Hartpury College

Report and Financial Statements

for the year ended 31 July 2016

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2015/16:

Mr R Marchant	Principal and CEO; Accounting Officer
Mr G Ledden	Vice Principal (Business and Finance) and Deputy CEO
Mr L Rake	Vice Principal (Further Education) – resigned (31 March 2016)
Mrs R Scott-Ward	Vice Principal (Higher Education)
Ms C Whitworth	Assistant Principal (FE) – appointed (31 March 2016)
Mrs L Worsfold	Director of HR and Residential Services

Board of Governors

A full list of Governors is given on page 9 of these financial statements.

Mr R Lee acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants

Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

Internal auditors

PricewaterhouseCoopers LLP
2 Glass Wharf,
Bristol,
BS2 0FR

Bankers

Lloyds
PO Box 1000
Corn Street
Bristol
BX1 1ST

Solicitors

Birketts
24 – 26 Museum Street
Ipswich
Suffolk
IP1 1HZ

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HARTPURY COLLEGE

Members Report

NATURE, OBJECTIVES AND STRATEGIES
The members present their report and the audited financial statements for the year ended 31 July 2016.

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

The subsidiary companies are subject to corporation tax.

Mission
The College's mission as approved by the Governors is:

"Hartpury College will be a specialist niche provider delivering relevant, effective and high quality education and training for employment in land based, sports and allied industries; locally, regionally, nationally and internationally."

Public Benefit
Hartpury College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 9.

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

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

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

College Strategic Review
In March 2015 the College adopted a strategic plan for the period to 31 July 2020. This strategic plan incorporates enabling strategies for people and resources. The Corporation monitors the performance of the College against these plans. This has identified the following three key strategic priorities:

- Hartpury will be outstanding.
- Hartpury will continue to grow.
- Hartpury will enable students to be the "Best They Can Become".

The successful pursuit of these is considered critical to the future success of the Hartpury business and the College has identified the following goals in relation to these priorities:

- Strategic Priority 1 – Outstanding Learning:
  1. Maintain the highest possible classification with Ofsted and QAA by delivering an outstanding educational experience.
  2. The Teaching Learning and Scholarship Strategy will be implemented, enhancing the quality of HE student learning opportunities.
  3. The skills support for the Student Success and Achievement Unit will be developed further as a model for delivering support for all students.
  4. Blended learning techniques will be developed to improve the learner/student experience and widen access to our programme areas.
  5. An application has been made for TDAP and if successful, University title will be sought for Hartpury's HE offering.

- Strategic Priority 2 – Continue to Grow:
  1. FE growth will continue but at a rate that ensures efficient delivery, maintains quality and accepts that there will be limiting factors
  2. Growth will be sought in the delivery of apprenticeships and remote delivery of programmes. New income generating opportunities will be explored and implemented to contribute to curriculum breadth and financial performance.
  3. Costing models will be developed to support the recruitment targets in both FE and HE.
  4. We will target home HE student recruitment at 500 new enrolments per annum and achieve a stable FTE student body of over 1400 home students and over 100 international students

- Strategic Priority 3 - Enable students to be the "Best They Can Become":
  1. Students gaining vocationally relevant knowledge and skills.
  2. Students being exposed to relevant technology wherever possible.
  3. The Students' Union will enhance the student experience.
  4. The Hartpury Innovation Careers and Enterprise service will be launched to enhance student employability.

HARTPURY COLLEGE

Members Report (continued)

Financial Objectives
The College financial objectives are:

- To achieve an annual operating surplus.
- To maintain a system of sound financial management.
- To maintain the confidence of funding bodies, suppliers, partners and bankers.
- To provide long term financial continuity and sustainability.
- To ensure debt is effectively managed.

A series of Key Performance Indicators have been agreed to monitor the successful implementation of the priorities and objectives.

