

# **HERTFORD REGIONAL COLLEGE**

## **REPORT AND FINANCIAL STATEMENTS for the year ended 31 July 2017**



**hrc**

<b>CONTENTS</b>	<b>Page Number</b>
<b>Management Personnel, Board of Governors and Professional advisers</b>	<b>3</b>
<b>Strategic Report</b>	<b>4</b>
<b>Statement of Corporate Governance and Internal Control</b>	<b>16</b>
<b>Governing Body's Statement on the College's regularity, propriety and Compliance with Funding Body Terms and Conditions of Funding</b>	<b>22</b>
<b>Statement of the Responsibilities of the Members of the Corporation</b>	<b>23</b>
<b>Independent Auditor's Report to the Corporation of Hertford Regional College</b>	<b>25</b>
<b>Independent Auditor's Report on Regularity to the Corporation of Hertford Regional College</b>	<b>28</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>30</b>
<b>Consolidated and College Statement of Changes in Reserves</b>	<b>31</b>
<b>Balance Sheet as at 31 July</b>	<b>32</b>
<b>Consolidated Statement of Cash Flow</b>	<b>33</b>
<b>Notes To The Accounts</b>	<b>34</b>

## Management Personnel, Board of Governors and Professional advisers

### Key management personnel

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

**T. Medhurst - Principal and CEO; Accounting Officer**  
**A. Clare – Deputy Principal Finance & Resources**  
**O. Oliver – Associate Director**  
**K. Dougherty – Vice Principal Enterprise & Innovation**  
**W. Wright – Vice Principal Curriculum & Quality**  
**K. Fleet – Director of HR & Corporate Development**  
**A. Mclean – Director of Quality & Learner Experience**

### Board of Governors

A full list of Governors is given on page 17 of these financial statements.

Mr J Fowl acted as Clerk to the Corporation until June 2017

Ms J Chaplin acted as Clerk to the Corporation from June 2017

### Professional advisers

#### Financial statements and regularity auditors:

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

#### Internal auditors:

RSM Risk Assurance Services LLP (formerly Baker Tilly)  
The Pinnacle,  
170 Midsummer Boulevard  
Milton Keynes,  
Bucks, MK9 1BP

#### Bankers:

Lloyds TSB plc  
1 Bircherley Street  
Hertford  
Herts  
SG14 1BU

#### Solicitors:

Mills & Reeve  
Francis House  
112 Hills Road  
Cambridge  
CB2 1PH

## **Strategic Report**

### **NATURE, OBJECTIVES AND STRATEGIES:**

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

#### **Legal Status**

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Hertford Regional College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The Corporation was incorporated as Hertford Regional College.

#### **Mission**

The College's mission, as revised and approved by the Corporation in 2017, is:

*Achieving sustainable economic and social impact through high quality responsive education and training, we are:*

- *Partnered by employers;*
- *Defined by our communities;*
- *Enriched by our staff;*
- *Inspired by individual success.*

#### **Public Benefit**

Hertford Regional College is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government change in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 17.

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry & commerce and the local community
- Link with Local Enterprise Partnerships (LEPs)

### **Implementation of strategic plan**

In 2016, the College adopted a three-year strategic plan 2016 to 2019. This strategic plan is supported by a three-year financial plan. The Corporation monitors the performance of the College against these and other plans. The annual objectives are agreed each year. The College's objectives over the three-year plan are grouped under the four key themes:

- Quality
- Product
- Finances
- Culture

#### **Strategic Objectives – 2016 to 2019:**

HRC's overall strategic objectives for the three-year period are grouped under the four key themes adopted by the College. The annual objectives are updated each planning year to ensure that the institutional focus remains relevant and informed by any political and policy change unknown at the outset of this planning period. These annual objectives will be supported by specific family targets in line with revised performance review and local accountability procedures.

#### **Quality**

- To achieve an Ofsted rating of "Good" at the College's next inspection in 2018 with a clear indication that "Outstanding" is achievable
- To address the recommendations made by Ofsted in the May 2016 inspection report through successful delivery of the College's post inspection action plan
- To deliver a consistently effective or highly effective learning experience for all students across the College's full range of provision
- To achieve an attendance rate of 93% on study programmes inc. English/maths
- To achieve minimum 75<sup>th</sup> percentile achievement rate for classroom based learning - 16 to 18/19+
- To achieve minimum 75<sup>th</sup> percentile achievement rate for apprenticeships including timely
- To improve English/maths outcomes to above national rates
- To improve the significance of value added scores year on year against external and internally devised measures
- To ensure that the quality assurance requirements of the QAA Guidelines are fully met across all Higher Education provision
- To achieve cross College Matrix accreditation

#### **Product**

- To implement the destination curriculum model, including the associated underpinning ethos and strategy
- To ensure that study programmes are relevant and of high quality, recognised by both employers and community as to the value they bring in terms of progression to further study at a higher level, an apprenticeship, HE or employment and to remove provision that no longer meets these criteria
- To expand HRC delivered apprenticeships, potentially in partnership, by introducing new programmes and/or higher levels meeting identified employer needs and maximising opportunities presented by the introduction of the levy

### **Product Continued**

- To expand HRC delivered higher education, potentially in partnership, to support the development of higher level skills in the communities we serve in particular in both Hertfordshire and North London
- To refresh 14 to 16 provision to meet the needs of local learners both in and out of school
- To rebrand and relaunch community programmes both funded and commercial
- To support the refreshed product offer with a revitalised, refocussed and, where necessary, differentiated marketing strategy targeting the market segments that the College serves

### **Finances**

- To deliver the financial objectives outlined in the 3-year financial plan and, in so doing, achieve “Good” financial health in 2016/17 and “Outstanding” in 2017/18 and future year. The SFA financial record shows “outstanding” but the College Executive team and governors have access the position to be “good” due to the difficult trading position in the previous 2 years
- To achieve learner number targets generally, specifically for 16 to 18 year olds and apprenticeships, as contained within the 3-year financial plan
- To maximise progression opportunities between levels, to apprenticeships and to HE
- To prepare for and manage the financial impact of the apprenticeship levy and devolution of AEB through the period of this plan
- To maximise opportunities for European and other funding both through partnership/consortia and sole institution bidding
- To develop and implement a refreshed property strategy including both asset disposal and further investment in line with agreed principles
- To progress commercial opportunities in line with agreed principles
- To implement a staffing resource company to provide a flexible staffing mix
- To implement a fit for purpose business model for HRC that meets the needs of stakeholders and internal customers
- To ensure that the College operates within its bank covenants

### **Culture**

- To ensure the organisational culture in HRC fits the strategic direction and goals of the organisation
- To improve internal communications with the management tiers taking full accountability for their part in ensuring that all staff are informed sufficiently to perform their roles at the optimum level
- To remove and/or reduce over-engineered and ineffective internal systems and processes by honest appraisal and the recommendation of solutions that reduce both cost and end user time
- To adopt a professional peer to peer learning culture amongst teaching, facilitating and learning support staff to support the overall improvement needed in delivering a consistently effective or highly effective learning experience for all students
- To fully embed the staff developed values and behaviours in the College including in performance review of existing staff and recruitment of new staff to ensure fit with the College’s strategic direction and operating ethos

### **Culture Continued**

- To develop, implement and embed the College wide people strategy
- To continue to swiftly challenge and manage underperformance of both individuals and teams
- To support the development and progression of talented individuals within HRC
- To implement a management development programme for existing and future managers
- To maximise partnership opportunities with likeminded organisations who can share HRC's vision and operating ethos and value the "win/win" approach that partnership can bring
- To develop an internal apprenticeship strategy that fully utilises the opportunities offered by the new apprenticeship levy enabling HRC, as an employer, to further support economic growth by providing more jobs in the local community
- To continue to ensure that safeguarding and related arrangements are implemented effectively

The College is on target for achieving these objectives

The College's specific objectives for 2016/17 and achievement of those objectives are addressed below.

