent College will seek to increase tuition fees in accordance with the fee assumptions. The risk for the College is that demand falls off as fees increase. This will impact on the growth strategy of the College.

The risk is mitigated in a number of ways:

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

c) Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

d) Post Area review

The Area Review concluded in June 2016 that the College would have until the end of October 2016 to develop an appropriate option to secure sustainability in collaboration with local partners. This was followed by a Structure and Prospects Appraisal (SPA), which was concluded in February 2017 and recommended a 'fresh start' approach as the College had been unable to find a willing strategic partner.

The College was given until 29th September 2017 to formulate a strategic business plan for formal submission to the Transaction Unit for restructuring funds, identifying the necessary financial support required to secure the College's future financial viability. This College is awaiting the outcome of its application for significant financial support in order to address principally, legacy bank debt.

Whilst the outcome of the TU application is awaited, the College is reliant on exceptional financial support in order to meet its working capital requirements and debt servicing obligations.

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14 Stakeholder relationships

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

- Students;
- Sector funding body;
- Transaction Unit;
- FE Commissioner;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Government Offices and Agencies;
- The local community;
- Other FE institutions;
- Its Bank;
- Trade unions;
- Professional bodies

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

15 Equal Opportunities and employment of disabled persons

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

The College's Equal Opportunities Policy, including its Race Relations and Transgender Policies, is published on the College's Intranet site.

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. 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 that are, as far as possible, identical to those for other employees.

16 Disability statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995, as amended by the Special Education Needs and Disability Acts, 2001 and 2005, and in particular, makes the following commitments:

- a) as part of the re-development of the buildings, it has installed lifts and ramps so that most of the facilities will allow access to people with a disability;
- b) specialist equipment is available for use by students;
- c) the admissions policy for all students is described in the College Charter. Appeals against a decision not to offer a place are dealt with under the complaints policy;
- d) the College has made a significant investment in the appointment of lecturers to support students with learning difficulties and/or disabilities;
- e) there are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the

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- provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- f) specialist programmes are described in programme information guides;
 - g) counselling and welfare services are described in the College Charter

17 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 15th December 2017 and signed on its behalf by:-

Signed:



Chair: **Jeremy Cartwright**

Date: **15th December 2017**

Stoke on Trent College
1 August 2016 to 31 July 2017

Stoke on Trent College

Professional advisers

Internal Auditors

Grant Thornton
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Financial Statements and Regularity Auditors

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Bankers

Lloyds Bank Corporate Markets
125 Colmore Row
Birmingham
B3 3SF

Solicitors

Freeths Solicitors
Federation House
Station Street
Stoke on Trent
ST4 2SA

Independent Clerk to the Corporation

Maxine Bagshaw

Stoke on Trent College

Statement of Corporate Governance and Internal Control for the period from 1 August 2016 to 31 July 2017

Corporate Governance

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from the 1st August 2016 to the 31st July 2017 and up to the date of approval of the financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
- iii. having due regard to the UK Corporate Governance Code 2016 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 Board has adopted and complied with the Code. We do not comply with the UK Corporate Governance Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. We have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2017. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on the 27th November 2015.

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.

Stoke on Trent College

Statement of Corporate Governance and Internal Control for the period from 1 August 2016 to 31 July 2017

The Corporation

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

Members (and % attendance at Corporation Board meetings)	Date appointed	Term of Office	Date of Resignation	Status of Appointment	Committee (and % attendance at Committee meetings)
BROMLEY, Neil 100%	14.05.10	4 Years 1st Term. 4 Years 2nd Term, (plus 1 year LSC/SFA Nominee)	12.10.2017	External	Audit (Chair) – until appointed as Interim Chair of the Corporation 100% Finance and Resources 100%
CARTWRIGHT, Jeremy 100%	8.09.17	4 Years 1st Term		External	None
FRENCH, Simon 48%	10.02.17	4 Years 1st Term	16.10.17	External	Curriculum, Quality and Standards 80%
HEYWOOD, David (Vice-Chair) 100%	17.12.10	4 Years 1st Term 4 Years 2nd Term	7.4.17	External	Finance and Resources 100%
JONES, Carol (Chair) 88%	20.12.07	4 Years 1st Term 4 Years 2nd Term 2 Year extension 2015-2017	7.4.17	External	Finance and Resources 100%
JONES, Martin 48%	10.02.17	4 Years 1st Term		External	Audit 0%
NAGI, Pritpal 77%	06.12.13	4 Years 1st Term		External	None
OBADA, Julie 86%	10.02.17	4 Years 1st Term		External	Audit 100%
RICHARDS, Paul 85%	14.05.10	4 Years 1st Term 4 Years 2nd Term, (plus 1 year LSC/SFA Nominee)		External	Finance and Resources 60%
ROBINSON, Sarah (Chief Executive) 100%	01.11.09	Contractual Term	3.3.17	Ex-Officio	Finance and Resources 100%

Stoke on Trent College

Statement of Corporate Governance and Internal Control for the period from 1 August 2016 to 31 July 2017

Members (and % attendance at Corporation Board meetings)	Date appointed	Term of Office	Date of Resignation	Status of Appointment	Committee (and % attendance at Committee meetings)
SAWBRIDGE, Stephen 100%	12.05.17	4 Years 1 st Term		External	Curriculum, Quality and Standards 100%
SMITH, Kevin (Principal) 67%	01.01.15	Contractual Term	23.11.16	Ex-Officio	Finance and Resources 100%
HOPLEY, Dave 100%	23.10.15	4 Years 1 st Term		Staff	Curriculum, Quality and Standards 100% Audit 100%
MCLEARY, Karen 75%	10.03.17	4 Years 1 st Term		Staff	Curriculum, Quality and Standards 75%
TOWNSHEND, Kate 92%	19.10.12	4 Years 1 st Term		Independent	Curriculum, Quality and Standards 80% Audit 100%
VAUGHAN, Rosemary 62%	17.12.10	4 Years 1 st Term 4 Years 2 nd Term		External	Finance and Resources 40%
VEALE, Adrian 100%	21.10.11	4 Years 1 st Term 4 Years 2 nd Term		External	Finance and Resources (Chair) 100%
WASHINGTON, Neil 58%	13.03.15	4 Years 1 st Term	13.7.17	External	Audit 0%
WHITEMORE, Dawn 100%	16.12.16	Contractual term	31.03.17	Interim Principal	Curriculum, Quality and Standards 100%

