PLUMPTON COLLEGE

Report and Financial Statements

for the year ended 31 July 2017

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Senior Management Team and were represented by the following in 2016/17:

J Kerswell	Principal; Accounting officer	
D Stokes	Vice Principal	
T Bray	Vice Principal	(with effect from July 2017)
J Hibbert	Deputy Principal	
M Groves	Finance Director	(until April 2017)
C Knell	Finance Director	(with effect from April 2017)

Board of Governors

A full list of Governors is given on page 21 of these financial statements.
L Holt acted as Clerk to the Corporation throughout the period

Professional advisers

Financial statements auditors and reporting accountants:
Mazars LLP
Times House
Throwley Way
Sutton
Surrey
SM1 4JQ

Bankers:
Lloyds Bank plc
82 High Street
Lewes
East Sussex

Solicitors:
Brachers
Head Office
Somerfield House
59 London Road
Maidstone
Kent ME16 8JH

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Members' Report

INTRODUCTION BY THE CHAIR

2016/17 has been a very productive year for the college with the completion of a significant staffing restructure resulting in positive effects across all areas of college activity. New appointments have seen a strengthened senior management team lead the college in the development of a new strategic plan and robust operational processes to deliver clear improvements in teaching quality, student experience, financial and commercial performance. It is particularly pleasing to see so many of our targets for recruitment, achievement and financial stability meet or exceed sector benchmarks.

In developing our new strategy the college has embraced its new core values, extending its valuable relationships with industry, the land-based and local communities as well as local enterprise partnerships and councils, all of which helping the college to both deliver a high quality curriculum and be a valued asset to the community. The governing body now plays an active role across all aspects of college activity from formal governance committees, quality review panels to learning walks and, in so doing, is able to ensure governance is well informed and of a high quality.

The year has been challenging for the college farm with the unexpected need to empty and repair the slurry pit having impact on farm operations, finances and local environment. It is evidence of the college's sound financial footing and strong management that it has been able to appropriately deal with such an incident and see farm operations both return to normal and begin to meet the challenging targets set for this year.

Of particular note has been the commencement of the Stanmer Park project - part of a successful joint Heritage Lottery fund bid with Brighton & Hove City Council that will provide significant new facilities for college courses and commercial enterprise and see the college's presence in the city greatly enhanced.

The college can look forward to the year ahead with great optimism in developing the Stanmer project, further improving teaching quality, student success and commercial income

NATURE, OBJECTIVES AND STRATEGIES:

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

Mission

In 2014, the College redefined its Mission as follows:

To engage and inspire our students through education and research at the highest level of excellence as well as striving to create a positive local community footprint

Plumpton College's purpose is to meet the educational needs of it's local community through a varied and carefully considered curriculum. The College supports students to develop them both professionally and to give them the necessary life skills to be active and beneficial members of society. The College fully recognises its responsibilities to the community it serves.

We define our community as all those who live, work, study within Sussex and as appropriate, the surrounding areas as well as the wider land-based sector.

The College actively seeks mutually beneficial relationships with organisations and individuals who have similar objectives to our own and can add value to the learning experience and the wider community.

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.

Implementation of strategic plan

In July 2014 the College adopted a strategic plan for the period 1 August 2014 to 31 July 2019. This strategic plan covers all aspects of the College business and performance, as set out in its following Strategic objectives:

1. Achieving agreed student number targets across all provision areas
2. Providing excellent land based education, training and learning
3. Continuing to develop sustainable, high quality ancillary businesses
4. Maintaining Strong finances
5. Working with partners to develop our reputation
6. Managing our resources

The Corporation has set key performance indicators for each objective, and monitors performance against them on a regular basis."

In 2016/17 the College's performance against each of these was as follows:

1. <u>Achieving agreed student number targets across all provision areas</u>

As the table below shows, the college achieved marginal growth last year in its core market of 16-18 year olds and in doing so met it's targets, whilst exceeding those through continued growth in apprenticeship numbers. HE targets weren't met and a continued steady decline is seen here.

For 16-18 full time study programme students, the marketplace remains competitive and particularly with the continued demographic decline. A near 5% increase in numbers during the year is therefore pleasing, although the majority of these were on part time courses, which contributed to in-year growth post September. The ability to be able to more readily offer and adapt a curriculum offer during the year to take advantage of these opportunities was tactical and proved successful in ESFA funding terms, with an increase in lagged funding for 17/18 as a result.

The college has yet to see the full impact of the new Marketing Manager and function, as well as the new website which was launched during 2016. Full time student numbers at the college's main out centres, Stanmer and Netherfield both experienced similar levels of growth.

Numbers of students studying at Foundation Learning level (Entry and Level 1) increased significantly during the year, with those in particular on the Rural Pathways courses nearly doubling. Whilst very much in keeping with the College's inclusive ethos, this has brought with it a number of associated challenges due to the high proportion of students classified with High Needs. Whilst not perhaps as timely as one might have wanted, improved systems did enable the respective funding to be procured for Local Authorities to enable increased investment in ever more effective support systems for these students.

With the enforcement of the Government's condition of funding relating to student's continuation of English and maths for those not achieving it pre-16, the college saw a further increase in the numbers of students studying these subjects as part of their study programmes and apprenticeships. Approximately a third of these re-sat their GCSE's, with the remainder working towards progress measures within functional skills at entry, level and level 2.

In FTE terms, HE numbers continue to decline slightly, albeit across a narrower range of programmes than previously offered although it was pleasing to see an increase in the numbers of FT students. Again, the declining demographic and the ever more competitive HEI marketplace would be the main causes behind this. With lower fees compared to many of its college and HEI competitors though, the small numbers of students progressing from the college's level 3 provision remains disappointing and will be the subject of much future attention to raise the awareness and profile of our own HE offer. Programmes with particularly low numbers and concerns over quality of student experience, namely Equine Dentistry and Agriculture, were fully suspended from recruiting whilst a more comprehensive and strategic review of our offer beyond level 3 has taken place.

Substantial growth has continued to be secured for apprentices with a number of recruitment windows operating during the year to ensure increased flexibility and responsiveness to employer needs. This has largely been facilitated as a result of the investment in the college's Business Development function and resulted in the college successfully being rewarded additional in-year funding to support these students as a result of the growth achieved. Further investments in the sales function within Business Development, performed by Account Managers, is likely to see continued growth in this area throughout 17/18.

Short and bespoke course activity and income increased compared to the previous year, although activity at the Flimwell site continued to decline. A strategic review of the college's operation at that centre is planned for 17/18

	2016-17		2015-16		2014-15		Change 15/16 to 16/17
Category	No.	FTE (approx.)	No.	FTE (approx.)	No.	FTE (approx.)	% change (FTE)
14 to 16	173	35	281	112	263	87	-69%
Home educated 14-16	61	24	32	22	27	12	9%
16 to 18	1000	1000	950	950	939	916	5%
Apprentices	90 16-18 176 19+ 4 19+ Traineeships	270	205 16-18 104 19+	309	170	170	-13%
Full-time 19+	253	253	119	119	266	266	113%
Part-time 19+	252	128	364	109	457	210	17%
HE	369	321	388	296	380	330	8%
Employer related Workplace Dip	0	0	19	9	445	45	-100%
Total	2378	2031	2462	1926	2947	2036	5%

2. Providing excellent land based education, training and learning

Due to the College's 'Requires Improvement' inspection outcome from May 2016, two formal Ofsted HMI monitoring visits took place during the year. During the latter visit, in May 2017, the following key observations were made:

- That the college has continued to make rapid progress in-year, most notably with level 3 achievement rates and sustained high levels of retention amongst study programme students. This is coupled with improvements in apprenticeship performance to the national average level.

- The new management structure was embedding well with new managers and teachers being more empowered and accountable for their performance and more robust measures introduced to effectively evaluate the quality of teaching, learning and assessment. Whilst it was acknowledged that some managers were clearly skilled in making accurate judgements of quality, it was suggested that this needed to be more consistent across all managers responsible for teaching and learning in their respective curriculum areas.

- That teaching and learning standards were improving across the college, with an increased number of theory lessons displaying high levels of engagement and increased focus on individualised approaches.

- That aspects of teaching and learning, such as assessment for learning, needed to continue to improve across the college, whilst further improvements in general standards were necessary in English and maths.

The impact of changes made over the preceding eighteen months was most evident across the college during the final term of the academic year, as the new structure, introduced from August 2016, and a number of the new systems became more embedded. High expectations and performance management also ensured that the continued commitment to raising professional standards in all aspects of college life and not least in the classroom remained the single most priority for the year. This commitment was supported by an increased investment in supporting teaching staff, with over 30 completing the newly introduced level 3 teacher training together with three Advanced Practitioners mentoring staff across the college and more targeted CPD in place throughput the year.

This increase in overall performance resulted in very good student outcomes across the college. The excellent retention rates of students on study programmes from 2015/16 was not only maintained, but combined with an improvement in overall pass rates and some excellent academic achievement, particularly at level 3. The proportions of students achieving the equivalent of x3 A grades at A' Level on certain courses exceeded 80%. This is likely to contribute to a positive value added score for the college once metrics are released later in the year.

Apprenticeship pass rates also improved rapidly and whilst they still fall below the college's expected levels, they are now in line with national averages. The same can be said for Functional English and maths, which each saw a significant increase, whilst GCSE re-sit A-C equivalent grades improved and now both sit at national level.