- To improve overall College Achievement rate to 90% (excluding English and maths) and retention 94%
- To achieve an overall minimum student attendance figure of 90% in 2016/17 across all provisions, including English & maths
- To deliver the financial objectives outlined in the three-year financial plan and achieve "good" financial health in 2016/17
- To ensure the culture at HRC aligns with the strategic direction and goals of the organisation, through timely management of underperformance
- To continue to reposition and re-shape the organisation to maximise market opportunities and offer a sustainable future for the College
- To revitalise the curriculum offer for 2017/18 to ensure it responds to local, LEP and national priorities – to include 16-18, adult, apprentice and commercial

### **Financial objectives**

The College's financial objectives are:

- to maintain a sound financial base (liquidity and solvency)
- to achieve an annual operating surplus
- to continuously improve financial management focused on each business unit generating a financial contribution
- to pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution
- to maintain a high quality, modern and effective learning environment through capital investment

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

## HERTFORD REGIONAL COLLEGE

Performance Indicators	31 July 2017	
	Financial Plan Forecast	SFA Financial Plan
Total surplus/(deficit) for the year (£000s)	209	234
Total surplus/(deficit) as a % of income	1%	1.21%
EBITDA as a % of income - standard	15.21%	13.44%
Adjusted Operating Surplus (Deficit) (£000s)	209	247
Cash days in hand	121.99	135.22
Adjusted current ratio	2.42	2.73
Total borrowing as a % of income	36.86%	38.41%
Dependency on ESFA income	77.74%	81.47%
Staff costs (incl contract tuition services/excl restructuring) as % of income	59.80%	63.41%

The College is committed to observing the importance of sector measures and indicators and use the FE Choices, which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency (ESFA). The College is assessed by the ESFA as have a “Good” financial health grading. The current rating of “Good” is considered an acceptable outcome.

## FINANCIAL POSITION

### Financial results

	2016/17	2015/16
College (deficit)/ surplus before pension finance costs and excluding CK	134	(1,882)
Pension finance costs	(515)	(533)
CK Assessment dividend	186	167
CK Assessment amortisation	(72)	(72)
<b>Group (deficit)/ surplus before other gains and losses</b>	<b>(267)</b>	<b>(2,320)</b>
Gain on disposal of asset	-	2,003
Share of HERTVEC (deficit)/ surplus	501	(795)
<b>Group (deficit)/ surplus for the year</b>	<b>234</b>	<b>(1,112)</b>
Unrealised gain on revaluation of asset	7	520
Actuarial profit on pension scheme	2,248	75
<b>Group total comprehensive income for the year</b>	<b>2,489</b>	<b>(517)</b>

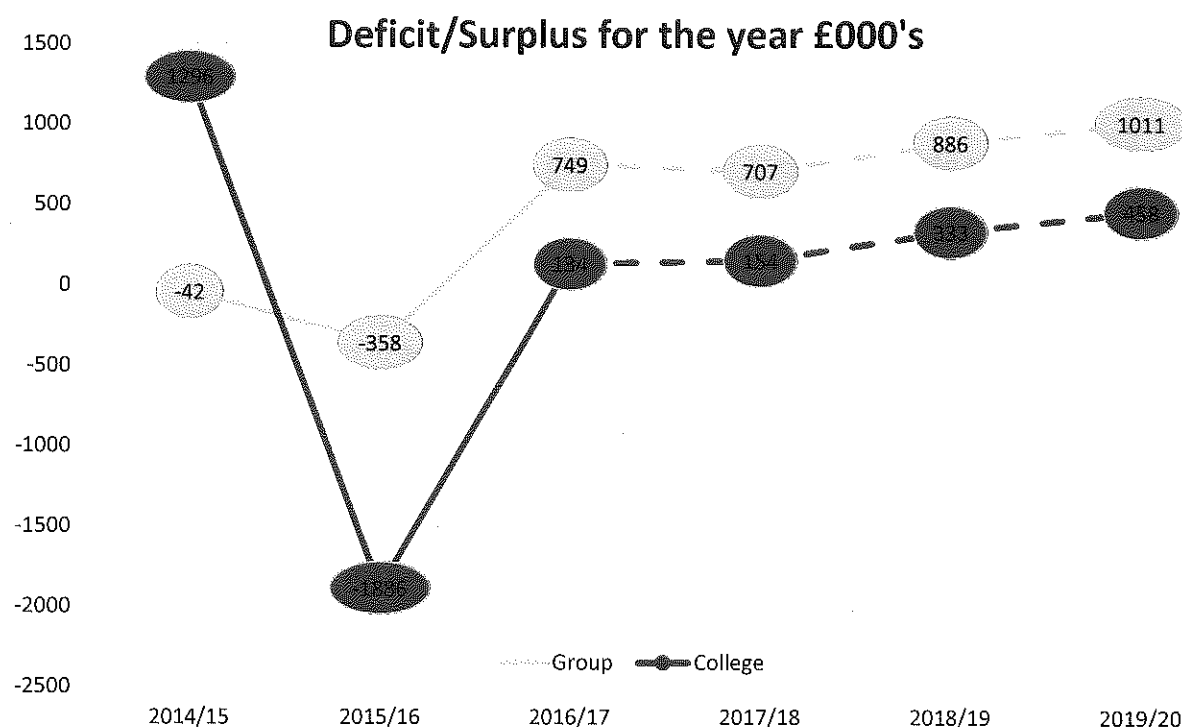
The Group generated a profit before other gains and losses in the year of £234k (2016/17 – deficit of £1,112k), with total comprehensive income of £2,489k (2015/16 – deficit of £517k).

The College SLT complemented a restructure across the whole College in the previous year to reposition the College to align to the strategic aim and capitalised on new income opportunities. This has resulted



## HERTFORD REGIONAL COLLEGE

in an excellent performance for the Group with each area achieving a surplus. The turnaround of HERTVEC of £1,159k after a combined loss of £5,247k in the previous 2 years.



The College has accumulated reserves of £29,323k and cash and short-term investment balances of £7,193k. The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.

Tangible fixed asset additions during the year amounted to £429k. The majority of this expenditure related to the final payment on the Ware phase 2 development and a refresh of the IT network.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2016/17, the funding bodies provided 75% of the College's total income.

The College has two subsidiary companies, CK Assessment and Training Limited, a plumbing and gas training company and purchased by the College in October 2013 and Hertford Resourcing Group, a staff resource company which commence business in January 2017. Any surpluses generated by the subsidiaries are gifted aided to the College under deed of covenant. In the current year, the gifted aided surplus from CK Assessment and Training Limited was £186,040. Hertford Resourcing Group did not generate any surplus.

### Treasury policies and objectives

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

The College has a treasury management policy in place within the finance regulations.

## HERTFORD REGIONAL COLLEGE

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 & Liquidity

At £1,510k inflow from operating activities (2015/16: £1,620k outflow).

