PLUMPTON COLLEGE

Report and Financial Statements

for the year ended 31 July 2018

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INTRODUCTION BY THE CHAIR

This year has seen Plumpton College make significant strides towards its strategic aims and the delivery of its vision to be an innovative and inspirational College. Whilst the FE sector and political arena remain challenging, and the precise impact of BREXIT on land-based Colleges is still uncertain, the College has continued to grow, develop new curricula to meet the needs of employers and improve the quality of teaching and the student experience.

The College has made significant progress across all key strategic aims with these being echoed by the headline findings of an OFSTED inspection in February which gave the College an overall rating of good and noted:

- Significant improvement in teaching, learning and assessment
- High achievement and employment rates
- Excellent work experience and enrichment activities
- High-quality and well-managed resources
- Exceptional partnerships with employers, schools and other stakeholders

Adoption of a new model of governance: Moving our previous governance committee structure to a new structure focussed around monthly Corporation meetings which keep all governors informed, engaged and more up-to-date than the previous model whilst at the same time expanding opportunities for all governors to be involved in core College activities such as learning walks, quality review panels and key capital projects. We were delighted to be able to take up an opportunity for this new model to be reviewed by the National Leaders of Governance which provided a very positive validation of this.

New strategic partnership with the Royal Agricultural University: A significant development for our Higher Education provision with the RAU now validating the majority of Plumpton's HE qualifications and also a partnership that could potentially have very positive impacts across many other aspects of College provision. We look forward to seeing this partnership develop further over the coming years.

Stanmer Park: A key HLF-funded strategic partnership with Brighton & Hove City Council to develop a large area of parkland north of Brighton. This involves the College developing new facilities within an established walled garden which include education provision, catering and produce outlets and show-case gardens and significantly raise the College's profile within the city.

Maths and English: Delivering to an agenda of constantly improving maths and English skills to GCSE level has been challenging across the FE sector and we are delighted with the significant progress made this year with our students achieving above the averages for land-based Colleges and the sector as a whole.

Finally, the College has seen a change within its senior management team and we are delighted to welcome Alison Kent as our new Vice Principal responsible for academic operations and we look forward to her input into further developing our academic provision and student experience.

STRATEGIC REPORT

The Governors of Plumpton College are pleased to present their report and the audited financial statements for the year ended 31 July 2018.

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

1. To provide an innovative and inspiring learning experience enabling everyone to fulfil their potential
2. To offer a dynamic curriculum that enhances personal development and supports the growth and development of the industries we serve
3. To develop sustainable and enterprising relationships with employers, schools and key partners to enhance student experience, prospects and sector business
4. To provide inspirational learning spaces and state of the art facilities which showcase best practice, embrace technological advances and maximise student progress
5. To manage resources efficiently and commercially to be ever-more resilient and sustainable
6. To attract, retain and develop an ambitious, high performing and professional workforce committed to delivering excellence to all

Key Achievements

1. Excellent continued progress in the consistent delivery of innovative and engaging teaching & learning across the college through outstanding development programme
2. Very good achievement rates far exceeding national averages in English and maths
3. Continued significant growth in apprenticeship provision placing the college as a regional lead in the delivery of a number of new trailblazer standards
4. Excellent progress in the provision of inspirational and professional learning environments across the wider college estate
5. Increasing engagement with schools and local community to raise college profile
6. College values successfully embedded into all aspects of staff and student experience

Chief Executives Report

The College continued to make excellent progress in its delivery of innovative and engaging teaching and learning, with 92% of formal observations being graded as Good or Outstanding during the year. Our investment into the development of teaching staff has been enhanced by the successful introduction of the Level 4 Teacher Training qualification, alongside the support and development opportunities provided by an extensive CPD programme and the input of our team of Advanced Practitioners.

Our central Teaching and Learning team accessed external funding to deliver highly innovative projects, including one in which we led a research project with other colleges into the use of virtual reality. This has since been showcased nationally and formed the basis of the College's first ever National Beacon Award application.

Student satisfaction rates have been particularly high amongst study programme students during their induction period, and a significant increase in Higher Education student satisfaction was seen in our National Student Survey scores (up by 17% compared to 16/17).

All of the above has resulted in the College sustaining its outstanding retention of students on study programmes (96%), placing it within the top 10% nationally. Higher Education student retention was also significantly improved, reflecting the enhanced experience and overall satisfaction rates.

For the third consecutive year, students' English and maths results continued to increase, with GCSE high grade resit rates now significantly above the national average in both subjects and a significant improvement in functional skills results contributing to an overall 7% increase in full time students' achievement rates.

In Higher Education, the College's new partnership with the Royal Agricultural University in Cirencester has led to the successful validation of five new Foundation/Honours degree programmes and will undoubtedly provide a range of future opportunities for joint programme development and potential research activity.