Stoke on Trent College

Statement of Corporate Governance and Internal Control for the period from 1 August 2016 to 31 July 2017

Members (and % attendance at Corporation Board meetings)	Date appointed	Term of Office	Date of Resignation	Status of Appointment	Committee (and % attendance at Committee meetings)
WHITE, David 100%	27.03.17	Contractual term	14.07.17	Interim Principal	Finance and Resources 100% Curriculum, Quality and Standards 100%
BROWN, Denise 100%	17.07.17	Contractual term		Principal and CEO	Finance and Resources 100% Curriculum, Quality and Standards 100%
BOUGHEY, David 50%	8.09.17	4 Years 1 st Term		External	Finance and Resources 0%

External Co-opted Members	Date appointed	Term of office	Date of Resignation	Status of Appointment	Committee
ANTHONY, Amanda	12.05.17	1 Year 2017/18		Co-optee	Audit 0%
DYER, Yvonne	12.05.17	1 Year 2017/18		Co-optee	Finance and Resources 100%
RIMMINGTON, Ian	17.02.17	4 Years 1 st Term		Co-optee	Curriculum, Quality and Standards 0%
FRENCH, Simon	10.02.17	4 Years 1 st Term		Co-optee	Curriculum, Quality and Standards 0%
Student Governors	Date appointed	Term of office	Date of Resignation	Status of Appointment	Committees
GAUNTLETT, Scarlett 60%	23.10.15	1 Year 2015/16 2 nd Year 2016/17	Term ended 31.07.17	Student	Curriculum, Standards and Quality 0%
ADAMS, Louis 38%	7.10.16	1 Year 2016/17	Term ended 31.07.17	Student	None

Stoke on Trent College

Statement of Corporate Governance and Internal Control for the period from 1 August 2016 to 31 July 2017

Student Governors	Date appointed	Term of office	Date of Resignation	Status of Appointment	Committees
COOPER, Lois 50%	1.08.17	1 Year 2017/18	Term ends 31.07.18	Student	None
BICKLEY, Isabel 100%	12.10.17	1 Year 2017/18	Term ends 31.07.18	Student	None

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

The Corporation is provided with regular and timely information on the overall financial performance of the College, together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters, such as health and safety and environmental issues. The Corporation meets approximately 10 times a year.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation.

These committees are:-

Audit Committee

Finance and Resources Committee

Curriculum, Quality and Standards Committee

The Corporation also established a Transition Steering Group

Audit Committee

The Audit Committee comprises of 4 members of the Corporation (excluding the Accounting Officer and Chair) The Committee operates in accordance with written terms of reference approved by the Corporation.

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

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

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

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

Stoke on Trent College

Statement of Corporate Governance and Internal Control for the period from 1 August 2016 to 31 July 2017

Internal Control

Scope of Responsibility

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

The Corporation has delegated to the Principal, as Accounting Officer, the day-to-day responsibility 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 Stoke on Trent College and the funding bodies. The Principal is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2017 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the year ended 31 July 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed

Stoke on Trent College

Statement of Corporate Governance and Internal Control for the period from 1 August 2016 to 31 July 2017

by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. As a minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management controls and governance processes.

Review of effectiveness

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

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

The Accounting Officer has been advised on the implications of the result of this 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, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and controls 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 12 October 2017 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2017 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2017.

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

Going Concern

The assessment made regarding Going Concern is set out on page 32 and this indicates that there is a material uncertainty that may cast significant doubt on the College's ability to continue as a going concern. However, after making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Stoke on Trent College
Statement of Corporate Governance and Internal Control for the
period from 1 August 2016 to 31 July 2017

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

Signed:

Chair: Jeremy Cartwright

Date: 15th December 2017

.....
Denise Brown

Principal: Denise Brown

Stoke on Trent College

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

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

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

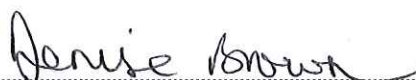
We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.

Signed:



Chair: Jeremy Cartwright

Date: 15th December 2017



Principal: Denise Brown

Stoke on Trent College

Statement of Responsibilities of the Members of the Corporation for the period from August 2016 to 31 July 2017

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

Within the terms and conditions of the financial memorandum 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, and with the College Accounts Direction for 2016 to 2017 issued by the ESFA, which gives a true and fair view of the state of affairs of the group and the parent College and the result for that year.

In preparing the group and parent College 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
- assess the group and parent College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent College or cease operations, or have no realistic alternative but to do so.

The Corporation is also required to prepare an Report of the Governing Body which describes what it is trying to do and how it is going about it, including information about 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 parent College and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for taking steps that are reasonably open to it in order to safeguard the assets of the group or to prevent and detect fraud and other irregularities.