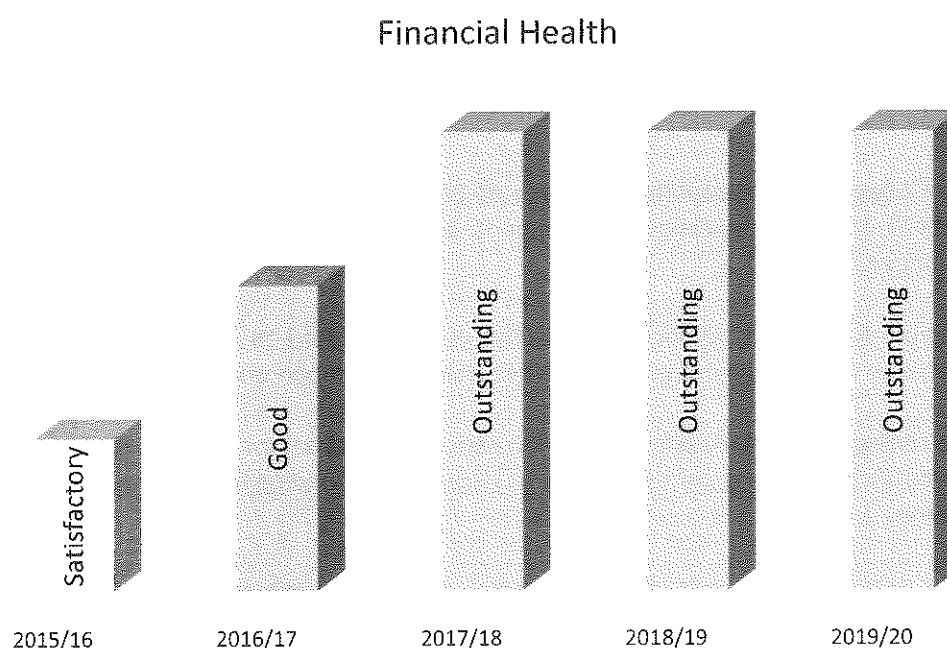
The College had borrowings at 31 July 2017 of £7,456k (2015/16 £7,925k)

### Reserves Policy

The College adopted a reserves policy to maintain general reserves, excluding pension liability of at least £20m as part of the three-year plan. The present level of reserves excluding revaluation reserve is in excess of £28m.

## CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

### Financial health



The current financial plan, which includes a draft of the statutory accounts, shows the financial health improving to Good and when the results are delivery in 2017/18 the college will move to outstanding.

### Student numbers

In 2016/17 the College has delivered activity that has produced £15,217k in funding body main allocation funding (2015/16: £14,762k).

The College had 4,561 funded students and 1,581 other students.

### **Student achievements**

Student achievement rates in 2016/17 have improved compared to 2015/16. Overall achievement rates (including English and maths) in 2016/17 was 76.9% (76.3% 2015/16). For 16-18 year olds, the rate was 72.0% (73.5% 2015/16) and for students aged 19+, the overall achievement rate was 86.6% (81.3% 2015/16).

For 16-18 year olds studying a diploma sized qualification, the overall achievement rate was 84.5% in 2016/17 (83% in 2015/16) and for students aged 19+, the overall achievement rate was 81.3% in 2016/17 (71% in 2015/16).

### **Curriculum developments**

The college has a proactive approach to supporting local people and communities in the context of the current economic climate. It continues to provide a broad range of learning opportunities in all subject sector areas identifying clear pathways of progression for students from pre-entry to higher education. Over the past year, the college has developed new HE provision in partnership with Tottenham Hotspur Football Club, expanded its Higher National offer and revised the curriculum offer in a number of areas. This is an ongoing process with further changes anticipated this year.

The college continues to work strategically with key partners to deliver niche apprentice and predominantly adult provision within the local area.

### **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 per cent. During the accounting period 1 August 2016 to 31 July 2017, the College paid 99% per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

### **Post-balance sheet events**

There were no post balance sheet events to report.

### **Future developments**

The College is subject to lagged funding, the previous losses are due to the loss on the internal investment in Saudi Arabia and the full in full time student. The ESFA FE income for 16 to 19 (including 14-16 year olds and 19-24 year old learners with learning difficulties or disabilities) and adult learner responsive provision in 2017/18 has been confirmed as £ 13,404k.

The College will seek to increase 16-19 student numbers over the next three years as the demographic downturn in the number of these learners improves. Changes in adult funding will mean that some courses will change to fully funded Courses or where not viable, cease to run. The College will be focusing on improving efficiency as well as improving quality. There will also be other opportunities to expand our adult and 16-19 curriculum offer to generate further growth.

## **HERTFORD REGIONAL COLLEGE**

The College has prepared these accounts on a going concern basis. This is supported by:

- College budget for 2017/18 approved by Governors generates a surplus
- College three year financial plans demonstrate its ability to generate positive cash flow in each year
- The College's ability to meet its bank covenants in the next 12 months and beyond
- The College is awaiting the outcome of procurement activity relating to the award of funds for the delivery of non-levy based Apprenticeship programmes from January 2018.

### **RESOURCES:**

#### *Financial*

The college has £33,342k of net assets (including £6,848k pension liability) and £7,456k loans.

#### *People*

By the end of the year, the College employed 359 people (expressed as full time equivalents), of whom 164 are teaching staff.

#### *Reputation*

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

### **PRINCIPAL RISKS AND UNCERTAINTIES:**

The College has a documented Risk Management Policy and Procedures that detail the arrangements, roles and responsibilities for risk management within the College. The College's strategic and operational risks are captured and recorded on a web based software application that is overseen by the Deputy Principal Finance and Resources who is the college's risk champion.

Risks are assessed against their impact of likelihood of materialising and all strategic risks are formally reviewed each term by the Senior Leadership Team with outcomes being advised to the Audit Committee via a risk management update report produced by the Deputy Principal Finance and Resources. Operational risks are maintained by various managers in the college and reviewed at the Corporate Management Group and Academic Management Groups meetings.

Outlined below is a description of the keys factors that may impact on the college.

#### **Government funding**

The College has considerable reliance on continued government funding through the further education sector funding bodies and through HEFCE. In 2016/17, 78% of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at 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

## **HERTFORD REGIONAL COLLEGE**

affect that marketplace though the full implications are not yet known as government policy continues to develop.

This risk is mitigated in a number of ways:

- Ensuring the college is rigorous in delivering high quality education and training
- Seeking ways of more efficient delivery of teaching and learning and all support services
- Ensuring that the college is focused on those priority sectors which will continue to benefit from public funding
- Ensuring relevant staff have an understanding of the funding arrangements and impacts
- Maintaining regular dialogue with the ESFA at all levels
- Maintaining regular dialogue with local authorities in respect of high needs students

### **Tuition fee policy**

The College has a clear and transparent Tuition fee policy with the majority of the course have a fee assumption of 50%.

### **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 requirement of FRS 102.

The risk is mitigated by an agreed deficit recovery plan with the Hertfordshire County Council Pension Scheme.

### **Failure to maintain the 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 lower pupil numbers. Notwithstanding that, 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

### **Ofsted Requirements**

The college was graded as "Requires Improvement" in May 2016. A post-inspection action plan has been prepared and good progress is being made to improve the College curriculum and support services. This was recognised in our last Ofsted support and challenge visit in April 2017.

The college is aware of the new Common Inspection Framework and continues to promote working at the highest standards. The results of an Ofsted inspection can impact on reputation and therefore on student recruitment.