Performance Indicators
Key performance indicators are monitored across the whole College. Set out below are the key indicators for both FE and HE academic areas as well as other key indicators for HR and Finance. These are monitored and discussed throughout the College by governors and staff. Where indicators are below target remedial action is discussed, action plans are developed and then implemented – progress against targets is then monitored on a regular basis. Where targets are exceeded in any one year, the targets for subsequent years are realigned, wherever possible, in a programme of continuous improvement

Key FE Performance Indicators	2015-16 KPI Target	2015-16 Performance
Attendance	97.0%	95.6%
% Good or Outstanding Teaching	80.0%	86.0%
Long Level 1		
Retention	96.0%	89.4%
Achievement/Pass	93.75%	97.9%
Success/Achievement	90.0%	87.6%
Long Level 2		(BTEC only)
Retention	95.0%	86.1%
Achievement/Pass	95.0%	100%
Success/Achievement	90.0%	86.1%
Long Level 3 BTEC		
Retention	95.0%	90.0%
Achievement/Pass	98.0%	98.3%
Success/Achievement	93.0%	88.5%
Long Level 3 A Levels		
Retention	97.0%	97.6%
Achievement/Pass	98.0%	96.2%
Success/Achievement	95.0%	93.9%
Progression to a positive destination	93%	93%
Student Satisfaction	95%	96%

Key HE Performance Indicators	2015-16 KPI Target	2015-16 Performance
Average Tariff on Entry	300	297
NSS Overall Satisfaction	88%	87%
Teaching Observations Good or Better	95%	85%
Retention	92%	93.44%
Scholarship metric	28%	38.64%
HEA accreditation	90%	92%
Achievement		
Merit / Distinction Foundation	55%	77%
Good Honours	60%	63%
Merit / Distinction Post Graduate	68%	80%

Key HR performance indicators	2015-16 KPI Target	2015-16 Performance
Sickness levels – average days lost per annum	5.9	4.1
Staff turnover – overall	12%	13%
Staff survey % engagement	50%	52%
Academic appraisal completion	100%	100%
Support appraisal completion	100%	96%
% FE staff achieved/working towards teaching qualification	100%	100%
% HE staff achieved/working towards teaching qualifications	100%	85%

Key Financial Performance Indicators	College 2015/16	Top Quartile[1] 2014/15
Operating surplus as % income	4.58	4.27
Adjusted Current Ratio	0.86	1.72
Gearing Ratio %	87.58	26.27
Performance Ratio %	11.13	9.04
Staff Costs as % Turnover	49.76	59.00
Cash generated from operations as % income	14.46	10.14
Cash generated from operations £000	4,378	2,758
Net Current Liabilities £000	673	(2,625)
Financial health	Satisfactory	Outstanding
1 – all Landbased, GFE and Tertiary Colleges		

The College is committed to observing the importance of sector measures and indicators and uses measures such as the FE Choices data available on the GOV.UK and SFA Education and Training National Achievement Rate Tables to enable benchmarking.

The College is required to complete the annual Finance Record for the Skills Funding Agency. The Finance Record produces a financial health grading. The current rating of Satisfactory is considered an acceptable outcome.

FINANCIAL POSITION

Financial Results
For the year ended 31 July 2016, the group achieved a surplus of £1,541,765 before other gains and losses and tax (2015: £527,804). The surplus is stated after depreciation charges of £101,932 (2015: £101,932) on inherited assets. The group has transferred this surplus to the income and expenditure account.

The table below shows some key financial figures and ratios for the group.

	2015/16	2014/15
	£'000	£'000
Total income	31,143	28,275
Surplus for the year (before taxation)	1,538	551
Income and expenditure reserve	7,589	5,419
General reserve to total income	24.4%	19.2%
Funding Body income as % of total	32.1%	34.7%
Staff Costs	15,572	13,958
Staff Costs as a % of income	50.0%	49.4%

The College has two subsidiary companies, Rudgeley Services Limited and Limbury Limited. The principal activity of Rudgeley Services Limited is the provision of transport services to the College. Limbury Limited was previously a property development and rental company but is now dormant. Any surpluses generated by the subsidiaries are transferred to the College under a deed of covenant. In the current year, the surpluses generated were £27,821 and £nil for Rudgeley Services Limited and Limbury Limited respectively prior to any transfers to the College and taxation.