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

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

Stoke on Trent College

Statement of Responsibilities of the Members of the Corporation for the period from August 2016 to 31 July 2017

Approved by order of the members of the Corporation and signed on their behalf by:



Jeremy Cartwright

Chair

15th December 2017

Independent Auditor's Report to the Corporation of Stoke on Trent College ('the Corporation')

Opinion

We have audited the financial statements of Stoke-on-Trent College ("the College") for the year ended 31 July 2017 which comprise the Consolidated and College Statements of Income and Expenditure, the Consolidated and College Statement of Changes in Reserves, the Balance Sheets, the Consolidated Statement of Cash Flows and related notes, including the Statement of Accounting Policies.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2017, and of the Group's and the College's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to the Going Concern disclosures in the Statement of Accounting Policies on page 32 which indicate that the Group and College have net current liabilities of £15,816,000 as at 31 July 2017 and are reliant on the future receipt of grant funding from the DfE's Transaction Unit which has yet to be fully approved, and in the meantime are reliant on the continued availability of bank loans (in respect of which covenants have been breached) and an overdraft, together with short term cashflow support from the ESFA. These events and conditions, along with the other matters explained in the Statement of Accounting Policies, constitute a material uncertainty that may cast significant doubt on the Group's and the College's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Corporation is responsible for the other information, which comprises of the Report of the Governing Body and the Corporation's statement of corporate governance and internal control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider where, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Independent Auditor's Report to the Corporation of Stoke on Trent College ('the Corporation')

Matters on which we are required to report by exception

Under the Post-16 Audit Code of Practice 2016 to 2017 (March 2017) issued jointly by the Skills Funding Agency and the Education Funding Agency we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent College; or
- the parent College's financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit

We have nothing to report in these respects.

Corporation's responsibilities

As explained more fully in their statement set out on page 26, the Corporation is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error; assessing the group and parent 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 it either intends to liquidate the group or the parent College or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial statements.

A full description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

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



Anthony Felthouse
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 20 December 2017

Stoke on Trent College

Reporting Accountant's Report on Regularity to the Corporation of Stoke on Trent College and the Secretary of State for Education acting through the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 1st June 2017, and further to the requirements of the financial memorandum with Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that, in all material respects, the expenditure disbursed and income received by Stoke on Trent College during the period 1st August 2016 to 31st July 2017 has 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 issued jointly by the Skills Funding Agency and the Education Funding Agency. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Education and Skills Funding Agency has other assurance arrangements in place.

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

Respective responsibilities of Stoke on Trent College and the reporting accountant

The Corporation of Stoke on Trent 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 to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Post-16 Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that, in all material respects, expenditure disbursed and income received during the period 1st August 2016 to 31st July 2017 has not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Post-16 Audit Code of Practice issued jointly by the Skills Funding Agency and the Education Funding Agency. We performed a limited assurance engagement as defined in that framework.

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

Stoke on Trent College

Reporting Accountant's Report on Regularity to the Corporation of Stoke on Trent College and the Secretary of State for Education acting through the Education and Skills Funding Agency

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

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

The work undertaken to draw our conclusion included:

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

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of the Post-16 Audit Code of Practice.

Conclusion

In the course of our work, nothing has come to our attention which suggests that, in all material respects, the expenditure disbursed and income received during the period 1st August 2016 to 31st July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Anthony Felthouse
For and on behalf of KPMG LLP, Reporting Accountant
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 20 December 2017

Stoke on Trent College

Statement of Accounting Policies for the year ended 31 July 2017

Statement of Accounting Policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2016 to 2017 and in accordance with Financial reporting Standard 102 – “the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the college’s accounting policies.

Basis of Accounting

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

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities as at 31 July 2017 of £15,816,000, which the Corporation believes to be appropriate on the basis set out below.

Following notification by the SFA that the College had been assessed as inadequate for financial health, the College was reviewed under the intervention process, as set out in ‘Rigour and Responsiveness in Skills (April ‘13)’. The FE Commissioner was tasked with advising the Minister and Chief Executives of the SFA on whether the College had the capacity and capability to deliver financial recovery. The College received a favourable outcome and the Minister endorsed the College’s Governing Body and Senior Management to lead its own recovery, with initial actions being implemented. A financial notice of concern was issued by the SFA on 20th October 2014, and this remains in place until the BIS loan (see below) is repaid.

The Corporation has acknowledged that the College is not financially viable in the medium to long term as an independent entity in its present state and is reliant on support from third parties, including a £1.1m loan from BIS, long-term loans and an overdraft facility from Lloyds Bank and short term cash flow support from the ESFA.

In January 2016, the College received a BIS loan of £2.1m, of which £1.0m has been repaid. £400k is due for repayment in May 2018 and the remaining £0.7m is due in two further instalments by May 2020.

To support short-term cash flow, the college received £900k Exceptional Financial Support (EFS) from the SFA in January 2017. Of this, £267k has been repaid with the remaining balance due to be repaid in December 2017. A further EFS request for £2.55m was submitted in July 2017 which was approved.

As detailed at Note 14, the College currently has £12.754m of loans outstanding with Lloyds Bank, and having breached loan covenants in the absence of a waiver at 31 July 2017, this amount has been wholly classified as due within one year in the balance sheet in line with Financial Reporting Standards. The College was in a similar position in 2014, 2015 and in 2016. In these instances the bank wrote to the College acknowledging the breaches and

Stoke on Trent College

Statement of Accounting Policies for the year ended 31 July 2017

confirmed they were reserving their rights in relation to requesting repayment of the loans. Based on discussions with the bank, the College understands that a similar letter will be provided in respect of the 2017 breach on the bank's receipt of these financial statements. During 2016/17 the College has continued to discuss its forward financing needs with the Bank and they have granted an overdraft facility of £300k which the bank reviews on an ongoing monthly basis. The College understands that whilst the bank is not willing to grant further long-term facilities at the current time, they intend to continue to support the College and following from the above, have no intention to call in the existing loan facility for at least the next twelve months.