Having undergone the QAA HER review of the College's Higher Education provision in May 2016, which resulted in the judgement that the college was meeting requirements in all four areas assessed, the College submitted an application for the new Teaching Excellence Framework. Based on the application, as well as student performance and learner voice results, the college was given the Bronze level award. This is a fair reflection of the quality of student's experience in the year, and one would expect to improve on this in 2019, once the new HE strategy and Quality Improvement initiatives have been implemented and begun to show impact.

VOCATIONAL AIMS ONLY

	Retention	Pass	Achievement	Percentage point improvement (Ach)
16-18	95.4 (+0.2%)	94	90	Pass & Achievement the same as 15/16
19+	98.1 (+0.3%)	91 (-2%)	90 (-1%)	
Apprentices	N/A	N/A	N/A	N/A
HE (completing students)	89%	86%	77%	

ALL AIMS

	Retention	Pass	Achievement
16-18	95.1 (+0.2%)	79 (+1%)	75 (+2%)
19+	98.3 (+1.3%)	87 (-3%)	85 (-2%)
Apprentices 16-18	61 (+6%)	n/a	57.1 (+11.2%)
19+	88 (+8%)	n/a	74.1 (+3.6%)
24+	94% (+19%)	n/a	68.8 (+2.1%)

3. Continuing to develop sustainable, high quality ancillary businesses

In financial terms, the college generated in excess of £1.5m of commercial income in 2016/17, predominantly from it's commercial farming operations together with, wine sales and lettings of residential and other facilities during holidays and weekends.

Income from Forest School continued to grow as new schools were taken on board to work with and an increasing number of training programmes conducted. Wine sales were disappointing, particularly after the appointment of a Wine Sales Manager the previous year which had led to a £40k increase in commercial wine sales. An expected continuation of that growth didn't materialise, with total sales only just achieving the same value and therefore leading to a review of that operation and staffing structure for 17/18. The quality of wine produced continues to be of a high standard though, with further international awards being won, and a rebranding of these products to better tell the story of it's production by our undergraduate students is taking place in the autumn of 17/18 and expected to leverage a stronger position in the commercial marketplace.

A 30% increase in income through commercial room lettings, conferencing and summer residential events was achieved (totalling 260k), with additional new holiday clients being attracted whilst relationships and events with longstanding clients such as Bucksmore enhanced to grow income levels.

Residential term time occupancy rates were broadly maintained at the target level of 92% for the majority of the year, although income for that and the college's catering activities was less than budgeted for.

Feedback on our current catering provision from all users remains consistently positive across a number of student and client voice forums such as student surveys, food focus groups and summer lets evaluations.

The College farm had a challenging year, with the total cost of emptying slurry from the cellar exceeding £0.5m. These costs were associated with the high risk nature of this work due to the previous use of gypsum as a bedding for cattle, and meant that specialist contractors had to be used for a period of five months. On a more positive note, the appointment of a new Farm Manager and team has had a significant impact on standards and performance, and the commissioning of a review of farming operations by the interim farm manager is likely to lead to ongoing system and infrastructure changes which will not only improve performance further but reduce risks in relation to waste management, which had been in place from some time and clearly not helped the college in its relationships with the local community.

Excluding the costs of the slurry cellar operation, farm financial performance also improved, largely due to increased milk yield and milk price. The operating deficit was nearly halved compared to the previous year (50K) and expectations have been set out and agreed that the college should be achieving a break even position without any form of college subsidy within the next two years.

4. <u>Maintaining Strong finances</u>

The College's overarching financial objectives are to generate sufficient cash internally over the period to July 2019 to be able to repay outstanding borrowings at 2010 by the end of this period, and to ensure a payback period of no more than seven years for new major projects.

To achieve these objectives, the College's strategy over this period is to

- hold staff costs (including agency costs) at an average of no more than 50% of turnover;
- limit dependence on the sector funding agencies (SFA, EFA, and HEFCE) to 65% of external operating and capital funding;
- increase academic income through growth in student numbers to mitigate cuts in grant funding levels;
- ensure that all courses and other income-generating activities make a positive financial contribution;
- limit peak net borrowing to £5m
- adopt accounting policies which are at the conservative end of the FE accounting spectrum.

Further details regarding Financial performance are on page 15.

5. <u>Working with partners to develop our reputation</u>

The College continues to attach much importance to maintaining and developing close and positive relationships with its stakeholders, both internally and externally. The College's aims are: to raise awareness of what it does, to respond quickly to stakeholders suggestions for improvement, to be seen as a strong and reliable partner in delivering education and training and to engage constructively and effectively with policy makes at all levels.

Student engagement remains strong for core 16-19 and HE students, with a number of mechanisms utilised to gain formal feedback. Two student surveys were conducted last year, as well as a Principal's forum with the course representatives of all FE cohorts. The results from these demonstrated an increased satisfaction amongst learners, notably in teaching and learning, and were considered by Governors as part of the quality review processes.

The College launched its first ever Student's Union in 2016, and successfully recruited a student executive group, which ran a number of enrichment activities and programmes for students throughout the year. These have provided a rich and diverse means of further supporting student's personal and social development outside the classroom.

Schools liaison remains a priority for the College, which continued to engage positively with over 180 different schools from across the region last year. Applications for full time FE courses for 16/17 were approximately 5% higher than the previous year as a result. The College also continues to provide dedicated facilities for primary school visits to the farm and wider estate, with over 3000 primary pupils engaged in this activity during the year. An increased emphasis on Secondary school engagement through a wider product offer including the provision of STEM related workshops has also been delivered throughout the year, with at least eight schools taking part in an initial pilot as the college aims to challenge perceptions amongst young people and the schools themselves.

The College continues to work with its alumni through the Old Plumptonian Association and the Charitable Foundation and this year has appointed a Charity Officer to lead a regenerated approach to its work through fundraising and increased engagement both with alumni and the existing student body.

The College works with in excess of 700 employers annually across all curriculum areas (many of which are SMEs) in the provision of work experience placements for existing students or in offering apprenticeship, short and bespoke training solutions. Significant increases have been seen in the recruitment of horticulture apprenticeship numbers across amenity and sports turf sectors, whilst the College continues to develop relationships with a group of employers known collectively as the West Sussex Growers. The college continues to place itself at the heart of the new trailblazer developments, now offering the new green keeping standard, as well as Butchery, and is well placed in the development of several further new standards throughout 17/18.

The College continues to develop positive relationships with the local authority within East Sussex, and also increasingly with Brighton and Hove City Council, with whom a twenty year lease has now been signed for the college to operate out of the renovated walled gardens in Stanmer Park. The part HLF funded project will see the college operating a range of commercial activities within a visitor destination, and all for the benefit of the wider community and increasing numbers of horticulture students.

The College has maintained it's strong relationships with the two Local Enterprise Partnerships (LEPs) within which it operates. Both have funded projects in recent years, and the College hosted an away day for the Coast to Capital LEP to further develop awareness amongst their staff body. The College also continues to closely inform the revisions each are making to their longer term strategic economic plans.

Plumpton's HE provision continues to be validated by the University of Brighton, with both parties seeking to further develop their strategic partnership for the benefit of existing learners, growth of undergraduate and postgraduate provision and joint working in the fields of research and development.

Finally, the college has been working proactively to establish stronger links with the local community, and in doing so has engaged with Plumpton Parish Council to help raise awareness of the college's activities and footprint and ultimately provide more opportunities for our students. 2017/18 is also likely to see the college working together with the Parish Council and the Church to run a number of events in collaboration.

6. Managing our resources

The average number of employees during the year, expressed as full time employees was 334 the breakdown is as follows:

	2014/15	2015/16	2016/17
Teaching staff	96	111	140
Non-teaching staff	145	140	194
Total	241	251	334

The academic restructure in the spring and summer of 2016, coupled with increased expectations of teaching standards across the college, led to a significant increase in staff turnover during the previous year, which continued during the first half of 16/17. In total, over 165 new staff appointments were made during this period, albeit a large number have been related to business growth. With staff turnover expected to fall to nearer average sectors levels (18-20%) during the first half of 17/18, an increased emphasis will be placed on staff wellbeing and recognition, with a staff survey planned for the latter part of the year.

The condition of the College campus at Plumpton remains excellent, with continued investment of £1,475k (2016 £641k) made during the year to ensure that student's learning occurs for the most part in state of the art facilities. Specific projects have been undertaken to improve facilities at the College's Netherfield Centre and to improving the quality of a number of teaching spaces at Plumpton.

A revised site masterplan to sit alongside the college's new Strategic Plan has also now been produced in close consultation with the South Downs National Park and identifies a number of key areas of the site for future development, as well as the necessary infrastructure works to best manage increased student and client numbers in the future.

The College was successfully awarded a £2.3m grant from the Coast to Capital LEP to contribute towards continued site infrastructure and improvement works, as well as being awarded in partnership with Brighton and Hove City Council an HLF lottery grant for Stanmer Park. The latter will enable the development of the college's current teaching facilities at the site and that of a range of commercial activities (including farm shop, café and plant sales) linked to the establishment of a National Trust style public gardens. Development works will commence early in 2018, with the new facilities expected to be open for student use for academic year 19/20 and for a commercial launch to the public from spring 2020.