The College continues to play a pivotal role nationally in the development of new apprenticeship standards, coupled with the excellent work of the College's Business Development team which has resulted in further significant increases in the number of apprentices across the College. Through its work with employers, the College has also secured prestigious and unique national training contracts in Butchery and Veterinary Nursing, and delivered an ever more employer led bespoke programme of training and development which has doubled in two years.

Despite the local demographic decline, the work of the Marketing and Schools Liaison functions led to a 5% increase in 16-18 student numbers for the year, and an additional £165k of adult funded provision was delivered as well as an extra £60k of programmes funded by student's Advanced Learner Loans.

Total numbers of 14-16 students studying at college on the school's programme has continued to decline, with a reduction in the number of schools participating. However, the College has seen a further increase in the number of Home Educated students now accessing a 14-16 curriculum package which includes GCSE maths and English, and a vocational component.

The college has worked closely with the local community to run a number of events such as the Harvest Festival in St Michaels Church, and is increasingly well represented on local boards (such as the Chamber of Commerce), is at the forefront of regional rural initiatives and strategy groups (including those for SELEP and ESCC), and plays a pivotal role at a national level (WineGB, Landex Board). Our Rural Strategy was used to inform revisions to both SELEP and C2C LEP's Strategic Economic Plans, and the launch of our new Ecological Strategy brought together environmental groups from across the county (including Sussex Wildlife Trust, The National Trust, The Rivers Trust) to inform and engage students in the holistic management of the college estate.

We continue to invest significantly in the college estate, to provide ever more inspirational learning environments in which our students can study. In excess of 50% of all classroom spaces have now been fully modernised whilst the grounds across both Plumpton and Netherfield have been enhanced through the completion of the first phase of their redevelopment, in which exemplar horticultural practices are now demonstrated. The first phase of the college's brand implementation programme has also been completed, and has led to a consistent use of the new logo across the site.

Further funding bids have been submitted for the Stanmer project, which has progressed well, and with the input of an external garden design expert, should deliver on the college's ambition to provide a centre of horticulture excellence for training, as well as a leading tourist attraction and commercial venue. The long term non-restrictive tenancies have been secured for the college's Stanmer and Netherfield centres, the latter of which has also benefitted from significant investment into classroom and specialist vocational facilities.

Across the college, financial management information has been better used to inform planning and decision making at all management levels. Programme contribution rates have been incorporated into the business planning process and funded income and payroll budgets used more transparently alongside a revised management accounts format.

Commercial income from wine sales reduced during the year, partly due to a transition in staffing. A new brand sales manager has been appointed and will work closely with the Finance Director to devise a renewed long term strategy to wine production and sales.

The farm has seen significant improvements in all aspects of performance and most notably in the dairy where all key indicators continue to improve and productivity has risen sharply. New management regimes and oversight have improved the farm's operational activities across the estate as well as relationships locally. As a result, the farm has returned a marginal profit for the financial year, and provides an ever better example of good practice to students, and on a commercial scale.

From a staffing perspective, over 160 appointments were made during the year across support and academic teams and many of which were related to the growth in income achieved, and the fact that nearly a quarter of all vacancies were filled internally. The college's new appraisal system was implemented and 100% of appraisals completed.

The college's values continue to be embedded well across the staff and student body, form an integral part of all staff appointments and were celebrated in an awards in which over 30 students were recognised for their embodiment.

The college conducted its first staff survey in the spring, and a number of the most positive responses related to the new strategy, vision and values. The headline results were shared with all staff at the September Conference and will form the basis for the college adopting some new ways of working and communicating with staff in the year ahead. This includes the launch of three staff-led working groups and a new employer assistance programme.

Financial results

The College Financial Statements show £246k total comprehensive income (overall surplus) for 2018, 1.3% of total income. Comprehensive income is in line with a £532k surplus in 2017 and a substantial improvement from the £1,483k deficit for 2016. The operating deficit before defined pension costs and profit/loss on disposal of assets was £1,290k; this is inclusive of one-off costs and additional pension charges.

Total income for 2018 rose by 1.9% to £18,424k (2017 £18,084k). Funding body grants remain the largest source of income at £9,906k (2017 £9,544k) however this remains amongst the lowest share of income in the FE sector. Other income is the second largest source of income at £4,639k (£4,469k) underlining the continued importance of commercial activity at the College. Tuition fees and educational contracts are a significant source of income at £3,868k (£2017 £3,954). Research grants and other contracts remain small at £11k (2017 £71k).