## **HERTFORD REGIONAL COLLEGE**

The risk is mitigated in a number of ways:

- Continuous review, training and development of staff on all aspects of roles to ensure the learner is at the heart of the college. This will include, but not restricted to,
  - Teaching & learning observations
  - Appraisal objectives that are learner focussed
  - Continuous monitoring of KPI's including attendance, achievement etc.
  - Continuous Safeguarding training
- Provision of relevant work experience
- Continuous monitoring of student progress
- Keeping up to date with relevant Ofsted material and attending external training

### **48% Share in Joint Venture**

The management and Governing body recognise this is a high-risk venture and the financial statements show a significant loss in the first 2 years. After a strategic review of the company and revised financial model, the business place shows a substantial profit for 16/17 and continuing for the following two years. The contract is for five years. The risk is mitigated in the following ways:

- Continuous scrutiny by the Governing Body and decision to pursue exit options
- Dedicated financial resource to advise the Board on options

## **STAKEHOLDER RELATIONSHIPS**

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

- Students
- Education sector funding bodies
- Staff
- Local employers (with specific links)
- Local Authorities
- Government Offices /LEP's
- The Local Community
- Other FE/HE institutions
- Trade Unions
- Professional Bodies.

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

## **Equality and Diversity**

Hertford Regional College is committed to achieving equality of opportunity, social inclusion and parity of esteem for all who study, work, visit and engage with the College. The College aims to ensure that in celebrating diversity it operates fairly irrespective of a person's sex, disability, age, pregnancy and maternity, race, marriage and civil partnership, religion or belief, sexual orientation, gender reassignment, social background, trade union membership or activity and unrelated criminal convictions, or any other unlawful discrimination.

The College is committed to the elimination of discrimination, harassment and victimisation on any of the above grounds.

## **HERTFORD REGIONAL COLLEGE**

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis

### **Disability statement**

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

- 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
- The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy
- The College has made an 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
- Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format
- Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction

### **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 14th December 2017 and signed on its behalf by:**



**M G CARVER**  
Chair

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

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

The College endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges' ("the Code").

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular, the Board has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with all the provisions of the Code of Good Governance, and it has complied throughout the year ended 31 July 2017.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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



**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL** *(continued)*
**The Corporation**

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

**Committees**
**1 RESOURCES**
**2 QUALITY & STANDARDS**
**3 SEARCH**
**4 REMUNERATION**
**5 EMPLOYMENT ENGAGEMENT**
**6 AUDIT**

Name of Member	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance In 2016/17
Mr K Ayling	Dec 2014	4 Years		Independent Governor	4,5,6	80%
Mr K Broad	Oct 2016	4 years		Staff	2	
Mr M Carver (Chair)*	Dec 2016 reappointed	4 Years		Independent Governor	1,3,4	100%
Mr M Dempsey	March 2017	4 years		Independent Governor		100%
Mr M Eastwood	July 2017	4 years		Independent Governor	6	n/a
Ms B Gokpinar	Oct 2016	1 year	Oct 2016	Student Governor	2	0%
Mr W Gordon	Dec 2013	4 Years		Independent Governor	1, 3, 4	85%
Ms J Howell	Dec 2016	4 years		Independent Governor	1	86%
Mr R Irons	March 2015	4 Years		Staff		75%
Ms S Kemp	Oct 2016	1 year	July 2017 (ended)	Student Governor	2	50%
Ms A Lucas	June 2016	4 years		Independent Governor	2	56%
Mr T Medhurst	Principal	N/A		N/A	1,2,3,5	100%
Ms L Radford	March 2016	4 years		Independent Governor	2	67%
Mr I Richardson	May 2016	4 years		Independent Governor	5	75%
Mr E Smith	Dec 2016	1 year	July 2017 (ended)	Student Governor	2	33%
Ms P Spears	Dec 2014	4 Years		Independent Governor	5	50%
Ms J Wing	July 2017 reappointed	4 Years		Independent Governor	2,3,4,5,6	86%
Mr H Young	July 2015	4 years	June 2017	Independent Governor	2	75%

\*The Chair is appointed each year in August. Mr M Carver was reappointed in August 2017.

Mr J Fowl acted as Clerk to the Corporation until 23 June 2017;

Ms J Chaplin acted as Clerk to the Corporation from 24 June 2017

Overall Attendance 2016-17 =76%

Vacancies: 3 vacancies as at 31<sup>st</sup> July 2017

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL** *(continued)*

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 each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Resources, Quality and Standards, Search, Remuneration, Employer & Community Engagement, Audit and Development. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website [www.HRC.ac.uk](http://www.HRC.ac.uk) or from the clerk to the Corporation at: Hertford Regional College, London Road, Ware, Hertfordshire, SG12 9JF.

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

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

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

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

There is a clear division of responsibility in that the roles of the Chairman and Principal 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 four 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 4 years.

### **Remuneration Committee**

By the 31 July 2017, the College's Remuneration Committee comprised of four members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post holders.

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

**Audit Committee**

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

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

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

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

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

**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 Financial Memorandum between Hertford Regional 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 purpose of the system of internal control continued*

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 Hertford Regional College for the year ended 31 July 2017 and up to the date of approval of the annual report and accounts.

*Capacity to handle risk*

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2017 and up to 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.

Hertford Regional College has an internal audit service, which operates in accordance with the requirements of the ESFA's Joint Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

*Review of effectiveness*

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

- the work of the internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework;
- comments made by the College's financial statements' auditors, the regularity auditors, the appointed funding auditors (for colleges subject to funding audit) in their management letter and other reports.

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL** *(continued)*

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2017 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2017 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2017.

Based on the advice of the Audit Committee and the Principal, the Corporation is of the opinion that the College has an 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"*.

**Going Concern**

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

Approved by order of the members of the Corporation on 14<sup>th</sup> December 2017 and signed on behalf by:



M G CARVER  
Chair



T MEDHURST  
Principal

**GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY,  
PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS  
OF FUNDING**

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

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 Education Skills Funding Agency terms and conditions of funding under the College's financial memorandum/funding agreement.

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 Education Skills Funding Agency.



**M G CARVER**  
Chair

**14<sup>th</sup> December 2017**



**T MEDHURST**  
Principal

**14<sup>th</sup> December 2017**

## **STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION**

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

Within the terms and conditions of the Financial Memorandum agreed between the ESFA and the Corporation of the College ('the Corporation'), through its Principal, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and with the Accounts Direction 2016 to 2017 issued jointly by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 Strategic Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them.

**STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION** *(continued)*

In addition, they are responsible for ensuring that funds from the ESFA are used only in accordance with the Financial Memorandum/Financial Agreement with the ESFA and any other conditions that maybe 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 by the ESFA are not put at risk.

**Approved by order of the members of the Corporation on 14<sup>th</sup> December 2017 and signed on its behalf by:**



**M G CARVER**  
Chair



**Independent Auditor's Report to the Corporation of Hertford Regional College  
Year ended 31 July 2017**

**Opinion**

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

This report is made solely to the Governors, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the Governors, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2017 and of the surplus for the year then ended;
- have been properly prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Other information**

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

**Independent Auditor's Report to the Corporation of Hertford Regional College**  
**Year ended 31 July 2017** *(continued)*

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**

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

We have nothing to report in respect of the following matters in relation to which the Post 16 Audit Code of Practice issued by the Department for Education requires us to report to you if our opinion:

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

**Responsibilities of Governors**

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

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

**Auditor's responsibilities for the audit of the financial statements**


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

**Independent Auditor's Report to the Corporation of Hertford Regional College**  
**Year ended 31 July 2017** *(continued)*

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

  
.....

MHA MACINTYRE HUDSON  
Chartered Accountants & Statutory Auditor  
New Bridge Street House, 30-34 New Bridge Street  
London, EC4V 6BJ

Date.....18/12/17.....