The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA") and is currently assessed by the ESFA as having a "Good" financial health grading.

Public Benefit Statement

Plumpton 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 page 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.

Plumpton College's purpose is to meet the educational needs of the communities we serve through a varied and carefully considered curriculum. The college support students to develop them both professionally and to give them the necessary life skills to be active and beneficial members of society.

In particular, and as described more fully above, we delivered the following identifiable benefits in 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 (LEPs)

2017-2024 Strategic Plan

In response to the ever changing economic and political landscape, and to reflect the changes to the wider rural and land based sectors that the college serves, a revised Strategic Plan for the next 7 years was produced in consultation with staff, students and external stakeholders.

Mission:

To consistently provide high quality training and education in a safe and welcoming environment that enables our students and employers to be successful

Vision:

To be an innovative and inspirational college delivering excellent education, training and research that enables our students and employers to play a leading role in future industry growth and development

Values:

- Ambitious and progressive
- Enterprising
- Professional
- Supportive
- Passionate about everything we do

Strategic Aims:

Strategic Aim 1

To provide an innovative and inspiring learning experience enabling everyone to fulfil their potential

Strategic Aim 2

To offer a dynamic curriculum that attracts students, enhances personal development and supports the future growth of the industries we serve

Strategic Aim 3

To develop sustainable and enterprising relationships with employers, schools and key partners to enhance student experience, prospects and sector business

Strategic Aim 4

To provide inspirational learning spaces and state of the art facilities which showcase best practice, embrace technological advances and maximise student progress

Strategic Aim 5

To manage resources efficiently and commercially to be ever-more resilient and sustainable

Strategic Aim 6

To attract, retain and develop an ambitious, high performing and professional workforce committed to delivering excellence to all

FINANCIAL POSITION

Financial results

The College Financial Statements show £532k total comprehensive income for 2017, 2.9% of total income and a substantial improvement from the £1,483k deficit for 2016.

The surplus for the year before FRS102 pension adjustment is £45k (2016 £21k). Inclusive of £329k FRS102 pension charge gives a £284k deficit. Additionally the £110k pension finance costs, £420k actuarial gain in respect of the pension scheme and £506k return on assets gives total comprehensive income for 2017 of £532k.

Total income for 2017 rose by 10.2% to £18,084k (2016 £16,413k). Funding body grants are the largest source of income at £9,544k (2016 £8,412k). Tuition fees and education contracts are a significant source of income at £3,954k (2016 £3,769k) with research grants and other contract income at £71k (2016 £85k). However other income remains a larger source of income at £4,469k (2016 £4,147k) underlining the continued importance of commercial activity at the College.

Total expenditure for 2017 rose by 10.7% to £18,368k (2016 £16,597k). Staff costs are the largest source of expenditure at £9,564k (2016 £8,623k) in addition to £58k (2016 £105k) restructure costs relating to the finalisation of the restructure initiated in the previous year. Other operating expenses including teaching and non-teaching costs are the second largest source of expenditure at £6,657k (2016 £5,951k). Depreciation costs of £1,916k (2016 £1,731k) and interest and other finance costs of £173k (2016 £187k).

Both income and expenditure have been increased by the slurry incident, a post balance sheet event reported last year. Additional identified expenditure of £493k and corresponding insurance receipts account for around one third of the growth in income and expenditure in 2017.

The College continued to invest to improve and extend its educational infrastructure. Capital additions were £1,475k (2016 £641k). This included investment partially funded by the Coast to Capital and South East Local Enterprise Partnerships.

Total borrowing, all unsecured, amounted to 21.1% of turnover at £3,742k (2016 £4,777k). This is comfortably below the limit for peak borrowing of £5m set by governors and the indicator of 40% of turnover which has been highlighted as a potential financial health risk factor.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum

Cash flows and liquidity

The College has generated £760k of cash and cash equivalents for the year (2016 £338k deficit).

The College does not currently have an overdraft facility having worked with the bank over the year to step the overdraft facility up in response to the slurry incident before bringing it back down to nil in June 2017. The College has secured a £1m working capital facility with Sancus Finance and is in discussion with Lloyds about future overdraft requirements. At the time of preparing the accounts, the earliest forecast overdraft requirement is April 2018 to support cyclical cash flow requirements experienced by the FE sector.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%.

During the accounting period 1 August 2016 to 31 July 2017, the College paid 89.1% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Reserves policy

The Colleges does not at present have a formal reserves policy but recognises the important of this and will be putting a reserves target in place during 2017/18 financial year. The College has accumulated reserves of £9,016k inclusive of £370k cash and cash equivalents, £3,251k revaluation reserve and £5,395 net non-cash assets.

FUTURE DEVELOPMENT AND PERFORMANCE

Financial Health

The College financial health indicators remain Good (2016 Good). The College balance sheet and underlying profitability is strong once the one-off impacts such as the slurry incident and restructure are taken into account. The College had considerable success towards achieving its financial objectives with borrowing at 31st July 2017 at £3.7m, well within the £5.0m peak borrowing target. ESFA and HEFCE funding reduced to 52.8% of turnover, well within the 65% target. Whilst staff costs rose to 53.2% of turnover however this inclusive of a period of change for the college. Excluding contracted out staffing and restructuring costs the ratio was 50.9% of turnover.

Events after the end of the reporting period

None

Future prospects

The College has generated a significant cash surplus, improving its cash and cash equivalents to £370k in 2017 from a £390k deficit in 2016. The College continues to grow and in doing so protect its long term interests through the development of new and existing well-diversified income streams.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is integral to planning and control across the College, and is firmly embedded into the planning/control and decision-making process. Responsibility for identifying, assessing and managing risks is devolved to those responsible for delivering the relevant aims and objectives. Specific mitigating actions initiated or intensified in response to a new or growing risk are planned and controlled in the same way as any other action designed to deliver the business objective, not as part of a standalone Risk Management Action Plan.

A single risk register is also used to capture both long-term strategic risks and shorter-term cross-college operational risks. This recognizes that for most long-term risks short-term mitigating action during the Operational Plan period is likely to be required. There may however be a few risks where any mitigating action lies beyond the Operational Plan period, which will be highlighted in the Register.

The Risk Register is tabled for collective Governor discussion each spring as part of the Strategic Plan review and reviewed frequently by Senior Management.

The current risks identified within the risk register include those relating to educational policy, government funding, fees and staffing. See risk register for more detail.

Principal risks

There are material risks and uncertainties attached to both our 2017/18 and our longer-term financial projections. These include near-term uncertainties about apprenticeship funding, and longer-term risks posed by public expenditure constraints to the level of grant funding of our academic income and grant contributions towards our future capital investment. To mitigate this risk, we will continue to strengthen our budgetary controls, our future sensitivity analysis, and our search for further procurement efficiencies. We will also continue to develop commercial income streams in both our academic and our non-academic businesses.

In common with other FE Colleges our balance sheet is exposed to fluctuations in our net pension liability under the Local Government Pension Scheme. This is discussed at note 19 to the Accounts. The Government legislated in 2017 to provide for the insolvency of FE Colleges: there is a risk that not only the LGPS managers, but also banks, will expect greater security to be provided by colleges with weakening balance sheets and financial prospects. We will take this into account in the development of our reserves policy during 2017/18.

Government funding

The College has reliance on continued government funding through the further education sector funding bodies and thorough funding bodies and through HEFCE. In 16/17 49% of college revenue was publically funded and this level is exceptionally low for the sector. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding, including apprenticeship reforms and the devolution of the adult education budget. The College, in conjunction with its key stakeholders, is developing a strategy for growth in response to the devolution agenda and to the apprenticeships reform. It is recognised that the introduction of the apprenticeship levy will significantly affect that marketplace though the full implications are not yet known as government policy continues to develop.

Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

This risk is mitigated by an agreed deficit recovery plan with the East Sussex Pension Scheme.

Financial viability of the College

The College's current financial health grade is classified as Good as described above. This is largely the consequence of one-off incidents leading to deficits, however the financial plan will get the college back to Outstanding. The continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience. This risk is mitigated in a number of ways:

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

- Exploring ongoing procurement efficiencies

STAKEHOLDER RELATIONSHIPS

The College attaches much importance to maintaining and developing close and positive relationships with the College's stakeholders, both internal (students and staff) and the wide range of external stakeholders it serves or partners (employers and Local Enterprise Partnerships [LEPs], local authorities and communities, voluntary bodies, schools, universities, and other colleges).

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

Equal opportunities

Plumpton College is committed to ensuring equality of opportunity for all who learn and work here. The College respects and values positively differences in race, gender, sexual orientation, ability, class and age. The College strives 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 Internet site. The College considers all applications 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, which are, as far as possible, identical to those for other employees. 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. Further details are available on the College website.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

a) As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2008/09, and the results of this formed the basis of funding capital projects aimed at improving access.

b) The College has appointed a Student Support Co-ordinator, who works with staff from across the organisation to ensure that appropriate and timely support is provided where necessary

   The college also now has a specialist Learning Support team, overseen by a Learning Support Manager who liaises with students, parents, Local Authorities and external organisations to ensure that specialist learning needs of students are met

c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.

d) The college has a policy in place regarding the admission of students. Appeals against a decision not to offer a place are dealt with under the complaints policy.

e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. 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 provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

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

g) Counselling and welfare services are described in the College Student Handbook, which provides details of a number of services accessible to students, as well as the college's expectations regarding behaviour and conduct, and the Complaints and Disciplinary Procedure

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 5th December 2017 and signed on its behalf by:

………………………………………

R A Stanier

(Chair)

Statement of Corporate Governance and Internal Control

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

Legal and Regulatory status

The Corporation is a body established under the Further and Higher Education Act 1992 for the purpose of conducting Plumpton College. That legislation, as subsequently amended, sets out the statutory duties of Corporation members and the statutory elements of the Corporation's Instrument and Articles.