Total expenditure for 2018 rose by 7.3% to £19,714k (2017 £18,368k). Staff costs are the largest source of expenditure at £11,132k (2017 £9,564k) in addition to £90k (2017 £58k) restructuring costs. Staff costs have risen significantly driven by pension costs and additional support for high needs learnings. Other operating expenses including teaching and non-teaching costs is the second largest source of expenditure at £6,391k (2017 £6,657k). Depreciation costs of £1,939k (2017 £1,916k) and interest and other finance costs of £162k (2017 £173k).

The College continued to invest to improve and extend its educational infrastructure. Capital additions were £1,009k (2017 £1,475k). This included investment partially funded by the

Coast to Capital and South East Local Enterprise Partnership and the lower level of spend in 2018 is linked to the timing of these capital works.

Total borrowing, all unsecured, continues to reduce at 18.4% of turnover at £3,382k (2017 £3,742k). 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. 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 £1,093k (2017 £1,872k) of net cash flows from operating activities for the year, and has seen a reduction in cash of £122k (2017 £760k increase) after investing and financing activities. The College has a working capital facility with Sancus Finance to support cyclical cashflow requirements experienced by the FE sector around April each year.

Reserves policy

The College recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. The College considers the conflicting needs of investing in its 7 year strategy and maintaining adequate reserves. The reserves targets for strategic period 1st August 2017 to 31st July 2024 are;

1. Generate average revenue surpluses of 3%
2. Generate operating cashflows totalling £6m
3. Hold cash balances equal to 1 months payroll

As at 31st July 2018 the College has total reserves of £9,262k (2017 £9,016k) inclusive of £248k cash, £5,913k non-cash assets and £3,101k revaluation reserve.

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 2017 to 31 July 2018, 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.

Events after the end of the reporting period

October 2018 the College completed on the sale of Greenoak, a surplus property held for sale at the end of the financial year. This sale resulted in a £500k cash receipt and £230k repayment of a loan. A profit on disposal will be recognised in the 2019 accounts.

Future prospects

The College continues to generate operating cashflows whilst investing in developments at the Plumpton, Netherfield and Stanmer sites. 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.

Principle 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 strategic risk register is used to capture strategic risks and an operational risk register is used to capture both shorter and longer term cross-College operational risks. The Risk Register is tabled for collective Governor discussion each year as part of the Strategic Plan review and reviewed frequently by Senior Management. The Principal's report to each Corporation meeting highlights changes to key risks.

Principal risks

Government funding: The College has reliance on continued government funding through the further education sector funding bodies and funding bodies and through HEFCE. In 17/18 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, 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 27th November 2018 and signed on its behalf by:

R A Stanier

Chair of Governors

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 2017 to 31st July 2018 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business in full accordance with the guidance to Colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code") which it formally adopted in July 2016, on a comply or explain basis. In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2018, with the exception of the maximum term of office for Governors. An explanation of the reasons for the maximum term of office being exceed by some governors can be found on page 15. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

Public Benefit Statement

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

The Corporation

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. Chair and Vice Chair are appointed annually.

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 & 27 Mar2018	27 Mar 2020	Search	3	9
Julie Dougill (Vice-Chair of Corporation from 3.7.18)	Local Authority	16 Dec 2014	15 Dec 2018	Search (until 16.04.18) Audit Committee (from 16.04.18)	2 1	6
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	Audit Search	3 2	6

Name	Background	Date of appointment	Appointment expires	Committee Membership	Committee meetings attended	Corporation meetings attended
Jeremy Kerswell (Principal)	Plumpton College Principal	5 Oct 2015	N/A	Search	3	7
Claudette Atkinson	Academic Staff Governor	1 Mar 2016	1 Mar 2020	n/a	n/a	7
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	5 Dec 2018	Audit	3	8
Sarah Blake	Support Staff Governor	7 Nov 2017	6 Nov 2021	n/a	n/a	7
Nathalie Boyd	Support Staff Governor	14 Mar 2017	31st Oct 2017			
Suzanne Craig	Finance	10 Dec 2013 Re-appointed 3 Oct 2017	9 Dec 2021	Audit Committee (from 06.03.18)	1	3
John Evans	Business Advice	1 Oct 2003, Re-appointed 1 Oct 2011, 15 Dec 2016 & 3 Oct 2017	14 Dec 2018	Search	3	7
Sally Kinsey	Law	10 Dec 2013 Re-appointed 3 Oct 2017	09 Dec 2021	Search	2	2
Timothy Laker	Education and Construction projects	4 Jul 2017	3 Jul 20121	Audit	0	4
Leeni Lear	Education	4 Jul 2017	3 Jul 2021	Search (with effect from 16.04.18)	0	9
John Moore-Bick	Armed Forces	15 Dec 2015	14 Dec 2019	n/a	n/a	7
Bill Pepper	Veterinary	17 Mar 2015	16 Mar 2019	n/a	n/a	8
Jeff Trunkfield	Agriculture	15 Dec 2009 Re-appointed 15 Dec 2013 & 3 Oct 2017	14 Dec 2018	n/a	n/a	5
Tom Walker	Student Governor	14 Mar 2017	27th Mar 2018	n/a	n/a	5
Howard Wood	Agriculture / Education	10 Dec 2013	09 Dec 2018	n/a	n/a	6