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

The College has a separate treasury management policy.

There is an agreed overdraft facility in place for temporary revenue purposes which has been agreed by the Corporation. All other borrowing requires the authorisation of the Corporation and shall also comply with the requirements of the Financial Memorandum.

Cash flows and liquidity
At £6.5m *(2015 £2.5m)* operating cash flow is more than adequate for operational requirements.

The College's total borrowing and its use of long term fixed interest rates have been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year this margin was comfortably exceeded.

Members Report (continued)

Reserves Policy
The College seeks to achieve a return on income of at least 3%. In this way it will increase reserves year on year thereby strengthening the balance sheet, reducing the level of gearing and ensuring ongoing compliance with bank covenants. A healthy level of reserves will also enable any movements in the Pensions reserve to be catered for. The continued generation of retained surpluses will allow the accumulation of significant levels of cash for future investment in facilities.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Physical developments
The College continued to develop its facilities and improve the overall campus environment during the year.

Over the Summer of 2015 the College redeveloped and increased the number of science laboratories together with creating a new "student zone" to enhance the student experience. The total cost was £1.1m of which £700,000 was Government funding for Local Capital Growth Funding provided by gfirst LEP, with Gloucestershire County Council acting as the Accountable body.

In 2015 a Rider Performance Centre was completed for £350,000, part funded by £220,000 from the Margaret Giffen Charitable Trust. This facility is designed to help train disabled and other riders to high physical standards to enable them to compete at the highest possible standards and incorporates a strength and conditioning gym as well as a physiotherapy suite.

During Summer 2016, the College's oldest hall of residence was significantly refurbished into a largely A Level residential block at a cost of £700,000 – initial feedback from students to this change is very positive.

The College is investing £125,000 in the new Gloucester Boathouse which will secure the use of rowing facilities for the foreseeable future. This facility is under construction and is scheduled for completion in late 2016.

Student numbers
FE full time student numbers after enrolment for 2016-17 totalled 1735 FTE, an increase of approximately 200 FTE, with the vast majority in the 16-18 full-time category, predominately studying BTEC provision at level 3.

In HE student numbers post enrolment were at an all-time high of 1547, up 2.5% on the previous year, with increases in both first year undergraduates and postgraduates.

Student achievements
Students continue to prosper at the College. FE success/achievement rates continue to remain strong overall with success/achievement rates for 2015/16 long level 3 BTEC courses at 88.5% and A Levels 93.9%. Increased performance with Maths and English qualifications also support an increase in overall headline level 2 performance.

In HE the proportion of honours students gaining good degrees in 2016 is 63%, while the proportion of merits/ distinctions for foundation degrees was 77% and for postgraduates it was 80%.

Curriculum developments
The College has a national reputation for curriculum innovation in support of the core areas of focus - Sport, Equine, Agriculture, Animal Management and A Level provision. It has introduced new courses or refined existing courses in many areas of the curriculum in order to support student and industry need. An example of this is the newly introduced Animal Science course supported by the Royal Veterinary College. A particular strength is in supporting students ready for the next stage in their lives through preparation for employment or progression to university study.

The College also extended Landbased Access to Higher Education provision to Sports courses for 2016-2017 to enable wider accessibility for adults who do not have prior academic achievement but wish to pursue university study.

The HE curriculum covers Animal and Agriculture, Sport and Equine and complements the FE provision with 72 students progressing internally to HE in September 2015. The College continues to develop its HE provision as it seeks Taught Degree Awarding Powers in the move towards University status. The provision continues to prioritise teaching and learning, with investment in scholarship supporting a culture of research informed teaching. Investment in new posts to support an improving staff to student ratio as well development of key student facing services such as the Innovation Careers and Enterprise centre and the Achievement and Success Centre have been well received by the student body and recognized by external groups as examples of national good practice

External Quality Assurance
The College's programmes within FE are regularly inspected by External Verifiers from a range of Awarding Organisations. These are routinely very strong. In March 2015 Ofsted conducted a full inspection of the College and awarded the College an overall grade of 'Good' with 'Outstanding' for Sport, the latter comprising some 40% of all FE students. In March 2016, Ofsted reviewed provision for residential students which also awarded 'Outstanding' in all categories. Student satisfaction continues to be high with the latest 'on programme student satisfaction survey' undertaken in June 2016 resulting in 96% overall student satisfaction.