Plumpton College is also an exempt charity under Part 3 of the Charities Act, and the Corporation members are the trustees of the charity. Its functions and conduct as an exempt charity have since July 2016 been regulated by the Secretary of State for Education.

The financial conduct of the Corporation is regulated by the Education and Skills Funding Agency (ESFA) under the terms of a Financial Memorandum and an FE Audit Code of Practice, and its Accounts are regulated by the ESFA under the terms of statutory Accounts Directions. The Financial Memorandum requires the Corporation to appoint an Accounting Officer responsible for the day-to-day financial oversight of the College. The Corporation has appointed the Principal, Jeremy Kerswell, as Accounting Officer.

Prior to July 2016, the Corporation had regard to the UK Corporate Governance Code. In July 2016 the Corporation adopted, on a comply or explain basis, the sector specific Code of Good Governance for English Colleges. The Corporation believes that since that date it has complied with all the provisions of this Code.

The Corporation

Under the statutory Instrument and Articles the Corporation is required to determine the size of the Corporation which shall not comprise less than 12 Governors or more than 20, and to fill any vacancy as soon as practicable. The Corporation has determined that the size of the Corporation shall equate to the number of Governors actually in post at any particular date within a range of 12-20. This gives us the flexibility to hold vacancies open where potentially strong candidates we approach indicate they might accept but not just yet. At July 2017 there were 17 governors in post, including the Principal, two staff governors and two student governors.

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

Name	Background	Date of appointment	Appointment expires	Committee Membership	Committee meetings attended	Corporation meetings attended
Stan Stanier (Chair of Corporation)	IT / education	28 Mar 2006 Re-appointed 27 Mar 2014	26 Mar 2018	Academic F&GP Search	2 4 3	3

Name	Background	Date of appointment	Appointment expires	Committee Membership	Committee meetings attended	Corporation meetings attended
David Evans (Vice-Chair of Corporation)	Rural land agent	1 Jan 2004 Re-appointed: 31 Dec 2011 20 Jan 2015 15 Dec 2016 3 Oct 2017	14 Dec 2018	Academic Audit Search	3 1 3	3
Jeremy Kerswell (Principal)	Plumpton College Principal	5 Oct 2015	N/A	Academic F&GP Search Farm Advisory	3 5 3 4	3
Claudette Atkinson	Academic Staff Governor	1 Mar 2016	1 Mar 2020	Academic	3	3
Mike Atkinson	Industry / civil service / accountancy	18 Dec 2002 Re-appointed 13 July 2010 16 Dec 2012 15 Dec 2014 15 Dec 2015 15 Dec 2016 3 Oct 2017	14 Dec 2018	Audit (from Mar 17) F&GP (until Mar 17)	1 2	2
Nathalie Boyd	Support Staff Governor	14 Mar 2017	31st Oct 2017	F&GP	2	2
Suzanne Craig	Finance	10 Dec 2013 Re-appointed 3 Oct 2017	9 Dec 2021	Audit (until Mar 17) F&GP (from Mar 17)	2 0	2
Julie Dougill	Local Authority	16 Dec 2014	15 Dec 2018	Academic Search	3 2	3
John Evans	Business Advice	1 Oct 2003 Re-appointed 1 Oct 2011 15 Dec 2016 3 Oct 2017	14 Dec 2018	F&GP Search Farm Advisory	4 3 4	1
Sally Kinsey	Law	10 Dec 2013 Re-appointed 3 Oct 2017	09 Dec 2021	F&GP Search	3 1	1
Timothy Laker	Education and Construction projects	4 Jul 2017	3 Jul 2021	n/a	n/a	n/a
Leeni Lear	Education	4 Jul 2017	3 Jul 2021	n/a	n/a	n/a
John Moore-Bick	Armed Forces	15 Dec 2015	14 Dec 2019	Academic	2	3
Bill Pepper	Veterinary	17 Mar 2015	16 Mar 2019	Academic	1	2
Suzanne Russell	Support Staff Governor	1 Mar 2016	14 Nov 2016	F&GP	0	N/A
Jeff Trunkfield	Agriculture	15 Dec 2009 Re-appointed 15 Dec 2013 3 Oct 2017	14 Dec 2018	F&GP Farm Advisory	5 2	1

Name	Background	Date of appointment	Appointment expires	Committee Membership	Committee meetings attended	Corporation meetings attended
Tom Walker	Student Governor	14 Mar 2017	31 July 2018	Academic	1	0
Howard Wood	Agriculture / Education	10 Dec 2013 Re-appointed 3 Oct 2017	09 Dec 2021	Academic	2	1

In addition the Corporation has co-opted the following non-members to sit on its Committees. The Corporation is grateful for the expertise and insights these co-optees brought to the work of its Committees during the year.

Name	Background	Date of appointment	Appointment expires	Committee Membership	Committee meetings attended	Corporation meetings attended
Ann Baxter	*Co-opted Member of Audit Committee*	*14 Mar 2017*	*13 Mar 2021*	*Audit Committee*	*1*	*0*
Jeremy Courtney	*Co-opted Member of Farm Advisory Committee*	*1 Mar 2016*	*3 October 2017*	*Farm Advisory Committee*	*4*	*n/a*
Elizabeth Funge	*Co-opted Member of Search Committee*	*15 Mar 2016*	*8 May 2017*	*Search Committee*	*1*	*n/a*
Helen Key	*Co-opted Member of Academic Committee*	*14 Mar 2017*	*13 Mar 2021*	*Academic Committee*	*0*	*n/a*

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee, consisting of six members of the Corporation and is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Under the statutory Instrument and Articles, governors may not be appointed or re-appointed for terms of more than four years. Four of our external governors have served more than two terms. We believe that at a time of immense change in the further education landscape it is particularly important to hold on to experienced and strongly-contributing governors. The Corporation believes that reappointment beyond two terms calls for explicit justification, and should normally be limited to further terms of only one or two years duration. The performance of individual governors is taken into account in considering re-appointments, and is particularly searching on a second or subsequent re-appointment. During the year, on the recommendation of the Search Committee, we re-appointed David Evans, Mike Atkinson and John Evans for a further 1-year term. David, apart from being Vice-Chair of the Corporation, chairs the Academic Committee and plays a critical role in monitoring academic performance. Mike acts as the vice-Chairman of AoSEC, the regional representative body for FE Colleges, and the insights he provides from this role is very valuable to our discussions. John Evans has taken on the role of a chair of a newly constituted Farm Advisory Board and provides valuable sector and commercial expertise to this vital area of college operation. The average length of service of continuing external governors is 4.6 years. (2016: 3.9 years).

Four new Governors were appointed during the year - two external governors, one staff governor appointment (elected by support staff) and one student governor appointment (nominated in accordance with the Student Union).

The Chair and Vice-Chair of the Corporation are elected or re-elected each December for a 12 month term. In December 2016 Stan Stanier was re-elected as Chair and David Evans as Vice-Chair, in each case for their fourth successive term.

Some external Governors are drawn from public, private or voluntary bodies with which the College does business. Any other possible conflicts of interest are considered at the time of appointment. The Clerk maintains and regularly updates a register of Governors' financial and personal interests that may impinge upon the College: it may be inspected on application to the Clerk. The College's financial regulations and normal procurement procedures ensure that all transactions with organisations in which a Governor may have an interest are conducted at arm's length. On the basis of the above controls the Corporation is satisfied that each of its external members is free from any business or other relationship which could materially interfere with the exercise of their independent judgement as Governor.

We believe that the Corporation's membership is of an appropriate size and has an excellent mix of professional skills, including two governors with accounting qualifications. There is a good balance of governors with relevant educational and vocational backgrounds. Geographically our governors are drawn from all parts of the College's catchment area. All governors are UK citizens; there is little ethnic diversity on the governing body, but this reflects the rural communities we serve and for the time being we are comfortable with the position. No governor has declared that they are disabled. The gender balance of governors at July 2017 was 35% women and 65% men. The age distribution of governors at July 2017 is set out below:

16-18	0%
20-29	6%
30-39	6%
40-49	18%
50-59	24%
60-64	18%
65 or over	29%

In accordance with normal charity practice, Governors at Plumpton are unremunerated, but are eligible for travel expenses. Expenses during the year amounted to £755.

Governor Training, Development, and Performance

New governors receive a full induction on the College's business and their responsibilities as governors. Governors are expected to consider their needs for further briefing and training on a regular basis; this, and any other opportunities for improving the governor's performance, is discussed at annual one-to-one meetings between the Chair and individual governors. The performance of the Chair is assessed annually by soundings of individual governors conducted by the Vice-Chair. Governor development, whether individual or collective, is mainly carried out in-house. Development activity during the year included training on lesson observations, national policy and funding, understanding and interpreting performance data, value-added measures, academic use of Virtual Learning Experience, and regular classroom visits.