In addition the Corporation has co-opted the following non-members to sit on its Committees/Corporation. 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	Appointmen t expires	Committee Membership	Committee meetings attended	Corporation meetings attended
Ann Baxter	*Co-opted Member of Audit Committee*	*14 Mar 2017*	*24 Jan 2018*	*Audit Committee*	*1*	*0*
Jeremy Courtney	*Co-opted Member of Farm Advisory Committee*	*1 Mar 2016*	*3 October 2017*	*Farm Advisory Committee*		*0*
Helen Key	*Co-opted Member of Academic Committee*	*14 Mar 2017*	*13 Mar 2021*	*Corporation*	*n/a*	*6*

Nathalie Boyd, Jeremy Courtney and Ann Bexter left the Corporation during the year. Corporation would like to thank them for their valued contribution.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets 9 times per year.

The Corporation also conducts business through a small number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Audit, Remuneration and Search. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at the College's registered address.

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.

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, which 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.

Members of the Corporation are appointed for a term of office not exceeding four years. Under the Code of Good Governance for English Colleges, governors should not normally serve more than two terms. 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, Jeff Trunkfield, Howard Wood and John Evans for a further 1-year term. Stan Stanier was appointed for a further 2-year term. David has played a critical role in monitoring academic performance and is supporting the newly appointed Vice-Chair during the first six months of office. Mike held the position of Vice-Chair of AoSEC, the regional representative body for FE Colleges (until the recent merger of AoSEC in to AOC, the national representative body), and the insights he provides from this role are very valuable to our discussions. Jeff Trunkfield provides valuable current agricultural expertise. Howard Wood plays an important role in monitoring academic performance. John Evans provides valuable sector and commercial expertise.

Corporation performance

The Corporation and each of its Committees formally appraises its performance each year. The appraisal covers its effectiveness and efficiency in discharging its terms of reference. This annual appraisal is also an opportunity to review the terms of reference for committees. During the year, a 'National Leader of Governance' was appointed to provide an external review of the effectiveness of the new governance model.

The performance of individual governors is formally reviewed by the Search Committee in the context of a proposed re-appointment, and is particularly searching on a second or subsequent re-appointment. This formal appraisal is supplemented by a more informal annual self-assessment by each governor comprising a one-to-one meeting between the governor and the Corporation Chair at which the governor's past performance and potential future contribution is discussed, together with the governor's views on how the Corporation is organised and run.

Remuneration Committee

Throughout the year ending 31 July 2018 the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and Clerk.

Details of remuneration for the year ended 31 July 2018 are set out in note 8 to the financial statements.

Audit Committee

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

The Audit Committee's 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. During 2017/18 the Corporation moved to monthly meetings, and discontinued its main Committees (Academic and F&GP). This had a significant effect on the role of the Audit Committee. The Committee now oversees directly non-financial assurance work which was previously commissioned and overseen by other committees. This calls for a wider range of skills; the membership of the Audit Committee has recently been adjusted to provide this. At the same time more feedback from external assurance work is now being taken directly to Corporation. Its monthly meetings allow prompt endorsement of improvement measures identified by external reviews.

The Audit Committee advises the Corporation on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation. The scope of Audit Committee covers finance as well as wider assurance on internal controls, quality monitoring and management information systems.

Internal control

Scope of responsibility

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

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

The purpose of the system of internal control

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

Plumpton College for the year ended 31 July 2018 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

For the academic year 2017/18, the College did not engage outside accountants to carry out a rolling internal audit programme, but contracted particular reviews on financial and non-financial matters as required.

The College re-tendered for external and internal audit services in 2018. Mazars were re-appointed as external auditors. An outline internal audit programme for the next 3 years was agreed, with separate internal auditors to be appointed on merit for each strand of work. The forward internal audit programme was based on a view of key areas of risk.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is 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.

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit

Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

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

Key management personnel

Key management personnel are defined as members of the College Senior Management Team and were represented by the following in 2017/18:

J Kerswell	Principal; Accounting officer
C Knell	Finance Director
J Hibbert	Deputy Principal
D Stokes	Vice Principal
T Bray	Vice Principal (until March 2018)

Professional advisers

Financial statements auditors and reporting accountants

Mazars LLP
Times House, Throwley Way, Sutton, Surrey, SM1 4JQ

Bankers

Lloyds Bank plc
8 High Street, Lewes, East Sussex, BN7 2AD

Solicitors

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

Approved by order of the members of the Corporation on 27th November 2018 and signed on its behalf by:

R A Stanier
Chair of Governors

J Kerswell
Accounting Officer

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

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 grant funding agreements and contract with ESFA.