In recognition of the College's challenging cash position and with the objective of settling its existing debt obligations, removing reliance on short-term financial support and placing the College on a more secure operational footing, in September 2017, the College submitted a bid to the DfE Transaction Unit for Restructuring Fund grant support totalling £21.894m. The principal element was for the repayment of the existing bank and BIS loans debt and the outstanding EFS support noted above. In addition, the bid included a small short-term loan request to provide additional headroom in the context of adverse variances against forecast operational cash flows. At the time of signing the financial statements, the outcome of the application had not been confirmed. The College has obtained indications from the existing finance providers that the existing loan and cashflow facilities will continue to be made available which will allow the College to continue to operate until the revised arrangements are put in place. Initial feedback from the DfE on the bid has been extremely positive and on this basis, the College believes that a sufficient level of financial support will be granted before the end of the financial year ended 31 July 2018.

Based on these indications the Corporation therefore believes it is appropriate to prepare the financial statements on a going concern basis.

However, this material uncertainty may cast significant doubt on the Group's and College's ability to continue as a going concern. The Group and the College may, therefore, be unable to continue realising their assets and discharging their liabilities in the normal course of business but the financial statements do not include any adjustments that would result from a withdrawal of support by either the ESFA, BIS or Lloyds Bank.

Basis of consolidation

The subsidiary trading of Real Apprentices Ltd in the year is not consolidated into the financial statements as the value of transactions is considered to be immaterial.

Recognition of income

The recurrent grant from the funding bodies is that receivable as informed by the results of the funding audit undertaken.

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

Income from tuition fees is recognised in the period for which it is received and includes all fees paid 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 completion of the contract or service concerned.

All income from short term deposits is credited to the income and expenditure account in the period in which it is earned.

Stoke on Trent College

Statement of Accounting Policies for the year ended 31 July 2017

Post-Retirement Benefits

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

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

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

Further details of the pension schemes are given in note 23.

Enhanced Pensions

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

Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority (LEA) are stated in the balance sheet at valuation on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the re-valued amount is released to the income and expenditure account reserve on an annual basis. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold and leasehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations and refurbishments to buildings over the period of their useful economic life.

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

Finance costs, which are directly attributable to the construction of land and buildings, are 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

Stoke on Trent College

Statement of Accounting Policies for the year ended 31 July 2017

fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the income and expenditure account.

On the introduction of FRS 102, the College has chosen not to revalue its fixed assets but continue to carry fixed assets at the depreciated historic cost.

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 fixed assets

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

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

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the 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 over the period of its useful economic life to the College from incorporation and is now fully depreciated.

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

General equipment	6.67% - 14.29% per annum
Furniture, fixtures and fittings	6.67% per annum
Computer equipment	20% to 33.3% per annum
Motor vehicles	20% per annum

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

Leased assets

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

Leasing agreements, which transfer to the College substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element of the leasing commitments is shown as obligations under finance leases.

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

Stoke on Trent College

Statement of Accounting Policies for the year ended 31 July 2017

Capitalisation of Interest

Loan interest is capitalised when it is specifically related to major capital projects and only during the course of construction.

Stocks

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

Foreign currency translation

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

Taxation

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

The College is partially exempt in respect 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 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 and building societies.

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 reliable estimate can be made of the amount of the obligation.

Cash

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

Agency arrangements

The College acts as an agent in the collection and payment of certain discretionary support funds. The grants and related disbursements are excluded from the Income and Expenditure account, except for the 5% of the Learner Support Fund received which is available to the College to cover administration costs relating to the grant. The College employs 4 members of staff dedicated to the administration of Discretionary Support Fund applications and payments.

Capital Grant Funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Stoke on Trent College

Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2017		Year ended 31 July 2016	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
INCOME					
Funding body grants	2	18,892	18,892	19,881	19,881
Tuition fees and education contracts	3	3,483	3,483	3,458	3,458
Other grants and contracts	4	9	9	-	-
Other income	5	2,012	1,996	1,732	1,732
Endowment and investment income	6	1	1	5	5
Total income		24,397	24,381	25,076	25,076
EXPENDITURE					
Staff costs	7	15,879	15,863	15,864	15,864
Other operating expenses	8	6,746	6,746	7,334	7,334
Depreciation	11	2,002	2,002	2,259	2,259
Impairment		-	-	385	385
Interest and other finance costs	9	1,380	1,380	1,512	1,512
Total expenditure		26,007	25,991	27,354	27,354
Deficit before other gains and losses		(1,610)	(1,610)	(2,278)	(2,278)
Gain on disposal of assets	11	8	8	6	6
Deficit before tax		(1,602)	(1,602)	(2,272)	(2,272)
Taxation	10	-	-	-	-
Deficit for the year		(1,602)	(1,602)	(2,272)	(2,272)
Actuarial gain/(loss) in respect of pensions schemes		9,745	9,745	(3,567)	(3,567)
Total Comprehensive Income for the year		8,143	8,143	(5,839)	(5,839)
Represented by:					
Unrestricted comprehensive income		8 143	8 143	(5,839)	(5,839)
Restricted comprehensive income		-	-	-	-
		8,143	8,143	(5,839)	(5,839)
Surplus/(Deficit) for the year attributable to:					
Non controlling interest		-	-	-	-
Group		8 143	8 143	(5,839)	(5,839)
Total Comprehensive Income for the year attributable to:					
Non controlling interest		-	-	-	-
Group		8,143	8,143	(5,839)	(5,839)