Conduct of Business

The Corporation met 3 times during the year. It agreed a budget and an operating plan for the year and regularly monitored progress against them during the year, including performance towards the targets for quality improvement. The Corporation reviews its mission statement at three-yearly intervals: a revised mission statement and high level directional aims were adopted in July 2017, and will continue to be fleshed out during 2018 with more detailed 5-7 year targets based on bottom-up projections of opportunities and a top-down expression of the Corporation's risk appetite.

At each meeting the Corporation considered a report from the Principal on key developments and risks, and minutes and recommendations from each of its committees. The Corporation and each of its Committees annually appraise their effectiveness and efficiency and review their terms of reference.

During 2016/17 much of the Corporation's work continued to be conducted through its Committees, the membership and terms of reference of which are approved by the Corporation.

The **Academic Committee** met 3 times during the year. Following Ofsted's May 2016 downgrading of the College to "Requires Improvement" the Committee intensified its scrutiny and challenge of the quality of teaching and learning, student satisfaction, safeguarding; the recruitment, retention, achievement and progression of FE and HE students and apprentices, and the development of the curriculum to meet the needs of employers.

Apart from the Academic Committee's formal work, all College Governors intensified their informal oversight of this vital area. Governors attended informal presentations by each curriculum manager on the opportunities for quality improvement and curriculum development; and a programme of learning walks was initiated to enable individual governors to observe at first hand both teaching and the lesson assessment process.

The **Finance & General Purposes Committee** met five times. Apart from scrutinizing draft budgets, project proposals, and cash flow and borrowing projections - and regularly monitoring performance against them, the Committee annually reviewed and, where appropriate, amended the College's financial and accounting policies. It oversaw most marketing, IT and personnel functions (such as health and safety) together with the non-academic aspects of the business, such as the farm, the winery, and the College's residential accommodation. The Committee also oversaw the work of the Farm Advisory Committee, comprising 4 governors with specialist expertise and with a remit to advise on farm management issues including the farm's performance against its operating priorities.

The **Search Committee** met three times during the year. The Committee makes recommendations to the Corporation on appointments and re-appointments of governors, their allocation to Committees, and their assignment to individual Link areas. The Committee is chaired by the Corporation Chair, and is tasked with ensuring that there is the right balance of skills and diversity of background and experience around the Board table. Governors do not lead on management appointments (other than the appointment of a Principal or Clerk) but individual Governors normally support the Principal in appointments to senior management posts.

The **Remuneration Committee's** responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer, Vice Principal and Clerk.

Details of remuneration of key management personnel for the year ended 31 July 2017 are set out in note 8 to the financial statements.

The Audit Committee met three times during the year. Its core task is to oversee the work of the external auditors (the 'financial statements auditors') in accordance with the Post 16 Audit Code of Practice prescribed by the ESFA, but also to oversee the College's other audit and assurance work and to monitor implementation of the recommendations for improved controls that flow from this. Much assurance work is now of a specialist nature, e.g. academic quality assurance, health and safety, farm operations. The immediate lead in these cases lies with another Committee, but the Audit Committee has a supervisory role to ensure that the audit and assurance work overall is prioritised by reference to the risks facing the Corporation. During the year the external assurance activity included:

- Teachers Pension Audit by East Sussex County Council
- Independent review of the Farm
- Independent assessment and consultancy regarding the dairy enterprise of the farm
- SFA Audit Assurance review
- Landex Peer Review of curriculum and quality

The Committee oversees the framework of internal controls, and annually reviews the processes by which the College manages risk: this is discussed more fully below. It submits a formal report each year to the Corporation on its work and future priorities."

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Plumpton College
Ditchling road
Nr Lewes
BN7 3AE

Changes for 2017/18

At the Corporation meeting in July 2017 the Corporation agreed to dissolve the Academic Committee, Finance and General Purposes Committee and Farm Advisory Committee. With effect from 2017/18 the number of Corporation meetings will increase and the business completed previously completed by the Academic and Finance and General Purposes Committee will be completed by Corporation. Corporation will be kept informed of Farm matters via internal reporting procedures. This report will report on the committee structure that was in place during 2016/17.

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

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

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

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

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

Internal control

The College's 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 provide only reasonable, not absolute, assurance.

The system of internal control covers all aspects of the College's business, not simply its finances. It is based on a long-standing and continuing process of setting clear policies and explicit strategic and operational business aims and objectives; identifying the likelihood and impact of the risks to their achievement; and then mitigating and/or managing those risks effectively and efficiently according to their significance.

In respect of finance, the internal control system is based on a framework of administrative procedures and policies, a system of delegation and accountability, and clear and regular management reports.

While the Corporation remains ultimately responsible for the effectiveness of the internal control system, it has, in accordance with its Financial Memorandum with the ESFA, delegated day-to-day responsibility to the Principal, as Accounting Officer, for the system's good maintenance and sound operation. The Principal is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The Principal's oversight of the system's effectiveness is in turn informed by

- the work of the Finance Director and other executive managers at the College with responsibility for development and maintenance of the internal control framework;

- upward reports from departments setting out current performance against key performance indicators and prospective risks;
- the comments and management letters of the College's financial statements auditors;
- the programme of external assurance and audit agreed with the Audit Committee (see page 31). The College no longer engages outside accountants to carry out a rolling internal audit programme, but contracts for particular reviews on financial matters as required.

This system of internal control has been in place for the year ended 31 July 2017 and up to the date of the approval of this Annual Report and Accounts. During the year it was reinforced by the development of a Board Assurance Framework which clearly shows the mapping of assurance sources against the risks identified.

During the year the Corporation and its Committees received regular reports from the senior management team on the key risks facing the business and steps proposed to manage them. The Corporation also received a report from the Audit Committee on its current and prospective assurance work, including its review of the College's risk management systems. Based on the advice of the Audit Committee and the Principal, the Corporation is of the opinion that the College has an adequate and effective framework for risk management and control.

The Corporation will however continue to look for further strengthening of the control framework in the light of continuing change both within the college and in the external funding arrangements. The College plans to update and consolidate its finance manual during 2017/18; and the role of the Audit Committee will be developed to include some of the detailed oversight of financial policies previously undertaken by the Finance & General Purposes Committee.

Going concern

The College has achieved a 2.9% surplus in 2017 and budgeted for a 5% surplus for each of the next 3 years which is in accordance with the Area Based Review guidelines and at the top end of ESFA guidelines. The College maintains tight financial control and is building its cash reserves. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 5th December 2017 and signed on its behalf by:

R A Stanier	**J Kerswell**
(Chair)	**(Accounting Officer)**

Statement of regularity, propriety and compliance

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

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the 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	**Signed**
J Kerswell	**R A Stanier**
Accounting Officer	**Chair of Governors**
7th December 2017	**5th December 2017**

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's 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 2016 to 2017* issued jointly by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

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

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

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

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

Approved by order of the members of the Corporation on 5th December 2017 and signed on its behalf by:

R A Stanier

(Chair)

Independent auditor's report to the Members of the Corporation of Plumpton College

Opinion

We have audited the financial statements of Plumpton College ("the College") for the year ended 31 July 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2017 and of the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the Statement of Responsibilities of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; and
- we have not received all the information and explanations we require for our audit.

Responsibilities of Corporation

As explained more fully in the Statement of Responsibilities of the Member of the Corporation set out on page 31, the Corporation are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the Corporation as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation 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, as a body, for our audit work, for this report, or for the opinions we have formed.

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

Mazars LLP

Mazars LLP
Chartered Accountants and Statutory Auditor
Times House
Throwley Way
Sutton
Surrey
SM1 4JQ

Date: 14th December 2017

PLUMPTON COLLEGE

Statement of Comprehensive Income
For the Year Ended 31 July 2017

	Notes	2017 £'000	2016 £'000
Income			
Funding body grants	2	9,544	8,412
Tuition fees and education contracts	3	3,954	3,769
Research grants and other contracts	4	71	85
Other income	5	4,469	4,147
Investment income	6	46	-
Total income		**18,084**	**16,413**
Expenditure			
Staff costs	7	9,564	8,623
Fundamental restructuring costs	7	58	105
Other operating expenses	9	6,657	5,951
Depreciation	12	1,916	1,731
Interest and other finance costs	10	173	187
Total expenditure		**18,368**	**16,597**
Operating surplus/(deficit) before defined benefit pension costs		(284)	(184)
Pension finance costs	10	(110)	(108)
Surplus/(deficit) before other gains and losses		(394)	(292)
Profit on disposal of assets		-	-
(Deficit)/Surplus before tax		(394)	(292)
Taxation	11	-	-
Deficit for the year		**(394)**	**(292)**
Actuarial gain/ (loss) in respect of pension schemes	19	**420**	**(2,193)**
Return on assets	19	**506**	**1,002**
Total Comprehensive Income for the year		**532**	**(1,483)**