## **Reporting Accountant's Assurance Report on Regularity to the Corporation of Hertford Regional College and the Secretary of State for Education acting through the Skills Funding Agency**

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

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("the Code") issued jointly 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 Hertford Regional 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 Hertford Regional 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 Hertford Regional College and the Department for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Hertford Regional College and the reporting accountant**

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

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

### **Approach**

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

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

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

**Reporting Accountant's Assurance Report on Regularity to the Corporation of Hertford Regional College and the Secretary of State for Education acting through the Skills Funding Agency** *(continued)*

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:

- Reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us
- Review of the objectives and activities of the College, with reference to the income streams and other information available to us as auditors of the College
- Testing of a sample of payroll payments to staff
- Testing of a sample of payments to suppliers and other third parties
- Testing of a sample of grants received and other income streams

**Conclusion**

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



MHA MacIntyre Hudson  
Chartered Accountants and Statutory Auditors  
New Bridge Street House  
30-34 New Bridge Street  
London  
EC4V 6BJ

18/12/17

Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 July		Year ended 31 July	
		2017	2017	2016	2016
		Group	College	Group	College
		£'000	£'000	£'000	£'000
<b>INCOME</b>					
Funding body grants	2	15,957	15,957	15,796	15,796
Tuition fees and education contracts	3	2,748	2,748	3,264	3,264
Other grants and contracts	4	936	936	1,177	1,177
Other income	5	770	349	609	217
Endowment and investment income	6	38	38	52	52
Donations and Endowments	7	-	186	-	167
<b>Total income</b>		<b>20,449</b>	<b>20,214</b>	<b>20,899</b>	<b>20,674</b>
<b>EXPENDITURE</b>					
Staff costs	8	12,016	11,581	13,234	12,856
Fundamental restructuring costs	8	48	48	842	842
Other operating expenses	9	5,442	5,648	5,846	6,008
Depreciation	13	2,324	2,318	2,278	2,271
Interest and other finance costs	10	299	299	414	414
Actuarial finance costs in respect of pension schemes	12	515	515	533	533
Amortisation	15	72	-	72	-
<b>Total expenditure</b>		<b>20,716</b>	<b>20,409</b>	<b>23,219</b>	<b>22,922</b>
<b>(Deficit)/surplus before other gains and losses</b>		<b>(267)</b>	<b>(195)</b>	<b>(2,320)</b>	<b>(2,250)</b>
Gain on disposal of assets	13	-	-	2,003	2,004
Share of Operating Surplus/(Deficit) in Associate	14	501	-	(795)	-
<b>(Deficit)/surplus before tax</b>		<b>234</b>	<b>(195)</b>	<b>(1,112)</b>	<b>(244)</b>
Taxation	11	-	-	-	-
<b>(Deficit)/surplus for the year</b>		<b>234</b>	<b>(195)</b>	<b>(1,112)</b>	<b>(244)</b>
Unrealised surplus on revaluation of assets		7	7	520	520
Actuarial profit in respect of pensions schemes	27	2,248	2,248	75	75
<b>Total Comprehensive Income for the year</b>		<b>2,489</b>	<b>2,060</b>	<b>(517)</b>	<b>351</b>

## Consolidated and College Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Group</b>			
<b>Balance at 1st August 2015</b>	25,375	6,522	31,897
Surplus/(deficit) from the income and expenditure account	(1,112)	-	(1,112)
Other comprehensive income	75	-	75
Transfers between revaluation and income and expenditure reserves	520	(520)	-
	(517)	(520)	(1,037)
<b>Balance at 31st July 2016</b>	<b>24,857</b>	<b>6,002</b>	<b>30,860</b>
Surplus/(deficit) from the income and expenditure account	234	-	234
Other comprehensive income	2,248	-	2,248
Transfers between revaluation and income and expenditure reserves	7	(7)	-
<b>Total comprehensive income for the year</b>	<b>2,489</b>	<b>(7)</b>	<b>2,482</b>
<b>Balance at 31st July 2017</b>	<b>27,347</b>	<b>5,995</b>	<b>33,342</b>
<b>College</b>			
<b>Restated balance at 1st August 2015</b>	26,913	6,522	33,435
Surplus/(deficit) from the income and expenditure account	(245)	-	(245)
Other comprehensive income	75	-	75
Transfers between revaluation and income and expenditure reserves	520	(520)	-
	351	(520)	(169)
<b>Balance at 31st July 2016</b>	<b>27,263</b>	<b>6,002</b>	<b>33,265</b>
Surplus/(deficit) from the income and expenditure account	(195)	-	(195)
Other comprehensive income	2,248	-	2,248
Transfers between revaluation and income and expenditure reserves	7	(7)	-
<b>Total comprehensive income for the year</b>	<b>2,060</b>	<b>(7)</b>	<b>2,053</b>
<b>Balance at 31st July 2017</b>	<b>29,323</b>	<b>5,995</b>	<b>35,319</b>

Balance sheets as at 31 July

	Notes	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
<b>Non-Current Assets</b>					
Tangible fixed assets	13	70,030	70,026	72,028	72,018
Investments	14	-	542	-	542
Goodwill	15	227	-	299	-
Amounts due from associate	16	852	852	822	822
		<b>71,109</b>	<b>71,420</b>	<b>73,149</b>	<b>73,382</b>
<b>Current assets</b>					
Assets Held for Sale	13	116	116	-	-
Trade and other receivables	17	940	1,076	854	970
Cash and cash equivalents	22	7,191	6,966	6,861	6,671
		<b>8,247</b>	<b>8,158</b>	<b>7,715</b>	<b>7,640</b>
<b>Less: Creditors – amounts falling due within one year</b>	18	<b>(4,255)</b>	<b>(4,200)</b>	<b>(4,503)</b>	<b>(4,457)</b>
<b>Net current assets</b>		<b>3,992</b>	<b>3,956</b>	<b>3,212</b>	<b>3,184</b>
<b>Total assets less current liabilities</b>		<b>75,101</b>	<b>75,377</b>	<b>76,361</b>	<b>76,565</b>
<b>Less: Creditors – amounts falling due after more than one year</b>	19	<b>(33,210)</b>	<b>(33,209)</b>	<b>(34,719)</b>	<b>(34,719)</b>
<b>Provisions</b>					
Defined benefit obligations	21	(6,848)	(6,848)	(8,581)	(8,581)
Other provisions	21	(1,701)	-	(2,202)	-
<b>Total net assets</b>		<b>33,343</b>	<b>35,319</b>	<b>30,860</b>	<b>33,265</b>
<b>Unrestricted reserves</b>					
Income and expenditure account		27,347	29,323	24,858	27,263
Revaluation reserve		5,995	5,995	6,002	6,002
<b>Total unrestricted reserves</b>		<b>33,342</b>	<b>35,319</b>	<b>30,860</b>	<b>33,265</b>

The financial statements on pages 30 to 58 were approved and authorised for issue by the Corporation on 14th December 2017 and were signed on its behalf on that date by:

Mike Carver  
Chair

Tony Medhurst  
Accounting Officer



## Consolidated Statement of Cash Flows

	Notes	2017 £'000	2016 £'000
<b>Cash inflow from operating activities</b>			
Surplus/(deficit) for the year		234	(1,112)
<b>Adjustment for non cash items</b>			
Depreciation		2,324	2,278
Amortisation		72	72
(Increase)/decrease in non current assets		(30)	(43)
(Increase)/decrease in debtors		(83)	473
Increase/(decrease) in creditors due within one year		(263)	(1,731)
Increase/(decrease) in creditors due after one year		(1,020)	(1,243)
Pensions costs less contributions payable		515	532
Share of operating surplus/(deficit) in Associate		(501)	795
<b>Adjustment for investing or financing activities</b>			
Investment income		(38)	(52)
Interest payable		299	414
Profit on sale of fixed assets		-	(2,003)
<b>Net cash flow from operating activities</b>		<b>1,509</b>	<b>(1,621)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		-	2,517
Investment income		38	52
Payments made to acquire fixed assets		(429)	(1,578)
		<b>(391)</b>	<b>991</b>
<b>Cash flows from financing activities</b>			
Interest paid		(299)	(414)
Repayments of amounts borrowed		(489)	(451)
		<b>(788)</b>	<b>(865)</b>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>		<b>330</b>	<b>(1,495)</b>
Cash and cash equivalents at beginning of the year	22	6,861	8,356
Cash and cash equivalents at end of the year	22	7,191	6,861

## **NOTES TO THE ACCOUNTS**

### **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.

#### **Basis of preparation**

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

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

#### **Basis of accounting**

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

#### **Basis of consolidation**

At the year end Hertford Regional College had two subsidiaries, CK Assessment & Training Ltd and Herts Resourcing Group. The results of the subsidiaries have been included within the group accounts, with any inter entity trading and balances between the college and the subsidiary having been eliminated on consolidation. All financial statements are made up to 31 July 2017.