Stoke on Trent College
Consolidated and College Statement of Changes in Reserves


	Income and Expenditure account	Revaluation reserve	Total excluding Non controlling interest	Non Controlling interest	Total
	£'000	£'000	£'000	£'000	£'000
Group					
Balance at 1st August 2015	(20,665)	5,939	(14,726)	-	(14,726)
Deficit from the income and expenditure account	(2,272)	-	(2,272)	-	(2,272)
Other comprehensive income	(3,567)	-	(3,567)	-	(3,567)
Transfers between revaluation and income and expenditure reserves	436	(436)	-	-	-
Total comprehensive income for the year	(5,403)	(436)	(5,839)	-	(5,839)
Balance at 31st July 2016	(26,068)	5,503	(20,565)	-	(20,565)
Deficit from the income and expenditure account	(1,602)	-	(1,602)	-	(1,602)
Other comprehensive income	9,745	-	9,745	-	9,745
Transfers between revaluation and income and expenditure reserves	647	(647)	-	-	-
Total comprehensive income for the year	8,790	(647)	8,143	-	8,143
Balance at 31st July 2017	(17,278)	4,856	(12,422)	-	(12,422)
College					
Balance at 1st August 2015	(20,665)	5,939	(14,726)	-	(14,726)
Deficit from the income and expenditure account	(2,272)	-	(2,272)	-	(2,272)
Other comprehensive income	(3,567)	-	(3,567)	-	(3,567)
Transfers between revaluation and income and expenditure reserves	436	(436)	-	-	-
Total comprehensive income for the year	(5,403)	(436)	(5,839)	-	(5,839)
Balance at 31st July 2016	(26,068)	5,503	(20,565)	-	(20,565)
Deficit from the income and expenditure account	(1,602)	-	(1,602)	-	(1,602)
Other comprehensive income	9,745	-	9,745	-	9,745
Transfers between revaluation and income and expenditure reserves	647	(647)	0	-	0
Total comprehensive income for the year	8,790	(647)	8,143	-	8,143
Balance at 31st July 2017	(17,278)	4,856	(12,422)	-	(12,422)

Stoke on Trent College
Balance sheets as at 31 July

	Notes	Group	College	Group	College
		2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Tangible fixed assets	11	53,950	53,950	56,503	56,503
Investments	12	-	-	-	-
		<u>53,950</u>	<u>53,950</u>	<u>56,503</u>	<u>56,503</u>
Current assets					
Stocks		6	6	3	3
Trade and other receivables	13	1,742	1,742	1,466	1,466
Cash and cash equivalents	18	474	459	583	583
		<u>2,222</u>	<u>2,207</u>	<u>2,052</u>	<u>2,052</u>
Less: Creditors – amounts falling due within one year	14	(18,038)	(18,023)	(18,700)	(18,700)
Net current liabilities		<u>(15,816)</u>	<u>(15,816)</u>	<u>(16,648)</u>	<u>(16,648)</u>
Total assets less current liabilities		38,134	38,134	39,855	39,855
Less: Creditors – amounts falling due after more than one year	15	(31,570)	(31,570)	(32,957)	(32,957)
Provisions					
Defined benefit obligations	17	(16,062)	(16,062)	(24,624)	(24,624)
Other provisions	17	(2,924)	(2,924)	(2,839)	(2,839)
Total net liabilities		<u>(12,422)</u>	<u>(12,422)</u>	<u>(20,565)</u>	<u>(20,565)</u>
Unrestricted reserves					
Income and expenditure account		(17,278)	(17,278)	(26,068)	(26,068)
Revaluation reserve		4,856	4,856	5,503	5,503
Total unrestricted reserves		<u>(12,422)</u>	<u>(12,422)</u>	<u>(20,565)</u>	<u>(20,565)</u>
Total reserves		<u>(12,422)</u>	<u>(12,422)</u>	<u>(20,565)</u>	<u>(20,565)</u>

The financial statements on pages 32-59 were approved and authorised for issue by the Corporation on 15th December 2017 and were signed on its behalf on that date by:


 Jeremy Cartwright
 Chair


 Denise Brown
 Accounting Officer

Stoke on Trent College
Consolidated Statement of Cash Flows

	Notes	2017 £'000	2016 £'000
Cash inflow from operating activities			
Deficit for the year		(1,602)	(2,272)
Adjustment for non cash items			
Depreciation		2,002	2,644
(Increase)/decrease in stocks		(3)	1
(Increase)/decrease in debtors		(276)	2,829
Decrease in creditors due within one year		(170)	(5,490)
(Decrease)/increase in creditors due after one year		(987)	1,720
Increase/(decrease) in provisions		85	(38)
Pensions costs less contributions payable		1,181	1,203
Adjustment for investing or financing activities			
Investment income		(2)	(5)
Interest payable		694	701
Gain on sale of fixed assets		(10)	(6)
		<u>912</u>	<u>1,287</u>
Net cash flow from operating activities			
Cash flows from investing activities			
Proceeds from sale of fixed assets		700	6
Investment income		1	5
Payments made to acquire fixed assets		(134)	(2,839)
		<u>567</u>	<u>(2,828)</u>
Cash flows from financing activities			
Interest paid		(694)	(701)
New unsecured loans		900	2,100
Repayments of amounts borrowed		(1,794)	(519)
		<u>(1,588)</u>	<u>880</u>
Decrease in cash and cash equivalents in the year		<u>(109)</u>	<u>(661)</u>
Cash and cash equivalents at beginning of the year	18	583	1,244
Cash and cash equivalents at end of the year	18	474	583

Stoke on Trent College
Notes to the Accounts (continued)

2 Funding council grants

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency - adult	8,187	8,187	8,274	8,274
Education and Skills Funding Agency - 16 -18	9,276	9,276	9,995	9,995
Education and Skills Funding Agency - apprenticeships	-	-	-	-
Specific Grants				
Education and Skills Funding Agency	347	347	92	92
Release of government capital grants	1,082	1,082	1,520	1,520
Total	18,892	18,892	19,881	19,881

3 Tuition fees and education contracts

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	1,033	1,033	1,024	1,024
Fees for FE loan supported courses	618	618	673	673
Fees for HE loan supported courses	329	329	438	438
Total tuition fees	1,980	1,980	2,135	2,135
Education contracts	1,503	1,503	1,323	1,323
Total	3,483	3,483	3,458	3,458

4 Other grants and contracts

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other grants and contracts	9	9	-	-
Total	9	9	-	-

Stoke on Trent College
Notes to the Accounts (continued)