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

PLUMPTON COLLEGE

Statement of Changes in Reserves
For the Year Ended 31 July 2017

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 31st July 2015	**6,416**	**3,551**	**9,967**
Deficit from the income and expenditure account	(292)	-	(292)
Other comprehensive income	(1,191)	-	(1,191)
Transfers between revaluation and reserves	150	(150)	-
Total comprehensive income for the year	(1,333)	(150)	(1,483)
Balance at 31st July 2016	**5,083**	**3,401**	**8,484**
Deficit from the income and expenditure account	(394)	-	(394)
Other comprehensive income	926	-	926
Transfers between revaluation and reserves	150	(150)	-
Total comprehensive income for the year	682	(150)	532
Balance at 31st July 2017	**5,765**	**3,251**	**9,016**

PLUMPTON COLLEGE

Balance Sheet at 31 July 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Tangible assets	12	24,183	24,631
Current assets			
Stock		1,104	1,156
Debtors	13	840	1,151
Cash at bank and in hand	18	370	3
		2,314	2,310
Creditors: Amounts falling due within one year	14	(3,173)	(2,974)
Net current liabilities		(859)	(664)
Total assets less current liabilities		**23,324**	**23,967**
Creditors: Amounts falling due after more than one year	15	(10,333)	(10,976)
		12,991	12,991
Provisions			
Defined benefit obligations	17	(3,920)	(4,407)
Other provisions	17	(55)	(100)
Net assets including pension liability		**9,016**	**8,484**
Unrestricted Reserves			
Income and Expenditure account		5,765	5,083
Revaluation reserve		3,251	3,401
Total unrestricted reserves		**9,016**	**8,484**

The financial statements on pages 36 to 62 were approved by the Corporation and authorised for issue on 5th December 2017, and were signed on its behalf by:

R A Stanier (Chair)

5th December 2017

J Kerswell (Principal)

7th December 2017

PLUMPTON COLLEGE

Statement of Cash Flows
For the Year Ended 31 July 2017

Consolidated Statement of Cash Flows

	2017 £'000	2016 £'000
Cash inflow from operating activities		
Surplus/(deficit) for the year	(394)	(292)
Adjustment for non cash items		
Depreciation	1,916	1,731
(Increase)/decrease in stocks	52	(63)
(Increase)/decrease in debtors	311	(341)
Increase/(decrease) in creditors due within one year	199	(283)
Increase/(decrease) in creditors due after one year	(643)	(254)
Increase/(decrease) in provisions	(45)	-
Pension costs less contributions payable	329	205
Pension finance cost	110	108
Adjustment for investing or financing activities		
Investment income	(46)	-
Interest payable	173	187
(Profit)/loss on sale of fixed assets	(90)	43
Net cash flow from operating activities	**1,872**	**1,041**
Cash flows from investing activities		
Proceeds from the sale of fixed assets	97	-
Capital grant receipts	1,036	-
Investment income	46	-
Payments made to acquire fixed assets	(1,475)	(641)
	(296)	**(641)**
Cash flows from Financing activities		
Interest paid	(173)	(187)
New unsecured loans	32	91
Repayments of amounts borrowed	(675)	(642)
	(816)	**(738)**
Increase/(decrease) in cash equivalents in the year	**760**	**(338)**
Cash and cash equivalents at the beginning of the year	(390)	(52)
Cash and cash equivalents at the end of the year	370	(390)
Movement	**760**	**(338)**

Notes to the Financial Statements
For the Year Ended 31 July 2017

1 ACCOUNTING POLICIES

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

(a) Basis of preparation
These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP) the College Accounts Direction for 2016-17 financial statements 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 FRS 102.

(b) Basis of accounting
The financial statements are prepared under the historical cost convention modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

(c) Going concern
The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cash flow, liquidity and borrowings are described in Financial Statements and accompanying notes. The College currently has £3.7M of loans outstanding with bankers on terms negotiated in 2007, 2008, 2014, 2015 and 2017. The terms of the existing agreements are for up to another 11 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

(d) Recognition of income
Income from tuition fees is recognised in the period for which it is receivable and includes all fees payable by students or their sponsors. The costs of any fees waived by the College are included as expenditure.

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

1 ACCOUNTING POLICIES (continued)

Income from specific endowments and donations is recognised when the College is entitled to the income and any performance related condition have been met. Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved.

Any under achievement of the adult skills budget allocation outside of the permitted tolerance level is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end. This process may involve negotiations in respect of over achievement or adjustment to clawback in respect of underachievement, however where negotiations are subsequent to the year end, they are not reflected in the income recognised. Employer responsive grant income is recognised based on a year-end reconciliation of income claimed and actual delivery.

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

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

Income from grants, contracts and other services rendered is included to the extent the conditions of funding have been met or the extent of the completion of the contract or service concerned.

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

(e) 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) – in our case East Sussex County Council (ESCC). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS) and the assets are held separately from those of the college.

1 ACCOUNTING POLICIES (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 19, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the college in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income and expenditure account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

(f) Tangible fixed assets

Land and buildings

Except for assets inherited from the Local Education Authority on Incorporation, all land and buildings are valued at historic or deemed cost: the College's buildings are specialised buildings and it is therefore considered inappropriate to value them on the basis of open market value. Land and Buildings at Incorporation are included in the balance sheet at an independent professional valuation carried out at 31 July 1994. The associated credit is included in the revaluation reserve.

1 ACCOUNTING POLICIES (continued)

The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure reserve on an annual basis. Subsequent capital expenditure on inherited buildings is included in the balance sheet at cost. On adoption of FRS 102, the College followed the transitional provision to retain the market value of land at the date of transition (1st August 2014) as deemed cost, but not to adopt a policy of revaluation of land in the future. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College: new building additions are usually depreciated over thirty years, but buildings of a less permanent nature are depreciated over ten years.

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

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

Leasehold improvement
Leasehold improvement assets are depreciated over the period of the lease.

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, when a full year's depreciation is charged in the first year.

Subsequent expenditure on existing fixed assets
Where expenditure is incurred on modifying, refurbishing, updating, prolonging or otherwise improving tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it both exceeds £10,000 and:

- In respect of non-specialised buildings capable of independent disposal, the market value of the fixed asset is significantly improved as a result of the expenditure, or
- The earnings capacity of the asset is significantly increased, either in volume or price terms (or both), or
- There is a substantial reduction in operating costs, or

1 ACCOUNTING POLICIES (continued)

- The expenditure is likely to extend the asset's life by a period equivalent to its original book life, in which case it is capitalised and depreciated on the relevant basis.

Equipment
Equipment costing less than £2,500 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 and was depreciated over three years from incorporation. Capitalised equipment is depreciated over its useful economic life, and is as follows:

Motor vehicles and general equipment	- 4 years on a straight line basis
Machinery	- 4 years on a straight line basis
Computer equipment	- 4 years on a straight line basis

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

Leased Assets
Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term.

(g) Stock
Stock is stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks. Livestock and other farm stock values are made on this basis, with the valuation carried out by a firm of independent professional valuers.

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

1 ACCOUNTING POLICIES (continued)

(i) Maintenance of premises
The cost of routine maintenance is charged to the income and expenditure account in the period in which it is incurred.

(j) 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 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 is added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

(l) Agency agreements
The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction. Funds are shown separately in note 24, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

PLUMPTON COLLEGE

Notes to the Financial Statements
For the Year Ended 31 July 2017

2 FUNDING BODY GRANTS

	2017 £'000	2016 £'000
Education and Skills Funding Agency	7,934	7,351
Higher Education Funding Council	316	281
Specific grants		
Education and Skills Funding Agency	568	184
Releases of government capital grants	726	596
Total funding body grants	**9,544**	**8,412**

3 TUITION FEES AND EDUCATION CONTRACTS

	2017 £'000	2016 £'000
Adult Education fees	1,108	780
Apprenticeship fees and contracts	141	140
Fees for FE Loan supported courses	144	111
Fees for HE Loan supported courses	1,484	2,055
International students fees	-	-
	2,877	3,086
Education Contracts	1,077	683
Total tuition fees and education contracts	**3,954**	**3,769**

Tuition Fees funded by bursaries

Included within Education Contracts is £878k (15/16 £430k) relating to High Needs students contracts with various Local Authorities and £199k (15/16 £205k) contracts with individual schools for 14-16 year olds.

4 RESEARCH GRANTS AND OTHER CONTRACTS

	2017 £'000	2016 £'000
Total research grants and other contracts	**71**	**85**

Notes to the Financial Statements
For the Year Ended 31 July 2017

5 OTHER INCOME

	2017 £'000	2016 £'000
Catering and residence operations	1,418	1,007
Farming activities	1,213	1,162
Other income generating activities	537	851
Rents and lettings	100	95
Non-government capital grants	94	69
Other income	1,107	963
Total other income	**4,469**	**4,147**

6 INVESTMENT INCOME

	2017 £'000	2016 £'000
Total investment income	**46**	**0**

7 STAFF COSTS

The average number of persons (including key management personnel) employed by the College during the period, analysed by category and described as full time equivalents, was as follows. None of the staff involved in restructuring were member of the Senior Management Team. Restructure costs were reviewed by the Finance and General Purposes Committee.

	2017 No.	2016 No.
Teaching staff	140	110
Non-teaching staff	194	141
	334	**251**

Staff costs for the above persons were as follows:	**2017 £'000**	**2016 £'000**
Wages and salaries	7,218	6,759
Social security costs	640	494
Other pension costs (note 19)	1,346	1,146
Payroll sub total	9,204	8,399
Contracted out staffing costs	360	224
	9,564	8,623
Restructuring costs – contractual payments	58	105
Total Staff costs	**9,622**	**8,728**

8 EMOLUMENTS OF 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 Senior Management Team which comprises the Principal, the Deputy Principal, the Vice Principal and the Director of Finance.