The HE provision continues to provide a high quality experience, which is evidenced by:

- Two outstanding QAA reviews
- An extremely positive relationship with our validating body (UWE)
- Success in recruitment, retention and achievement, aligning with sector expectations

Members Report (continued)

- Resounding confidence by all field external examiners and chief external.

The College will continue to benchmark itself against the sector expectations and plan to submit for TEF early in 2017. As part of the move towards TDAP and University status, the college is committed to continued focus on enhancing the student experience in line with University expectations.

Payment Performance
Unless otherwise agreed, it is the College's policy to pay all of its suppliers within 30 days of the end of the month in which it receives the invoice for goods or services or if later, after acceptance of the goods and services in question. These terms are published on the College's website and Purchase Orders.

Events after the end of the reporting period
There are no significant post balance sheet events

Future prospects
The College has a well-defined strategy to move to University status in the coming years. The College is currently in scrutiny as part of its application for Taught Degree Awarding Powers and is exploring conversion to a University. It is expected that students could enrol at Hartpury University in the Autumn of 2019.

The College will also continue to be a significant provider of FE on the same site and the two brands of Hartpury University and Hartpury College will operate side by side as equal partners.

It is anticipated that the continued strong brand and the College's continued operation in its niche sectors will mean that student numbers will be buoyant and increase year on year. This will provide a solid financial base to the organisation in coming years to enable further investment from own funds and also bank finance.

The College is embarking on a £2m build programme for new student dwellings for under 18 year olds in 42 twin bedded en suite rooms for completion in the Summer of 2017. The College is also at an early stage of planning for a £6m new Sports Academy to supplement the existing sports facilities – it is anticipated that this facility will be completed in the latter part of 2018.

With regard to the improved capacity provided by the new building on the site, the College seeks to increase student numbers significantly over the next three years.

The College considers that the use of the going concern assumption in the preparation of the accounts is appropriate after having regard to, amongst others, the following factors:

- The two-year financial forecast approved by the Corporation in July 2016 and submitted to the SFA
- The potential impact on the forecast performance of key risks
- The level of FE and HE recruitment in September 2016 which is ahead of forecast
- Current compliance with the covenants required by the bank and the expected continued compliance over the two-year financial forecast.
- Financial Health per the forecasts as measured by the SFA is Satisfactory for both 2016/17 and 2017/18.
- The impact of the Area Review process.

In addition, the College has well developed Risk Management processes and procedures which should enable the College to react on a timely basis to major financial threats.

Following consideration of these factors, the College believes that it will be able to continue in operation and meet its liabilities over the forecast period

RESOURCES

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

Financial
The Group has £15.1m of net assets (excluding £5.3m pension liability) and long term debt of £19.3m. The College continues to manage its cost base tightly and seek ways to diversify and increase its income streams.

People
The College employs 545 people (expressed as full time equivalents), of whom 214 are teaching staff.

Reputation
The College's reputation locally, nationally and internationally remains high and the need to maintain a quality brand is recognised as essential for the College's success in attracting students and external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

The College continues to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Members Report (continued)

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. The Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College or changes to the external environment.

The College maintains a risk register which is reviewed at each Audit Committee meeting. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those identified below may also adversely affect the College.

1. **Government funding / impact of Brexit**
   The College's reliance on continued government funding through the SFA, EFA and HEFCE has reduced in recent years and for 2015/16 32% of the College's revenue was ultimately public funded.