5 Other income

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	511	511	484	484
Other income generating activities	15	15	44	44
Examination and registration fees	8	8	5	5
Miscellaneous sales	72	72	89	89
Fees and charges	310	310	297	297
Student contributions	67	67	47	47
Other income	1,029	1,013	766	766
	2,012	1,996	1,732	1,732

Total

6 Investment income

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	1	1	5	5
	1	1	5	5

Stoke on Trent College
Notes to the Accounts (continued)

7 Staff costs - Group and College

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

	2017 No.	2016 No.
Teaching staff	241	242
Non teaching staff	247	263
	<u>488</u>	<u>505</u>

Staff costs for the above persons

	2017 £'000	2016 £'000
Wages and salaries	11,404	11,870
Social security costs	955	816
Other pension costs (including FRS102 adjustment of £584,000; 2016: £480,000)	2,657	2,388
	<u>15,016</u>	<u>15,074</u>
Payroll sub total	277	485
Contracted out staffing services	<u>15,293</u>	<u>15,559</u>
	586	305
Fundamental restructuring costs - Contractual	<u>15,879</u>	<u>15,864</u>

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team which during 2017 was comprised of the Chief Executive, Principal and Group Director of Finance and Resources.

Emoluments of Key Management Personnel, Accounting Officer and other higher paid staff

	2017 No.	2016 No.
The number of Key Management Personnel including the Accounting Officer was:	3	3

During the year the post of Principal was held by four individuals, two of whom were employed by the College and two engaged through third party arrangements.

The number of Key Management Personnel and other staff who received annual emoluments, excluding pension contributions and employers national insurance but including benefits in kind, in the following ranges was:

	Key Management personnel		Other staff	
	2017 No.	2016 No.	2017 No.	2016 No.
£60,001 to £70,000	-	-	1	1
£100,001 to £110,000	2	2	-	-
£130,001 to £140,000	1	-	-	-
£140,001 to £150,000	1	-	-	-
£170,001 to £180,000	1	1	-	-
£240,001 to £250,000	1	-	-	-
	<u>6</u>	<u>3</u>	<u>1</u>	<u>1</u>

Stoke on Trent College
Notes to the Accounts (continued)

7 Staff costs - Group and College

Key management personnel compensation is made up as follows:

	2017 £'000	2016 £'000
Salaries	348	372
Employers National Insurance contributions	31	46
Benefits in kind	5	7
	<u>384</u>	<u>425</u>
Pension contributions	38	60
	<u>38</u>	<u>60</u>
Total emoluments	<u>422</u>	<u>485</u>

The above compensation includes amounts payable to the four Accounting Officers who held office at different times of the year. The total paid was:

	2017 £'000	2016 £'000
<u>Salaries:</u>		
Chief Executive - 1 August 2016 to 3 March 2017	101	168
Group Director Finance and Resources - 4 March 2017 to 27 March 2017	7	-
Interim Principal - 28 March 2017 to 9 July 2017	67	-
Principal - 10 July 2017 to 31 July 2017	9	-
<u>Benefits in kind:</u>		
Chief Executive - 1 August 2016 to 3 March 2017	2	2
	<u>186</u>	<u>170</u>
<u>Pension contributions:</u>		
Chief Executive - 1 August 2016 to 3 March 2017	16	27
Group Director Finance and Resources - 4 March 2017 to 27 March 2017	1	-
	<u>17</u>	<u>27</u>

Compensation for loss of office paid to former key management personnel

	2017 £'000	2016 £'000
Compensation paid to the former post-holders - contractual	<u>150</u>	<u>-</u>

The severance payments were approved by the College's Governing Body

The Members of the Corporation other than the Chair of Governors, 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.

Stoke on Trent College
Notes to the Accounts (continued)

8 Other operating expenses

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	549	549	675	675
Non teaching costs	4,312	4,312	4,188	4,188
Premises costs	1,885	1,885	2,471	2,471
Total	6,746	6,746	7,334	7,334

Other operating expenses include:

	2017 £'000	2016 £'000
Auditors' remuneration:		
Financial statements audit	27	30
Internal audit	27	36
Hire of assets under operating leases	432	589

Stoke on Trent College
Notes to the Accounts (continued)

9 Interest payable - Group and College

	2017 £'000	2016 £'000
On bank loans, overdrafts and other loans:	<u>694</u>	<u>701</u>
	694	701
Net interest on defined pension liability (note 25)	<u>686</u>	<u>811</u>
Total	<u><u>1,380</u></u>	<u><u>1,512</u></u>

10 Taxation - Group only

	2017 £'000	2016 £'000
United Kingdom corporation tax at 20% (2016 20%)	-	-
Total	<u><u>-</u></u>	<u><u>-</u></u>

The members do not believe that the College was liable for any corporation tax arising out of its activities during either year. The tax charge above relates to its trading subsidiary companies.

Stoke on Trent College
Notes to the Accounts (continued)

11 Tangible fixed assets - Group and College

	Land and buildings	Equipment	Assets held for resale	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2016	62,632	8,365	1,045	72,042
Additions	27	107	-	134
Disposals	(178)	(39)	(1,045)	(1,262)
At 31 July 2017	62,481	8,433	-	70,914
Depreciation				
At 1 August 2016	11,129	4,025	385	15,539
Charge for the year	1,269	733	-	2,002
Elimination in respect of disposals	(177)	(15)	(385)	(577)
At 31 July 2017	12,221	4,743	-	16,964
Net book value at 31 July 2017	50,260	3,690	-	53,950
Net book value at 31 July 2016	51,503	4,340	660	56,503

Stoke on Trent College
Notes to the Accounts (continued)

12 Non current Investments

	College 2017 £	College 2016 £
Investments in subsidiary companies (called up, not paid)	-	-
	<u>-</u>	<u>-</u>
Total	<u><u>-</u></u>	<u><u>-</u></u>

The College owns 100 per cent of the issued ordinary £1 shares of Education Business Services (Stoke) Limited, a company incorporated in England and Wales. The principal business activity of the company is the supply staff to the College.