The number of key management personnel including the Accounting Officer was:	2017 No.	2016 No.
	5	4

The number of key management personnel who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was as follows. During the year ended 31 July 2017 a new Director of Finance was appointed and an additional Vice Principal was appointed increasing the number of key management personnel.

	2017 No.	2016 No.
£60,001 to £70,000	2	2
£70,001 to £80,000	2	1
£80,001 to £90,000	-	-
£120,001 to £130,000	1	1
	5	**4**

Key management personnel compensation is made up as follows:	2017 £'000	2016 £'000
Salary	329	354
National Insurance	21	22
Other emoluments	3	18
Pension Contributions	55	54
Total emoluments	**408**	**448**

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer and the Principal) of:	2017 £'000	2016 £'000
Salary	111	110
National Insurance	6	5
Other emoluments	18	18
Pension Contributions	18	21
Total emoluments	**138**	**154**

8 EMOLUMENTS OF KEY MANAGEMENT PERSONNEL (continued)

The pension contributions in respect of the Accounting Officer are in respect of employer's contributions to the Teachers' Pension Scheme and are paid at the same rate as for other employees. "Other Emoluments" relate to the occupancy of the College property by the Accounting Officer for the better performance of his duties. This is a condition of his employment, and as such is not liable to income tax or national insurance. The emolument is however pensionable. The value of the emolument, i.e. the rental equivalence, is re-assessed every two years. However under the rules of the Teachers' Pension Scheme the pensionable element of this residence emolument is capped at one-sixth of the Principal's salary.

A new Accounting Officer was appointed and commenced on 1 October 2015 and the previous principal retired on 31 October 2015.

The members of the Corporation other that the Principal and 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.

9 OTHER OPERATING EXPENSES

	2017 £'000	2016 £'000
Teaching costs	755	762
Non teaching costs	4,296	3,606
Examination cost	315	265
Premises costs	1,291	1,318
Total other operating expenses	**6,657**	**5,951**
Other operating expenses include:		
Financial statements and regularity audit	19	18
Hire of plant and machinery - operating leases	115	185

10 INTEREST AND OTHER FINANCE COSTS

	2017 £'000	2015 £'000
On bank loans, overdrafts and other loans:	173	187
Pension finance costs (note 19)	110	108
Total interest and other finance costs	**283**	**295**

PLUMPTON COLLEGE

Notes to the Financial Statements
For the Year Ended 31 July 2017

11 TAXATION

The members of the Corporation do not consider the College is liable for any corporation tax arising out of its activities during this year.

12 TANGIBLE FIXED ASSETS

	Leasehold Improvement	Freehold land and building	Assets under Construction	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
COST OR VALUATION					
At 1 August 2016	280	35,688	-	4,875	40,843
Transfer	-	43	-	-	43
Additions	-	163	74	1,238	1,475
Less: Disposals	-	-	-	(396)	(396)
At 31 July 2017	280	35,894	74	5,717	41,965
DEPRECIATION					
At 1 August 2016	40	12,079	-	4,093	16,212
Transfer	-	43	-	-	43
Charge for year	9	1,286	-	621	1,916
Less: Disposals	-	-	-	(389)	(389)
At 31 July 2017	49	13,408	-	4,325	17,782
NET BOOK VALUE					
At 31 July 2017	231	22,486	74	1,392	24,183
At 31 July 2016	240	23,609	-	782	24,631

Inherited buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost and subsequently under the transitional provisions of FRS102 inherited land was revalued at 1st August 2014. Both revaluations were undertaken by firms of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

Land and buildings include land at valuation of £2,516,000 (2016 - £2,516,000) which is not depreciable.

13 TRADE AND OTHER RECEIVABLES

	2017 £'000	2016 £'000
Trade debtors	313	701
Prepayments and accrued income	452	367
Other taxation and social security	22	10
Amounts owed by the ESFA	23	24
Other	30	49
Total trade and other receivables	**840**	**1,151**

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Bank loans and overdrafts (Note 16)	722	1,073
Payments received in advance	-	-
Trade payables	566	412
Other tax and social security	297	274
Payments on account	-	25
Other creditors	110	139
Accruals and deferred income	766	611
Deferred income – government capital grants	710	440
Total creditors: amounts falling due within one year	**3,173**	**2,974**

15 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

	2017 £'000	2016 £'000
Bank loans (Note 16)	3,020	3,703
Deferred income – government capital grants	7,313	7,273
Total creditors: amounts falling due after more than one year	**10,333**	**10,976**

16 MATURITY OF DEBT

Bank loans and overdrafts are repayable as follows:

	2017 £'000	2016 £'000
In one year or less	722	1,073
Between one and two years	620	714
Between two and five years	823	1,149
In five years or more	1,577	1,841
Total maturity of debt	**3,742**	**4,777**

The College has three loans from Lloyds Bank which are unsecured and repayable quarterly by instalments.

West Wing Redevelopment balance now £2,637k - is due to be repaid in August 2028. This has two fixed rate contracts for £729k at 6.600% to February 2020 and £759k 3.120% until August 2028. The remainder of the loan has a variable rate of 0.500% above 3 month LIBOR.

Green Oak Purchase balance now £260k - is due to be repaid in March 2028 and attracts an interest rate of 0.30% above base rate.

IT and Fishery Development balance now £817k - is due to be repaid in March 2019 and the whole balance has three fixed rate contracts of 3.660%, 3.255% and 3.130%
A new loan for lighting upgrades has been taken out, SALIX balance now £28k - is due to be repaid in October 2020.

17 PROVISIONS

	Defined benefit obligations £'000	Other £'000	Total £'000
At 1 August 2016	(4,407)	(100)	(4,507)
Expenditure/additions in the period	487	45	532
At 31 July 2017	(3,920)	(55)	(3,975)

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme (note 19). Other provisions relate to the HSE fine for the incident in 2016.

18 CASH AND CASH EQUIVALENTS

	2016 £'000	Cash flows £'000	2017 £'000
Cash at bank and in hand	3	367	370
Overdraft	(393)	393	-
Total cash and cash equivalents	(390)	760	370

19 DEFINED BENEFIT OBLIGATION

This note should be read in conjunction with the Accounting Policy on pensions and Other Retirement Benefits on pages 41 & 42.

College employees have the option to belong to the Teachers' Pension Scheme (TPS) if they are teaching staff, or the Local Government Pension Scheme (LGPS), if they are not. Access to the TPS is assured for teaching staff under the Teachers pensions regulations 1997, schedule 2, paragraph 6; access to the LGPS for non-teaching staff under the LGPS Regulations 1997, regulation 4, paragraphs 2 and 3. Colleges do not have the right to refuse membership to eligible staff. Of the 352 eligible employees at July 2017, 127 were members of the TPS and 147 were members of the LGPS.

19 DEFINED BENEFIT OBLIGATION (continued)

Teachers Pension Scheme

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

Teachers' pension budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament. The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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

- Employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- Total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 bn, giving a notional past service deficit of £14.9 bn;
- Employer cost cap of 10.9% of pensionable pay;
- Assumed real rate of return is 3% in excess of prices and 2% in excess of earnings. The rate of real earning growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

The new employer contribution rate for the TPS has been implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data,

19 DEFINED BENEFIT OBLIGATION (continued)

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. For the period August 2016 to July 20167 the employer contribution was set at 16.45%. The employee rate for the period August 2016 to July 2017 varied between 7.4% and 11.7%, depending on the member's salary.

FRS 102 (28)

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

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

19 DEFINED BENEFIT OBLIGATION (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit Scheme, which provides inflation-linked pension benefits from age state pension age at (from 2008) 1/60th of final salary together with other benefits all within a cost envelope. The assets of the LGPS are managed by local - in our case East County Council (ESCC) – trustee-administered pension Funds, with the assets attributable to each employer held in separate funds. The ESCC Pension Fund is also responsible for pension payments and administration.

The assets and liabilities attributable to the College are subject to a full valuation by the Scheme's actuary every three years, the last being as at March 2016, and the valuation assumptions are reviewed and updated by the Actuary in each intervening year. The Corporation takes into account this actuarial advice in reaching its judgement about the value of the LGPS assets and liabilities attributable to the College to be included in its balance sheet. For the year to March 2017 the contribution rate was 18.5%, from April 2017 to July 2017 the contribution rate was 16.76% plus £44k for historic deficits. The employee contribution rates are tiered and range from 5.5% to 9.9% dependent on employees' salaries.

The total pension cost for the College within staff costs for the year was:		**2017** **£'000**		**2016** **£'000**
Teachers Pension contributions paid		576		530
Local Government Pension contributions paid	441		411	
FRS 102(28) charge	329		205	
Charge to statement of Comprehensive income (staff costs)		770		616
Total Pension cost for the year within staff costs (Note 7)		**1,346**		**1,146**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2013. Contributions amounting to £49k (2016 £45k) were payable to the schemes at 31 July and are included within creditors.