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.

R A Stanier	**J Kerswell**
Chair of Governors	**Accounting Officer**
27th November 2018	**27th November 2018**

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

The members of the Corporation, as charity trustees, are required to present audited financial statements for each financial year. Within the terms and conditions of the College's grant funding agreements and contracts with ESFA, the Corporation – through its accounting officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and its surplus / deficit of income over expenditure for that period. 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 information about the legal and administrative status of the College. The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities. The Corporation is responsible for the maintenance and integrity of the College's website; the work carried out by 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 ESFA are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA are not put at risk.

Approved by order of the members of the Corporation on 27th November 2018 and signed on its behalf by:

R A Stanier
Chair of governors

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

Opinion

We have audited the financial statements of Plumpton College ("the College") for the year ended 31 July 2018 which comprise the Statement of Comprehensive Income and Expenditure, 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 2018 and of the College's surplus 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 Governors 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 Governors of the Corporation set out on page 22 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.

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

Use of the audit report

This report is made solely to the Corporation as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the 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.

Mazars LLP

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

20 December 2018

Date:

PLUMPTON COLLEGE

Statement of Comprehensive Income
For the Year Ended 31 July 2018

	Notes	2018 £'000	2017 £'000
Income			
Funding body grants	2	9,906	9,544
Tuition fees and education contracts	3	3,868	3,954
Research grants and other contracts	4	11	71
Other income	5	4,639	4,469
Investment income	6	-	46
Total income		18,424	18,084
Expenditure			
Staff costs	7	11,132	9,564
Fundamental restructuring costs	7	90	58
Other operating expenses	9	6,391	6,657
Depreciation	12	1,939	1,916
Interest and other finance costs	10	162	173
Total expenditure		19,714	18,368
Operating surplus/(deficit) before defined benefit pension costs		(1,290)	(284)
Pension finance costs	10	(115)	(110)
Surplus/(deficit) before other gains and losses		(1,405)	(394)
Profit/ Loss on disposal of assets		46	-
Surplus/(deficit) before tax		(1,359)	(394)
Taxation	11	-	-
Surplus/(deficit) for the year		(1,359)	(394)
Actuarial gain/(loss) in respect of pension schemes	19	800	420
Return on assets	19	805	506
Total Comprehensive Income for the year		246	532

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

PLUMPTON COLLEGE

Statement of Changes in Reserves

For the Year Ended 31 July 2018

	Income and expenditure account restated	Revaluation reserve restated	Total
	£'000	£'000	£'000
Balance at 31st July 2017	5,765	3,251	9,016
Surplus/(deficit) from income and expenditure	(1,359)	-	(1,359)
Other comprehensive income	1,605	-	1,605
Transfers between revaluation and reserves	150	(150)	-
Total comprehensive income for the year	396	(150)	246
Balance at 31st July 2018	6,161	3,101	9,262

PLUMPTON COLLEGE

Balance Sheet
At 31 July 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	12	22,995	24,183
Current assets			
Stock	-	1,077	1,104
Trade and other receivables	13	1,604	840
Assets held for sale	13	258	-
Cash at bank and in hand	18	248	370
		3,187	2,314
Creditors: Amounts falling due within one year	14	(4,525)	(3,173)
Net current liabilities	-	(1,338)	(859)
Total assets less current liabilities	-	21,657	23,324
Creditors: Amounts falling due after one year	15	(9,264)	(10,333)
	-	12,393	12,991
Provisions			
Defined benefit obligations	17	(3,131)	(3,920)
Other provisions	17	-	(55)
Total net assets including pension liability	-	9,262	9,016
Unrestricted reserves			
Income and expenditure account	-	6,161	5,765
Revaluation reserve	-	3,101	3,251
Total unrestricted reserves	-	9,262	9,016
		-	-

The financial statements were approved by the Corporation and authorised for issue on 27th November 2018 and were signed on its behalf on that date by:

R A Stanier	J Kerswell
Chair of Governors	Accounting Officer

PLUMPTON COLLEGE

Statement of Cash Flows
For the Year Ended 31 July 2018

	2018	2017
	£'000	£'000
Cash flows from operating activities		
Surplus/(deficit) for the year	(1,359)	(394)
Adjustment for non cash items		
Depreciation	1,939	1,916
(Increase)/decrease in stocks	27	52
(Increase)/decrease in debtors	(1,022)	311
Increase/(decrease) in creditors due within one year	1,702	199
Increase/(decrease in creditors due after one year	(1,069)	(643)
Increase/(decrease) in provisions	(55)	(45)
Pensions costs less contributions payable	701	329
Pension finance cost	115	110
Adjustment for investing or financing activities		
Investment income	-	(46)
Interest payable	162	173
(Profit)/Loss on sale of fixed assets	(46)	(90)
Net cash flow from operating activities	1,095	1,872
Cash flows from investing activities		
Proceeds from sale of fixed assets	46	97
Capital grant receipts	623	1,036
Investment income	-	46
Payments made to acquire fixed assets	(1,009)	(1,475)
Net cash flow from investing activities	(340)	(296)
Cash flows from financing activities		
Interest paid	(162)	(173)
New unsecured loans	-	32
Repayments of amounts borrowed	(713)	(675)
Net cash flow from financing activities	(877)	(816)
Increase/(decrease) in cash equivalents in the year	(122)	760
Cash and cash equivalents at the beginning of the year	370	(390)
Cash and cash equivalents at the end of the year	248	370
Movement	(122)	760

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 2017/18 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 cashflow, 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 grants, 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.

Income from specific endowments and donations is included to the extent of the relevant expenditure. 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.

1 ACCOUNTING POLICIES (continued)

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.

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.

1 ACCOUNTING POLICIES (continued)

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.

Land and buildings

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.

1 ACCOUNTING POLICIES (continued)

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
- 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.

(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 Bursaries and Discretionary Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account and 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.

2 FUNDING BODY GRANTS

	2018	2017
	£'000	£'000
Education and Skills Funding Agency	8,802	7,934
Higher Education Funding Council	275	316
Specific Grants		
Education and Skills Funding Agency	33	568
Releases of government capital grants	796	726
Total funding body grants	9,906	9,544

3 TUITION FEES AND EDUCATION CONTRACTS

	2018	2017
	£'000	£'000
Adult education fees	1,089	1,108
Apprenticeship fees and contracts	70	141
Fees for FE loan supported courses	176	144
Fees for HE loan supported courses	1,251	1,484
International students fees	-	-
	2,586	2,877
Education contracts	1,282	1,077
Total tuition fees and education contracts	3,868	3,954

Tuition fees funded by bursaries

Included within education contracts is £1,105k (16/17 - £878K) relating to High Needs students contracts with various Local Authorities and also £177k contracts with individual schools for 14-16 year olds (16/17 - £199K).

Notes to the Financial Statements
For the Year Ended 31 July 2018

4 RESEARCH GRANTS AND OTHER CONTRACTS

	2018 £'000	2017 £'000
Other grants and contracts	11	71
Total research grants and other contracts	11	71

5 OTHER INCOME

	2018 £'000	2017 £'000
Catering and residence operations	1,381	1,418
Farming activities	1,492	1,213
Other income generating activities	539	537
Rents and lettings	102	100
Non government capital grants	96	94
Other income	1,029	1,107
Total other income	4,639	4,469

6 INVESTMENT INCOME

	2018 £'000	2017 £'000
Bank interest receivable	-	46
Total investment income	-	46

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:

	2018 No.	2017 No.
Teaching staff	115	113
Non teaching staff	164	135
	279	248

Notes to the Financial Statements
For the Year Ended 31 July 2018

7 STAFF COSTS (continued)

Staff costs for the above persons were as follows:

	2018 £'000	2017 £'000
Wages and salaries	8,083	7,218
Social security costs	713	640
Other pension costs (note 19)	1,852	1,346
	10,648	9,204
Contracted out staffing costs	484	360
	11,132	9,564
Restructuring costs - contractual payments	90	58
Total staff costs	11,222	9,622

None of the staff involved in the restructuring were members of the Senior Management Team.

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 of the Principal, Deputy Principal, Vice Principal Business Growth and Development, Vice Principal Curriculum and Quality and the Finance Director.

	2018 No.	2017 No.
The number of key management personnel including the Accounting Officer was:	5	5

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 2018 the Vice Principal Curriculum and Quality resigned with a replacement taking up post at the end of August 2018.

	2018 No.	2017 No.
£60,001 to £70,000	1	2
£70,001 to £80,000	3	2
£80,001 to £90,000	-	-

£120,001 to £130,000	1	1

8 EMOLUMENTS OF KEY MANAGEMENT PERSONNEL (continued)

Key management personnel compensation is made up as follows:

	2018 £'000	2017 £'000
Salary	401	329
National Insurance	50	21
Other emoluments	18	18
Pension contributions	58	55
Total emoluments	527	423

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

	2018 £'000	2017 £'000
Salary	111	111
National Insurance	14	6
Other emoluments	21	18
Pension contributions	18	18
Total emoluments	164	153

The pension contribution 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.

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.