#### **Going Concern**

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

The College currently has £7,456k of loans outstanding with bankers on terms negotiated in 2009. Additionally, there are no uncommitted facilities available for drawdown. 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.

**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (*Continued*)**

**1 Accounting policies (*continued*)**

**Recognition of income**

*Revenue grant funding*

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 the best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end, and the results of any funding audits. 16 - 18 learner responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

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

*Capital grant funding*

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual 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.

*Fee income*

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors. Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

*Investment income*

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

**Accounting for post-employment benefits**

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

**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (*Continued*)**

**1 Accounting policies (*continued*)**

*Teachers' Pension Scheme (TPS)*

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27, the TPS is a multiemployer 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 contribution recognised as they are paid each year.

*Hertfordshire Local Government Pension Scheme (LGPS)*

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at 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 the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

**Short Term Employment Benefits**

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

**Enhanced Pensions**

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

**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (*Continued*)**

**1 Accounting policies (*continued*)**

**Non-current Assets - Tangible fixed assets**

*Land and buildings*

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Building improvements made since incorporation are included in the balance sheet at cost. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 40-50 years. Leasehold land and buildings are amortised over 10 years or, if shorter, the period of the lease.

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

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

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

*Assets under construction*

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

*Subsequent expenditure on existing fixed assets*

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

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

**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (*Continued*)**

**1 Accounting policies (*continued*)**

*Equipment*

Equipment costing less than £5,000 per individual item (Except items within current New Build Project) is written off to the income and expenditure account in the period of acquisition unless it forms part of a project costing £5,000 or more, in total. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

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

Motor vehicles	-	4 years	General equipment	-	5 years
Computer equipment	-	4 years	Furniture and fittings	-	10 years

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

**Maintenance of premises**

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

**Leases**

Operating lease rentals are charged to the income and expenditure account on a straight-line basis over the period of the lease.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

**Investments and endowment assets**

Listed investments held as fixed assets or endowment assets are stated at market value. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (*Continued*)**

**1 Accounting policies (*continued*)**

**Taxation**

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

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

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

**Liquid resources**

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

**Provisions**

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

**Agency arrangements**

The College acts as an agent in the collection and payment of Discretionary Support Funds. Related payments received from the ESFA and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 27, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant. The College employs two part time members of staff for the administration of Learner Support Fund applications and payments.

**Judgements in applying accounting policies and key sources of estimation uncertainty**

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (*Continued*)**

**1 Accounting policies (*continued*)**

*Other key sources of estimation uncertainty*

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.



**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (Continued)**

**2 Funding council grants**

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency - adult	2,227	2,227	2,051	2,051
Education and Skills Funding Agency – 16-18	11,051	11,051	11,123	11,123
Education and Skills Funding Agency - Apprenticeships	1,939	1,939	1,589	1,589
Higher Education Funding Council	61	61	10	10
<b>Specific Grants</b>				
Skills Funding Agency	-	-	243	243
Releases of government capital grants	679	679	781	781
<b>Total</b>	<b>15,957</b>	<b>15,957</b>	<b>15,796</b>	<b>15,796</b>

**3 Tuition fees and education contracts**

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	549	549	787	787
Apprenticeship fees and contracts	69	69	88	88
Fees for FE loan supported courses	259	259	228	228
Fees for HE loan supported courses	327	327	206	206
Total tuition fees	1,204	1,204	1,309	1,309
Education contracts	1,544	1,544	1,955	1,955
<b>Total</b>	<b>2,748</b>	<b>2,748</b>	<b>3,264</b>	<b>3,264</b>

**4 Other grants and contracts**

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Local Authority Grants	537	537	638	638
Releases of other capital grants	354	354	470	470
Other grants and contracts	45	45	69	69
<b>Total</b>	<b>936</b>	<b>936</b>	<b>1,177</b>	<b>1,177</b>

**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (Continued)**

**5 Other income**

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other income generating activities	137	137	187	187
Miscellaneous income	212	212	30	30
CK Trading Income	421	-	392	-
	<b>770</b>	<b>349</b>	<b>609</b>	<b>217</b>

**6 Investment income**

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	38	38	52	52
	<b>38</b>	<b>38</b>	<b>52</b>	<b>52</b>

**7 Donations - College only**

	Year ended 31 July	
	2017	2016
	£'000	£'000
Unrestricted donations	186	167
<b>Total</b>	<b>186</b>	<b>167</b>

**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (Continued)**

**8 Staff costs - Group and College**

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

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Teaching staff	164	161
Non-teaching staff	195	197
	<b>359</b>	<b>358</b>

**Staff costs for the above persons**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	8,721	10,029
Social security costs	732	730
Other pension costs	1,476	1,583
<b>Payroll sub total</b>	<b>10,929</b>	<b>12,342</b>
Contracted out staffing services	1,087	892
	<b>12,016</b>	<b>13,234</b>
Fundamental restructuring costs - contractual	48	842
	<b>12,064</b>	<b>14,076</b>

**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 Leadership Team which comprises the Principal, Deputy and Vice Principals and Directors of Quality and HR. Staff costs include compensation paid to key management personnel for loss of office.

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
The number of key management personnel including the Accounting Officer was:	7	7

**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (Continued)**

**8 Staff costs – Group and College**

The number of key management and other staff who received emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	<b>Senior post holders</b>		<b>Other staff</b>	
	<b>Year ended 31 July</b>		<b>Year ended 31 July</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
£60,001 to £70,000	1	-	-	-
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	1	1	-	1
£90,001 to £100,000	1	-	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£130,001 to £140,000	1	1	-	-
	<b>4</b>	<b>2</b>	<b>-</b>	<b>1</b>

Key management personnel emoluments are made up as follows:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Salaries – gross of salary sacrifice and waived emoluments	377	427
Employers National Insurance	47	47
Benefits in kind	2	2
	<b>426</b>	<b>476</b>
Pension contributions	75	82
<b>Total emoluments</b>	<b>501</b>	<b>558</b>

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

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	135	124
Benefits in kind	1	-
	<b>136</b>	<b>124</b>
Pension contributions	30	28

**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (Continued)**

**8 Staff costs – Group and College (continued)**

**Compensation for loss of office paid to former key management personnel**

	2017 £	2016 £
Compensation paid to the former post-holder - contractual	-	33
Estimated value of other benefits, including provisions for pension benefits	-	-

The severance payment was approved by the College's remuneration committee.