13 Trade and other receivables

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Amounts falling due within one year:				
Trade receivables	637	637	604	604
Other debtors	-	-	3	3
Prepayments and accrued income	941	941	671	671
Amounts owed by the ESFA	164	164	188	188
Total	<u><u>1,742</u></u>	<u><u>1,742</u></u>	<u><u>1,466</u></u>	<u><u>1,466</u></u>

Stoke on Trent College
Notes to the Accounts (continued)

14 Creditors: amounts falling due within one year

	Group	College	Group	College
	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	12,754	12,754	13,281	13,281
BIS Loan	400	400	1,000	1,000
Trade payables	233	233	173	173
Other creditors	264	264	542	542
Other taxation and social security	642	627	481	481
Accruals and deferred income	1,801	1,801	1,935	1,935
Deferred income - government capital grants	1,023	1,023	1,046	1,046
Amounts owed to the ESFA	912	912	151	151
Amounts received in advance from the ESFA	9	9	91	91
Total	<u>18,038</u>	<u>18,023</u>	<u>18,700</u>	<u>18,700</u>

15 Creditors: amounts falling due after one year

	Group	College	Group	College
	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
BIS Loan	700	700	1,100	1,100
Deferred income - government capital grants	30,870	30,870	31,857	31,857
Total	<u>31,570</u>	<u>31,570</u>	<u>32,957</u>	<u>32,957</u>

Stoke on Trent College
Notes to the Accounts (continued)

16 Maturity of debt

(a) Bank / BIS loans and overdrafts

Loans and overdrafts are repayable as follows:

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
In one year or less	13,787	13,787	14,281	14,281
Between one and two years	700	700	400	400
Between two and five years	-	-	700	700
In five years or more	-	-	-	-
Total	<u>14,487</u>	<u>14,487</u>	<u>15,381</u>	<u>15,381</u>

The College accessed a £2.1m Interest free Loan facility with the Department of Business, Innovation and Skills in December 2015. This was drawn down in January 2016 with an agreed repayment schedule set within 5 years.

At 31 July 2014, 2015, 2016 and 2017 the Lloyds Bank loan covenants had been breached and a formal waiver from the bank was not in place as at those dates. The College has received 'reservation of rights' letters from the bank in relation to the breaches, and based on discussions with the Bank, anticipates a similar letter to be provided in relation to the 2017 breach in due course. However, in accordance with the relevant Financial Reporting Standards, the College was deemed not to have an unconditional right to defer payment for more than 12 months at the balance sheet date.

As a consequence of this, the balance sheet has been presented on the basis that all debt that could technically have become repayable and has been classified within current liabilities.

Stoke on Trent College
Notes to the Accounts (continued)

17 Provisions

	Restructuring	Group and College Enhanced Pensions	Defined benefit Obligations	Total
	£'000	£'000	£'000	£'000
At 1 August 2016	281	2,558	24,624	27,463
Expenditure in the period	(76)	47	(1,182)	(1,211)
Transferred from income and expenditure account	25	89	(7,380)	(7,266)
At 31 July 2017	230	2,694	16,062	18,986

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 23.

The restructuring provision relates to the actuarial costs arising from prior-year redundancy programmes.

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

The principal assumptions for this calculation are:

	2017	2016
Price inflation	1.30%	1.30%
Interest rate	2.30%	2.30%

18 Cash and cash equivalents

	At 1 August 2016	Cash flows	Other changes	At 31 July 2017
	£'000	£'000	£'000	£'000
Cash and cash equivalents	583	(109)	-	474
Total	583	(109)	-	474

19 Capital commitments

	Group and 2017 £'000	2016 £'000
Commitments contracted for at 31 July	34	99

Stoke on Trent College
Notes to the Accounts (continued)

20 Lease Obligations

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

	Group and College	
	2017	2016
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	24	172
Later than one year and not later than five years	68	33
later than five years	-	-
	<u>92</u>	<u>205</u>
Other		
Not later than one year	54	49
Later than one year and not later than five years	-	-
later than five years	-	-
	<u>54</u>	<u>49</u>
Total lease payments due	<u>146</u>	<u>254</u>

21 Contingent liabilities

The College is currently being sued for damages by a neighbour concerning alleged 'nuisance' caused to his property. The matter is currently in Court with a potential Trial date between December 2017 and March 2018. Should the College lose at Trial the costs to the College could be in the order of £150,000 to £200,000. In view of the uncertainty, no financial provision has been made in these accounts in relation to this matter.

The College has an outstanding dilapidations settlement liability in respect of a leased premise (MIC House). The lease demises in November 2017 and at the year end the final settlement sum had not yet been agreed. It is likely to be in the region of £200k which will be funded by exceptional financial support (grant) when settled. As settlement had not been finalised by 31 July no contingent liability has been included in the financial statements.

22 Events after the reporting period

At 1st August 2017 the College ceased to be the sponsor of the College Academies Trust

Stoke on Trent College
Notes to the Accounts (continued)

23 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 Staffordshire Pension Fund (LGPS) for non-teaching staff, which is managed by Staffordshire County Council. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Total pension cost for the year	2017 £'000	2016 £'000
Teachers Pension Scheme: contributions paid	791	814
Local Government Pension Scheme:	1,007	952
Contributions paid	1,805	1,766
FRS 102 (S28) charge	584	480
Charge to the Statement of Comprehensive Income	2,389	2,246
Enhanced pension charge to Statement of Comprehensive Income	261	142
Scottish Widows: contributions paid	7	-
Total Pension Cost for Year	2,657	2,388

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with 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.