Notes to the Financial Statements
For the Year Ended 31 July 2018

9 OTHER OPERATING EXPENSES

	2018	2017
	£'000	£'000
Teaching costs	841	755
Non teaching costs	3,915	4,296
Examination costs	375	315
Premises costs	1,260	1,291
Total other operating expenses	6,391	6,657

Other operating expenses include:

	2018	2017
Financial statements and regularity audit	18	19
Internal audit and assurance	-	-
Hire of plant and machinery - operating leases	136	115
	154	134

10 INTEREST AND OTHER FINANCE COSTS

	2018	2017
	£'000	£'000
On bank loans, overdrafts and other loans	162	173
Net interest on defined pension liability (note 19)	115	110
Total interest and other finance costs	277	283

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 buildings	Assets under construction	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
COST OR VALUATION					
At 1 August 2017	280	35,894	74	5,717	41,965
Transfers	-	-	-	-	-
Additions	-	210	142	657	1,009
Transfer to current assets		(496)	-	-	(496)
Less: Disposals	-		-	(106)	(106)
At 31 July 2018	280	35,608	216	6,268	42,372
DEPRECIATION					
At 1 August 2017	49	13,408	-	4,325	17,782
Transfer	-	-	-	-	-
Charge for year	9	1,225	-	705	1,939
Transfer to current assets		(238)			(238)
Less: Disposals	-		-	(106)	(106)
At 31 July 2018	58	14,395	-	4,924	19,377
NET BOOK VALUE					
At 31 July 2018	222	21,213	216	1,344	22,995
At 31 July 2017	231	22,486	74	1,392	24,183

Inherited land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost and subsequently under the transitional provision 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 Proactive 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 building include land at valuation of £2,516,000 (2017 - £2,516,000) which is non-depreciable.

PLUMPTON COLLEGE

Notes to the Financial Statements
For the Year Ended 31 July 2018

13 TRADE AND OTHER RECEIVABLES

	2018 £'000	2017 £'000
Trade receivables	895	313
Prepayments and accrued income	657	452
Other taxation and social security	12	22
Amounts owed by the ESFA	-	23
Other	298	30
Total trade and other receivables	1,862	840

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Bank loans and overdrafts (Note 16)	1,171	722
Payments received in advance	-	-
Trade payables	529	566
Other tax and social security	303	297
Payments on account	-	-
Other creditors	(19)	110
Accruals and deferred income	1,743	766
Deferred income - government capital grants	796	710
Amounts owed to the ESFA	-	-
Total creditors	4,523	3,173

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £'000	2017 £'000
Bank loans (Note 16)	2,211	3,020
Deferred income - government capital grants	7,053	7,313
Total creditors	9,264	10,333

NOTE: £855k invoiced to students for 18/19 accommodation, included in debtors and deferred income.

Notes to the Financial Statements
For the Year Ended 31 July 2018

16 MATURITY OF DEBT

Bank loans and overdrafts are repayable as follows:	2018 £'000	2017 £'000
In one year or less	1,171	722
Between one and two years	235	620
Between two and five years	721	823
In five years or more	1,255	1,577
Total maturity of debt	3,382	3,742

The College has 3 Lloyds Bank loans which are unsecured and repayable by quarterly instalment:
Green Oak loan was repaid in October 2018, following the sale of the property.
IT and Fishery Development loan is due to be repaid in March 2019.
West Wing Redevelopment loan is due to be repaid in August 2028.

In addition the college has an unsecured loan for the upgrading of lighting:
SALIX loan is due to be repaid in October 2020.

17 PROVISIONS

	Defined benefit obligations £'000	Other £'000	Total £'000
At 1 August 2017	(3,920)	(55)	(3,975)
Expenditure/additions in the period	789	55	844
At 31 July 2018	(3,131)	-	(3,131)

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme (note 19).

The College recognises a contingent liability arising from a 2016 incident that advertently led to waste water and slurry running off the College fields and into one of the water courses. By working with the College insurers, the College has rectified this situation. This may result in a fine which cannot be quantified at the date of signing.

18 CASH AND CASH EQUIVALENTS

	2017	Cash flows	2018
	£'000	£'000	£'000
Cash and cash equivalents	370	(122)	248
Overdraft	-	-	-
Total cash and cash equivalents	370	(122)	248

19 DEFINED BENEFIT OBLIGATION

This note should be read in conjunction with the accounting policy on pensions and other retirement benefits.

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 359 eligible employees at July 2018, 118 were members of the TPS and 158 were members of the LGPS.

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. 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.

PLUMPTON COLLEGE

Notes to the Financial Statements
For the Year Ended 31 July 2018

19 DEFINED BENEFIT OBLIGATION (continued)

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation and the subsequent consultation are:
Employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration). Total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 bn, giving a notional past service deficit of £14.9 bn.