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

**9 Other operating expenses**

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	2,014	2,461	1,793	2,157
Non-teaching costs	1,920	1,799	2,619	2,532
Premises costs	1,508	1,388	1,434	1,319
<b>Total</b>	<b>5,442</b>	<b>5,648</b>	<b>5,846</b>	<b>6,008</b>

**Other operating expenses include:**

	2017 £'000	2016 £'000
Auditors' remuneration:		
Financial statements audit*	34	43
Internal audit**	28	25
Other services provided by the financial statements auditors***	-	-
Hire of assets under operating leases	234	235

\* includes £0 in respect of the College (2015/16 £0)

\*\* includes £0 in respect of the College (2015/16 £0)

**10 Interest payable - Group and College**

	2017 £'000	2016 £'000
On bank loans, overdrafts and other loans:	299	414
<b>Total</b>	<b>299</b>	<b>414</b>

**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (*Continued*)**

**11 Taxation - Group only**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom corporation tax at 20 per cent	-	-
Provision for deferred corporation tax in the accounts of the subsidiary company	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**12 Actuarial finance costs in respect of pension schemes**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Pension finance costs (note 25)	219	297
FRS102 Pension Valuation Cost Adjustment	296	236
<b>Total</b>	<b>515</b>	<b>533</b>

**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (Continued)**

**13 Tangible fixed assets (Group)**

	Land and buildings Freehold £'000	Equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 1 August 2016	82,767	5,241	88,008
Additions	132	297	429
Disposals	-	(30)	(30)
<b>At 31 July 2017</b>	<b>82,899</b>	<b>5,508</b>	<b>88,407</b>
<b>Depreciation</b>			
At 1 August 2016	14,226	1,864	16,090
Charge for the year	1,839	478	2,317
Elimination in respect of disposals	-	(30)	(30)
<b>At 31 July 2017</b>	<b>16,065</b>	<b>2,312</b>	<b>18,377</b>
<b>Net book value at 31 July 2017</b>	<b>66,834</b>	<b>3,196</b>	<b>70,030</b>
Net book value at 31 July 2016	68,541	3,377	71,918

**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (Continued)**

**13 Tangible fixed assets (College only)**

	Land and buildings Freehold £'000	Equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 1 August 2016	82,767	5,218	87,985
Additions	132	297	429
Disposals	-	(30)	(30)
<b>At 31 July 2017</b>	<b>82,899</b>	<b>5,485</b>	<b>88,384</b>
<b>Depreciation</b>			
At 1 August 2016	14,226	1,851	16,077
Charge for the year	1,839	472	2,311
Elimination in respect of disposals	-	(30)	(30)
<b>At 31 July 2017</b>	<b>16,065</b>	<b>2,293</b>	<b>18,358</b>
<b>Net book value at 31 July 2017</b>	<b>66,834</b>	<b>3,192</b>	<b>70,026</b>
Net book value at 31 July 2016	68,541	3,367	71,908

Land and Buildings were valued in 1996 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice.

**13a Asset Held for Sale**

	Land and buildings Freehold £'000	Total £'000
<b>Cost or valuation</b>		
At 1 August 2016	8,280	8,280
Disposals	13	13
<b>At 31 July 2017</b>	<b>8,293</b>	<b>8,293</b>
<b>Depreciation</b>		
At 1 August 2016	8,170	8,170
Charge for the year	7	7
<b>At 31 July 2017</b>	<b>8,177</b>	<b>8,177</b>
<b>Net book value at 31 July 2017</b>	<b>116</b>	<b>116</b>



**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (Continued)**

**14 Non current Investments**

	<b>Group 2017 £'000</b>	<b>College 2017 £'000</b>	<b>Group 2016 £'000</b>	<b>College 2016 £'000</b>
Investments in subsidiary companies	-	542	-	542
Investments in associate companies	-	-	-	-
Share of Associates Profit/(Loss)	501	-	(795)	-
	<u>-</u>	<u>542</u>	<u>(795)</u>	<u>542</u>
Transfer to provision for losses in associate	(501)		795	
<b>Total</b>	<u>-</u>	<u>542</u>	<u>-</u>	<u>542</u>

The College owns 100 per cent of the issued ordinary £1 shares of CK Assessment & Training Ltd, a company incorporated in England and Wales. The principal business activity of CKAT Limited is training of plumbing and gas students.

The College also owns 48 per cent of the issued ordinary capital shares of Hertvec Llc, the initial cost of which was £39k.

**15 Goodwill**

	<b>Group 2017 £'000</b>	<b>Group 2016 £'000</b>
<b>Cost</b>		
Cost as at 1 <sup>st</sup> August	503	503
Additions	-	-
<b>Balance at 31<sup>st</sup> July</b>	<u>503</u>	<u>503</u>
<b>Amortisation</b>		
Cost at 1 <sup>st</sup> August	204	132
Charge for the year	72	72
<b>Balance at 31<sup>st</sup> July</b>	<u>276</u>	<u>204</u>
<b>Net Book Value as at 31<sup>st</sup> July</b>	<u>227</u>	<u>299</u>

**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (Continued)**

**16 Other Non-Current Assets**

	Year ended 31 July		Year ended 31 July	
	2017 Group £'000	2017 College £'000	2016 Group £'000	2016 College £'000
Amounts due from associates	852	852	822	822
<b>Total</b>	<b>852</b>	<b>852</b>	<b>822</b>	<b>822</b>

**17 Debtors**

	2017		2016	
	Group £'000	College £'000	Group £'000	College £'000
Amounts falling due within one year:				
Trade receivables	352	297	343	308
Prepayments and accrued income	327	551	355	538
Other Debtors	33	-	33	-
Amounts owed by the ESFA	228	228	123	123
<b>Total</b>	<b>940</b>	<b>1,076</b>	<b>854</b>	<b>970</b>

**18 Creditors: amounts falling due within one year**

	2017		2016	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans and overdrafts	489	489	468	468
Trade payables	258	216	291	255
Amounts owed to group undertakings:				
Subsidiary undertakings	-	31	-	42
Other taxation and social security	212	181	203	191
Accruals and deferred income	1,328	1,335	1,325	1,292
Other Creditors	653	653	708	709
Deferred income - government capital grants	1,024	1,024	1,036	1,036
Amounts owed to the ESFA	274	274	459	459
VAT	17	(3)	13	4
<b>Total</b>	<b>4,255</b>	<b>4,200</b>	<b>4,503</b>	<b>4,457</b>

**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (Continued)**

**19 Creditors: amounts falling due after one year**

	<b>Group 2017 £'000</b>	<b>College 2017 £'000</b>	<b>Group 2016 £'000</b>	<b>College 2016 £'000</b>
Bank loans	6,968	6,967	7,457	7,457
Deferred income - government capital grants	26,242	26,242	27,262	27,262
<b>Total</b>	<b>33,210</b>	<b>33,209</b>	<b>34,719</b>	<b>34,719</b>

**20 Maturity of debt**

**(a) Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	<b>Group 2017 £'000</b>	<b>College 2017 £'000</b>	<b>Group 2016 £'000</b>	<b>College 2016 £'000</b>
In one year or less	489	489	466	466
Between one and two years	508	508	489	489
Between two and five years	1,470	1,470	1,465	1,465
In five years or more	4,989	4,989	5,505	5,505
<b>Total</b>	<b>7,456</b>	<b>7,456</b>	<b>7,925</b>	<b>7,925</b>

Bank loans at 5.465 per cent repayable by instalments falling between 1 August 2009 and 1 July 2031

**21 Provisions**

	<b>Defined benefit Obligations £'000</b>	<b>Group and College Other £'000</b>	<b>Total £'000</b>
At 1 August 2016	8,581	2,202	10,783
Expenditure in the period	515	-	515
Additions in year	(2,248)	(501)	(2,749)
<b>At 31 July 2017</b>	<b>6,848</b>	<b>1,701</b>	<b>8,549</b>