Employer Service costs

The cost of current year service and past service costs is charged, together with the Employer Contribution to the TPS, to the Statement of Comprehensive Income as staff costs (Note 7) and is calculated as follows:

19 DEFINED BENEFIT OBLIGATION (continued)

	2017	2016
	£'000	£'000
Employer service cost (net of employee contributions)		
	802	616

The Current Service Cost is the increase in the present value of funded liabilities expected to arise from the service in the period of LGPS members employed by the College. The actuary has advised that the cost of employer service cost for 2017/18 is projected at £483k.

	2017	2016
	£'000	£'000
Interest income on plan assets	271	347
Interest on pension liabilities	(381)	(455)
Pension Finance credit/(cost)	**(110)**	**(108)**

When it is a net credit then it is credited to the Statement of Comprehensive Income as a Pension Fund Credit under Investment Income (note 6). When the interest charge exceeds the expected return on the Scheme's assets the difference is charged to the Statement of Comprehensive Income as Interest and Other Finance Costs (Note 10).

In 2017 the Return on the Scheme's assets was £506k (2016: £1,002k). This was based on the College's expectation, based on actuarial advice, at the beginning of the period of an overall 4.0% long-term investment return (i.e. including both income and changes in fair value but net of investment expenses) on Scheme assets, broken down in the table below. One year's less discounting is applied because the benefits are one year closer to settlement. The interest charge equivalent to the resultant increase in the present value of the liabilities was £381k in 2017 (2016: £455k).

Amounts recognised in other comprehensive income

	2017	2016
	£'000	£'000
Return on pension plan assets	506	1,002
Experience losses arising on defined benefit obligations	778	125
Changes in assumptions underlying the present value of plan liabilities	(358)	(2,318)
Pension Finance credit/(cost)	**926**	**(1,191)**

19 DEFINED BENEFIT OBLIGATION (continued)

The College's share of the ESCC Pension Scheme assets is estimated to be 0.33%. The fair value of the Scheme's assets attributable to the College at the balance sheet date amounted to £11,124 at 31 July 2016. Fair values are expressed at bid prices as required by FRS102 and are made up as follows:

	Long-term rate of return 2017	Fair Value 2017 £'000	Long-term rate of return 2016	Fair Value 2016 £'000
Equities	4.0%	8,837	4.0%	8,009
Bonds	4.0%	1,718	4.0%	1,669
Property	4.0%	1,227	4.0%	1,224
Cash	4.0%	491	4.0%	222
Total market value of assets		**12,273**		**9,481**

The expected returns shown above relate to the average annualised total returns over 20 years. Actuarial advice is that, on the basis of the risk assumptions used, the outperformance of equities relative to cash over the longer term will tend towards 4%. Given the high proportion of "active" members, i.e. current employees, at the College relative to our deferred pensioners and pensioners, the Corporation is generally comfortable with the significant equity exposure of the ESCC Pension Fund. However, the corollary is a relatively higher volatility in actual returns (and hence in balance sheet values) from year to year.

Reconciliation of Assets

The Scheme's assets are also affected by the receipt of contributions from employees and from the College as employer, and by the payment of pension benefits out of the Scheme, as shown in the following reconciliation table:

19 DEFINED BENEFIT OBLIGATION (continued)

	2017 £'000	2016 £'000
Assets at start of period	11,124	9,481
Interest income	271	347
Return on assets (excluding amounts included in net interest)	506	1,002
Employer contributions	473	411
Employee contributions	161	148
Benefits paid	(262)	(265)
Assets at end of period	**12,273**	**11,124**

Scheme Liabilities

The Present Value of liabilities is based (in accordance with FRS102) on the Projected Unit method of valuation. This is an accrued benefits valuation method in which the Scheme liabilities make allowance for projected earnings. Under an accrued benefits valuation method the Scheme liabilities at the Valuation date relate to (a) the benefits for pensioners and deferred pensioners and their dependents, allowing where appropriate for future increases, and (b) the accrued benefits for members in service at the Valuation date.

The cost of current year service and past service costs is charged, together with the Employer Contribution to the TPS, to the Statement of Comprehensive Income as staff costs (Note 7) and is calculated as follows:

	2017 £'000	2016 £'000
Liabilities at start of period	15,531	12,384
Service cost	802	616
Interest cost	381	455
Employee contributions	161	148
Actuarial loss/(gain)	(420)	2,193
Benefits paid	(262)	(265)
Liabilities at end of period	**16,193**	**15,531**
Funded	16,193	15,523
Unfunded	-	8

19 DEFINED BENEFIT OBLIGATION (continued)

Principal Actuarial Assumptions

The present value of the liabilities shown at July 2017 is based on a full actuarial valuation of the Scheme as at March 2014 which has then been reviewed and updated by the actuary for subsequent year ends with the following changes in financial and demographic assumptions:

1. **Inflation** assumption (CPI) increased from 1.9% to 2.5% based on the difference in gross redemption yields of traditional and index-linked gilt-edged securities at the respective balance sheet dates. Pensions are assumed to increase in line with inflation.
2. **Salaries** are assumed to rise by 2.91% per annum, decreased from 3.25%.
3. **Discount Rate** applied to liabilities is based, in accordance with FRS102, on the return on a high quality corporate bond of equivalent term and currency to the liability. The discount rate is based on the gross redemption yield on the iboxx Sterling Corporates Index. For the 2016 valuation the discount rate was 2.7%, up from the 2.4%.
4. **Commutation Rate**: An allowance is included for future retirements to elect to take 50% of the maximum additional tax free cash up to HMRC limits for pre-2008 service and 75% of the maximum tax-free cash for post-April 2008 service.
5. **Mortality** assumptions are unchanged since 31.07.14, as shown below:

	Males 2017	**Males 2016**	**Females 2017**	**Females 2016**
Current Pensioners	22.2	22.2	24.4	24.4
Future Pensioners	24.2	24.2	26.7	26.7

Vita Curves with improvements in line with the CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.

Net Pension Liability

Although the College share of the Scheme's assets have grown steadily over the last five years, the growth in the College's pension liability has again outstripped the growth in assets in all years except 2017.

	2017 £'000	**2016 £'000**	**2015 £'000**	**2014 £'000**	**2013 £'000**
College's Pension Fund Assets	12,273	11,124	9,481	8,387	7,759
College's Pension Fund Liabilities	(16,193)	(15,531)	(12,384)	(10,906)	(8,541)
Net Pension Deficit	**(3,920)**	**(4,407)**	**(2,903)**	**(2,519)**	**(782)**

19 DEFINED BENEFIT OBLIGATION (continued)

Movement in year:	2017 £'000	2016 £'000
Net defined (liability) in scheme at 1 August	(4,407)	(2,903)
Current Service cost	(802)	(616)
Employer contributions	473	411
Net (interest)/return on assets	(110)	(108)
Actuarial gain/(loss)	420	(2,193)
Return on assets	506	1,002
Net defined (liability) at 31 July	**(3,920)**	**(4,407)**

20 CAPITAL COMMITMENTS

	2017 £'000	2016 £'000
Authorised and contracted for at 31 July	**0**	**47**

21 FINANCIAL COMMITMENTS

At 31 July the College had payments due (under non-cancellable operating leases) as follows:	2017 £'000	2016 £'000
Land and Buildings		
Within one year	57	64
Between one and five years	59	73
In over five years	15	29
	131	**166**
Equipment		
Within one year	95	85
Between one and five years	95	132
In over five years	-	-
	190	**217**

22 POST BALANCE SHEET EVENTS

None

23 RELATED PARTIES

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

Transactions with the Education Funding Agency are detailed in notes 2, 13 and, 14.

The College holds a 27% interest in Woodland Enterprise Ltd (WEL), a company limited by guarantee (£1). WEL owns a leasehold site and facilities at Flimwell, at which it is seeking to develop skills in wood production and use. The College appoints two directors (currently the Principal and the Estate Manager) to the WEL Board. It has an arm's length sub-lease with WEL for two workshops on the site, and provides various management services to WEL. Included within accrued income in note 13 is £14,000 in respect of WEL. The College has no other interests in active subsidiaries or joint ventures.

24 AMOUNTS DISPERSED AS AGENT

	2017 £'000	2016 £'000
Funding body grants	405	663
Disbursed to students	(386)	(720)
Administration costs	(19)	(29)
Amount consolidated in financial statements	-	67
Balance unspent at 31 July	0	(19)

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.

In a change from previous years guidance, Free School Meals and 19+ Discretionary Learner Support Funds are no longer excluded from the Statement of Comprehensive Income.

25 CONTINGENT LIABILITIES

The College recognises a contingent liability for an incident reported as a post balance sheet event in the 2015/16 annual report and accounts. Clearance of the slurry pit inadvertently led to waste water and slurry running of the College fields and into one of the water courses. The College working with its insurers and the Environment Agency has rectified this situation. This may result in a fine which cannot be quantified at the date of signing.

To: The corporation of Plumpton College and Secretary of State for Education acting through the Department for Education ("the Department")

In accordance with the terms of our engagement letter and further to the requirements of the funding agreement with the 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 Plumpton College during the period 1 August 2016 to 31 July 2017 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of Plumpton College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the SFA/ funding agreement with the EFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Reviewed all payments to senior post holders on termination of employment or in respect of claims made in the year
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.

Conclusion

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

Signed:

Mazars LLP

Mazars LLP
Times House
Throwley Way
Sutton
Surrey
SM1 4JQ

Date: 14th December 2017