The new employer contribution rate for the TPS has been implemented in September 2015. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:
https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx

Scheme changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.
The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

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

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015. The employer contribution was set at 16.45%. The employee rate 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 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:		2018 £'000		2017 £'000
Teachers Pension Scheme contributions paid		589		576
Local Government Pension contributions paid	562		441	
Local Government Pension FRS 102 (28) charge	701		329	
Charges to statement of comprehensive income (staff costs)		1,263		770
Total pension cost for the year within staff costs (notes 7)		1,852		1,346

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 2016. Contributions amounting to £44k (2017 £49k) were payable to the schemes at 31 July and are included within creditors.

19 DEFINED BENEFIT OBLIGATION (continued)

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:

	2018	2017
	£'000	£'000
Employer service costs (net of employee contributions)	1,289	802

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.

	2018	2017
	£'000	£'000
Interest income on plan assets	337	271
Interest on pension liabilities	(452)	(381)
Pension finance credit/(cost)	(115)	(110)

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 2018 the Return on the Scheme's assets was £805K (2017: £506K). 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 £452K in 2018 (2017: £381K).

Amounts recognised in other comprehensive income

	2018	2017
	£'000	£'000
Return on pension plan assets	805	506

Experience losses arising on defined benefit obligations	(1)	778
Change in assumption underlying the present value of plan liabilities	801	(358)
Pension finance credit/(cost)	1,605	926

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 £13,875k at 31 July 2018. Fair values are expressed at bid prices as required by FRS17, and are made up as follows:

	Long-term rate of return 2018	Fair value 2018 £'000	Long-term rate of return 2017	Fair value 2017 £'000
Equities	4.0%	9,990	4.0%	8,837
Bonds	4.0%	1,943	4.0%	1,718
Property	4.0%	1,388	4.0%	1,227
Cash	4.0%	555	4.0%	491
Total market value of assets		13,875		12,273

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:

	2018 £'000	2017 £'000
Assets at start of period	12,273	11,124
Interest income	337	271
Return on assets (excluding amounts included in net interest)	805	506
Employer contributions	588	473

Employee contributions	200	161
Benefits paid	(328)	(262)
Assets at end of period	13,875	12,273

19 DEFINED BENEFIT OBLIGATION (continued)

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:

	2018 £'000	2017 £'000
Liabilities at start of period	16,193	15,531
Service cost	1,289	802
Interest cost	452	381
Employee contributions	200	161
Actuarial loss/(gain)	(800)	(420)
Benefits paid	(328)	(262)
Liabilities at end of period	17,006	16,193
Funded	16,999	16,193
Unfunded	7	6

Principal actuarial assumptions

The present value of the liabilities shown at July 2018 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 FRS17, 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 was 2.7%, up from the 2.4%.

4 **Commutation Rate** 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:

19 DEFINED BENEFIT OBLIGATION (continued)

	Males 2018	Females 2018	Males 2017	Females 2017
Current pensioners	22.1	24.4	22.1	24.4
Future pensions	23.8	26.3	23.8	26.3

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
The College net pension deficit has fluctuated over the last four years, as both pension fund assets and liabilities have consistently grown.

	2018 £'000	2017 £'000	2016 £'000	2015 £'000
College pension fund assets	13,875	12,273	11,124	9,481
College pension fund liabilities	(17,006)	(16,193)	(15,531)	(12,384)
Net pension deficit	(3,131)	(3,920)	(4,407)	(2,903)

Net defined (liability) in scheme at 1 August Movement in year:	2018 £'000	2017 £'000
Net defined (liability) at 1 August	(3,920)	(4,407)
Current service cost	(1,289)	(802)
Employer contributions	587	473
Net (interest)/return on assets	(115)	(110)
Actuarial gain/(loss)	800	420
Return on assets	805	506
Net defined (liability) at 31 July	(3,132)	(3,920)

20 CAPITAL COMMITMENTS

None

21 FINANCIAL COMMITMENTS

	2018	2017
At 31 July the College had annual commitments (under non-cancellable operating leases) as follows:	£'000	£'000
Land and Buildings		
Expiring within one year	84	57
Expiring between one and five years	54	59
Expiring in over five years	7	15
	145	131
Equipment		
Expiring within one year	155	95
Expiring between one and five years	313	95
Expiring in over five years	-	-
	468	190

22 POST BALANCE SHEET EVENTS

October 2018 the College completed on the sale of Greenoak, a surplus property held for sale at the end of the financial year. This sale resulted in a £500k cash receipt and £230k repayment of a loan. A profit on disposal will be recognised in the 2019 accounts.

23 RELATED PARTIES

Due to the nature of the College 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 and Skills Funding Agency are detailed in notes 2, 13 and 14.

The College hold 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. The College has no other interests in active subsidiaries or joint venture.

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

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 2017 to 31 July 2018 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("the Code") issued by the Department. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (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 2017 to 31 July 2018 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 2017 to 31 July 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mazars LLP

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20 December 2018