**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (Continued)**

**22 Cash and cash equivalents**

	At 1 August 2016 £'000	Cash flows £'000	Other changes £'000	At 31 July 2017 £'000
Cash and cash equivalents	6,861	330	-	7,191
Overdrafts	-	-	-	-
<b>Total</b>	<b>6,861</b>	<b>330</b>	<b>-</b>	<b>7,191</b>

**23 Capital commitments**

	Group and College	
	2017 £'000	2016 £'000
Commitments contracted for at 31 July	-	-

**24 Lease Obligations**

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

	Group and College	
	2017 £'000	2016 £'000
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	136	95
Later than one year and not later than five years	85	64
later than five years	-	-
	<b>221</b>	<b>159</b>
<b>Other</b>		
Not later than one year	15	69
Later than one year and not later than five years	10	24
later than five years	-	-
	<b>25</b>	<b>93</b>
<b>Total lease payments due</b>	<b>246</b>	<b>252</b>

## HERTFORD REGIONAL COLLEGE

### NOTES TO THE ACCOUNTS *(Continued)*

#### 25 Contingent liabilities

At the 31st July 2017 the College has in place a performance guarantee of SR (Saudi Riyals) 302,374SR (sterling equivalent £61,433 at 31st July 2017) issued on behalf of Hertford Vocational Excellence Colleges, a mixed Saudi Limited Liability Company, in favour of Colleges of Excellence of Saudi Arabia, in respect of the College for which it has a five year contract to operate, from August 2013.

#### 26 Events after the reporting period

There are no events after the reporting period

#### 27 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Wessex Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Local Pension Partnership, a collaboration between Lancashire County Pension Funds and London Pensions Fund. Both are multi-employer defined-benefit plans.

##### Total pension cost for the year

	2017 £'000	2016 £'000
Teachers' Pension Scheme: contributions paid	616	620
Local Government Pension Scheme:		
Contributions paid	972	936
FRS 102 (28) charge	296	236
Charge to the Statement of Comprehensive Income	1,268	1,172
Enhanced pension charge to Statement of Comprehensive Income	-	-
<b>Total Pension Cost for Year</b>	<b>1,884</b>	<b>1,792</b>

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

Contributions amounting to £172,691 (2016: £165,516) were payable to the scheme and are included in creditors

##### 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.

## **HERTFORD REGIONAL COLLEGE**

### **NOTES TO THE ACCOUNTS (*Continued*)**

#### **The Teachers' Pension Budgeting and Valuation Account**

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

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

#### **Valuation of the Teachers' Pension Scheme**

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

- new employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%;
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

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

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

#### **Scheme Changes**

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

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

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

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

## HERTFORD REGIONAL COLLEGE

### NOTES TO THE ACCOUNTS (*Continued*)

The pension costs paid to TPS in the year amounted to £619,491 (2016: £620,000)

#### **FRS 102 (28)**

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

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

## **27 Defined benefit obligations (continued)**

### **Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Hertford Local Authority. The total contribution made for the year ended 31 July 2017 was £1,233,000, of which employer's contributions totalled £972,000 and employees' contributions totalled £261,000. The agreed contribution rates for future years are 17.3 % for employers and range from 5.5% to 7.5% cent for employees, depending on salary.

### **Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2017 by a qualified independent actuary

	<b>At 31 July 2017</b>	<b>At 31 July 2016</b>
Rate of increase in salaries	2.00%	2.50%
Future pensions increases	2.50%	1.90%
Discount rate for scheme liabilities	2.70%	2.50%
Inflation assumption (CPI)	2.40%	1.90%
Commutation of pensions to lump sums	50%	50%

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

	<b>At 31 July 2017 years</b>	<b>At 31 July 2016 years</b>
<i>Retiring today</i>		
Males	22.50	22.30
Females	24.90	24.50
<i>Retiring in 20 years</i>		
Males	24.10	24.30
Females	26.70	26.70

**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (Continued)**

**27 Defined benefit obligations (continued)**

**Local Government Pension Scheme (Continued)**

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

	Long-term rate of return expected at 31 July 2017	Fair Value at 31 July 2017	Long-term rate of return expected at 31 July 2016	Fair Value at 31 July 2016
		£'000		£'000
Equities		21,702	8.00%	18,986
Bonds		8,013	5.90%	8,010
Property		2,337	7.20%	2,077
Cash		1,335	4.50%	593
<b>Total market value of assets</b>		<b>33,387</b>		<b>29,665</b>
Pension value of plan liabilities		(40,235)		(38,246)
<b>Deficit in the scheme</b>		<b>(6,848)</b>		<b>(8,581)</b>

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

	2017 £'000	2016 £'000
<b>Amounts included in staff costs</b>		
Current service cost	1,268	1,193
Past service cost	-	110
<b>Total</b>	<b>1,268</b>	<b>1,303</b>
<b>Amounts included in investment income</b>		
Net interest income	218	296
	<b>218</b>	<b>296</b>

**27 Defined benefit obligations (continued)**

**Local Government Pension Scheme (Continued)**

**Amounts recognised in Other Comprehensive Income**

Return on pension plan assets	745	981
Experience losses arising on defined benefit obligations	(963)	(1,278)
Changes in assumptions underlying the present value of plan liabilities	2,248	75
<b>Amount recognised in Other Comprehensive Income</b>	<b>2,030</b>	<b>(221)</b>



**HERTFORD REGIONAL COLLEGE**  
**NOTES TO THE ACCOUNTS (Continued)**

**Movement in net defined benefit (liability)/asset during the year**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Surplus/(deficit) in scheme at 1 August	(8,581)	(8,124)
Movement in year:		
Current service cost	(1,268)	(1,193)
Employer contributions	972	1,067
Past service cost	-	(110)
Net interest on the defined (liability)/asset	(219)	(296)
Actuarial gain or loss	2,248	75
<b>Net defined benefit (liability)/asset at 31 July</b>	<b>(6,848)</b>	<b>(8,581)</b>

**Asset and Liability Reconciliation**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>38,246</b>	<b>35,145</b>
Current Service cost	1,268	1,193
Interest cost	963	1,277
Contributions by Scheme participants	262	276
Experience gains and losses on defined benefit obligations		
Changes in financial assumptions	446	1,144
Estimated benefits paid	(950)	(899)
Past Service cost	-	110
Curtailments and settlements	-	-
<b>Defined benefit obligations at end of period</b>	<b>40,235</b>	<b>38,246</b>

**Changes in fair value of plan assets**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Fair value of plan assets at start of period</b>	<b>29,665</b>	<b>27,021</b>
Interest on plan assets	745	981
Return on plan assets	2,694	1,219
Employer contributions	972	1,067
Contributions by Scheme participants	261	276
Estimated benefits paid	(950)	(899)
Curtailments and settlements	-	-
<b>Fair value of plan assets at end of period</b>	<b>33,387</b>	<b>29,665</b>

# **HERTFORD REGIONAL COLLEGE** **NOTES TO THE ACCOUNTS (*Continued*)**

## **28 Related party transactions**

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

The total expenses paid to or on behalf of the Governors during the year was £171; 15 governors (2016: £435; 20 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity. No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2015: None).

## **29 Amounts disbursed as agent**

### **Learner support funds**

	<b>2017 £'000</b>	<b>2016 £'000</b>
Funding body grants – Bursary Support	127	118
Funding body grants – Discretionary Learner Support	393	539
	<b>520</b>	<b>657</b>
Disbursed to students	(390)	(449)
Administration costs	(20)	(25)
	<b>110</b>	<b>183</b>
Balance unspent as at 31 July, included in creditors		

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