Stoke on Trent College

Notes to the Accounts (continued)

23 Defined benefit obligations (continued)

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

The new employer contribution rate for the TPS will be implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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

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

Scheme Changes

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

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

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

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

The pension costs paid to TPS in the year amounted to £791,000 (2016: £814,000)

Stoke on Trent College

Notes to the Accounts (continued)

23 Defined benefit obligations (continued)

FRS 102 (28)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Staffordshire County Council Local Authority. The total contribution made for the year ended 31 July 2017 was £1,318,000, of which employer's contributions totalled £1,007,000 and employees' contributions totalled £311,000. The agreed contribution rates for future years are 17.7% (primary) and £228k (secondary). These are set to rise to 21% and £396k by April 2019. Employee contributions range from 5.5% to 12.5% 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 2017 by a qualified independent actuary

	At 31 July 2017	At 31 July 2016
Rate of increase in salaries	2.90%	3.90%
Future pensions increases	2.50%	1.90%
Discount rate for scheme liabilities	2.70%	2.40%

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 2017 years	At 31 July 2016 years
<i>Retiring today</i>		
Males	22.10	22.10
Females	24.40	24.30
<i>Retiring in 20 years</i>		
Males	24.10	24.30
Females	26.40	26.60

Sensitivity analysis

	At 31 July 2017 £'000	At 31 July 2016 £'000
0.5% decrease in Real Discount Rate	7,335	8,642
0.5% increase in Salary Increase Rate	1,002	2,586
0.5% increase in the Pension Increase Rate	6,237	5,845

Stoke on Trent College
Notes to the Accounts (continued)

23 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	Fair Value at 31 July 2017 £'000	Fair Value at 31 July 2016 £'000
Equities	37,745	34,456
Bonds	5,960	4,475
Property	3,973	3,580
Cash	1,987	2,237
Total market value of assets	49,665	44,748
Weighted average expected long term rate of return	2.70%	2.40%
Actual return on plan assets	3,683	3,708

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

	2017 £'000	2016 £'000
Fair value of plan assets	49,665	44,748
Present value of plan liabilities	(65,435)	(69,072)
Present value of unfunded liabilities	(292)	(301)
Net pensions liability (Note 19)	(16,062)	(24,625)

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

	2017 £'000	2016 £'000
Amounts included in staff costs		
Current service cost	1,691	1,542
Past service cost	0	1
Total	1,691	1,543

Amounts included in investment income

Net interest income	(598)	(723)
	(598)	(723)

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	3,683	3,708
Experience losses arising on defined benefit obligations	6,668	729
Changes in assumptions underlying the present value of plan liabilities	(606)	(8,004)
Amount recognised in Other Comprehensive Income	9,745	(3,567)

Stoke on Trent College
Notes to the Accounts (continued)

23 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movement in net defined benefit liability during the year

	2017	2016
	£'000	£'000
Surplus/(deficit) in scheme at 1 August	(24,624)	(19,854)
Movement in year:		
Current service cost	(1,691)	(1,542)
Employer contributions	1,106	1,063
Past service cost	-	(1)
Net interest on the defined (liability)/asset	(598)	(723)
Actuarial gain or loss	9,745	(3,567)
Net defined benefit liability at 31 July	<u>(16,062)</u>	<u>(24,624)</u>

Asset and Liability Reconciliation

	2017	2016
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	69,372	59,237
Current Service cost	1,691	1,542
Interest cost	1,673	2,145
Contributions by Scheme participants	311	330
Experience gains and losses on defined benefit obligations	(6,668)	(729)
Changes in financial assumptions	606	8,004
Estimated benefits paid	(1,259)	(1,158)
Past Service cost	-	1
Defined benefit obligations at end of period	<u>65,726</u>	<u>69,372</u>

Reconciliation of Assets

Fair value of plan assets at start of period	44,748	39,383
Interest on plan assets	1,075	1,422
Return on plan assets	3,683	3,708
Employer contributions	1,107	1,063
Contributions by Scheme participants	311	330
Estimated benefits paid	(1,259)	(1,158)
Fair value of plan assets at end of period	<u>49,665</u>	<u>44,748</u>

Stoke on Trent College

Notes to the Accounts (continued)

24 Related party transactions

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

As part of its educational and charitable remit, the College acts as sponsor for a number of Academies under the control of a multi-academy trust, The College Academies Trust, providing education to young people. The academies involved during the year were:

The Discovery Academy	11-16 education provider
Maple Court Academy	6-11 education provider
The Stoke Studio College for Construction and Business Excellence	14-19 education provider
The Stoke Studio College for Manufacturing & Design	14-19 education provider
The Excel Academy	11-16 education provider

These entities have members in common with the College but are not subsidiaries and are financially independent of the College.

At 31 July 2017 the balances owed to the College by the College Academies Trust was nil: (2016: £16k)

The College has established Real Apprentices Ltd, a company limited by guarantee to support the provision of employment services to local industry.

At 31 July 2017 £25k (2016:£3k) was owed to the College in respect of salaries. There were no other transactions between the College and the company.

The College established Education Business Support Services (Stoke) Ltd during 2015/16, a company limited by guarantee to support the provision of support staff to the college. At 31 July, the balances owed to the College were £nil.

The College also has one further Company 'Stoke on Trent College Ltd' which remained dormant throughout the year.

Stoke on Trent College
Notes to the Accounts (continued)

25 Amounts disbursed as agent

<u>SFA - Adult Discretionary Support</u>	2017	2016
	£'000	£'000
19+ hardship support	0	374
20+ childcare	0	200
24+ support	262	243
	<u>262</u>	<u>817</u>
Disbursed to students	(113)	(782)
Administration costs	(2)	(34)
	<u>147</u>	<u>1</u>
<u>EFA - 16-19 Bursary funds</u>		
Discretionary Bursaries	<u>358</u>	<u>349</u>
Disbursed to students	(348)	(333)
Administration costs	(10)	(16)
	<u>-</u>	<u>-</u>

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.

THEORY OF THE EARTH

CHAPTER I

THE EARTH AND ITS HISTORY

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