   While the Spending Review in the Autumn of 2015 gave clarity for FE funding for the life of the Parliament, this has been cast into doubt by the Brexit vote, which could lead to a review of the Government finances if there is an economic downturn.

   This risk is mitigated in a number of ways:
   - Funding is derived through a number of direct and indirect contractual arrangements.
   - By ensuring the College is rigorous in delivering high quality education and training.
   - Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies.
   - Ensuring the College focuses on priority sectors which will continue to benefit from public funding.
   - The College has diversified its income stream across FE, HE and other commercial areas.
   - Rigorous cost control to ensure the College delivers surpluses year on year.
   - Engaging in the Area Review process to explore further efficiencies and economies of scale.

2. **Management of 16 – 18 year old residential students**
   The College provides residential accommodation to approximately 550 students between the ages of 16 and 18 and therefore has increased safeguarding and welfare obligations and responsibilities for these students while they are in residence. Such a large body of residential students has the potential to lead to safeguarding and other related issues, which in turn could have serious financial and reputational consequences for the College. At the last Ofsted inspection of residential provision (incorporating the national minimum care standards) the College was rated as Outstanding.

   The risk is mitigated in a number of ways:
   - By ensuring the physical environment is securely controlled.
   - Employing a wardening team to provide pastoral and other care on site outside of core teaching hours.
   - Employing trained counsellors, wellbeing and nursing staff.
   - Having a designated senior manager with responsibility for child protection and safeguarding and a trained safeguarding team.
   - Enforcing standards of academic and non-academic discipline and having robust policies and procedures in place.
   - Arranging extra-curricular activities.
   - Compliance with relevant legislation and acting on the recommendations of inspectors.
   - Working in partnership with external agencies.

3. **Funding future capital expenditure**
   The College has invested more than £50m in its estate since incorporation and demand continues to provide more and improved facilities. The provision of on site residential accommodation is a limiting factor in recruiting students to courses from outside the immediate area. Also current facilities, particularly for sport are becoming stretched and this has the potential to impact recruitment adversely. The financial challenges facing the FE sector as a whole, together with the College's current level of borrowing means the availability of funds from external sources for capital projects is limited.

   As a result, the College has embarked on a strategy to accumulate cash reserves from operating surpluses so that further residential accommodation and sports facilities can be built with a substantial contribution from the College's own funds and the balance coming from bank loans. In the meantime, the College is managing the risk of losing students by targeting students from the local area and encouraging others to find alternative accommodation locally.

STAKEHOLDER RELATIONSHIPS

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

- Students
- Education sector funding bodies
- Staff
- Local employers (with specific links)
- Local authorities
- Local Enterprise Partnerships (LEPs)

- The local community
- Other FE and HE institutions
- Professional bodies

The College considers good communication with its staff to be very important and continues to operate Performance Appraisal Review annually. The College encourages staff and student involvement through membership of formal committees. The Staff and Management Forums are key in fostering staff involvement.

The Corporation approves public access to agendas and minutes of the Corporation and those of its sub-committees with the exception of those deemed by the Governing Body to be confidential. Public access to this material will be available during normal working hours by application to the Clerk in writing.

It is also the policy of the Corporation that any staff, student or member of the public may attend a meeting at the express invitation of the Corporation.

Equality, Diversity and Inclusivity
Hartpury College is committed to achieving universal acceptance and application of a working environment free from harassment, intimidation and unlawful discrimination. It is also committed to taking positive action to promote such equality & diversity of opportunity in relation to recruitment (staff and students), promotion, training, benefits, procedures and all terms and conditions of employment. The College respects and values every individual's unique contribution and is committed to ensuring equality of opportunity for all who learn and work here.

The College is committed to valuing diversity and promoting equality. One of our Corporate Values is promoting respect for all and this means we treat all people with courtesy and respect, involve and listen to others and show consideration and empathy for their well-being. We value others for their contribution irrespective of personal differences and actively encourage diversity and inclusion, good employment practice and a positive working and learning environment.

It is the obligation of all staff and students to respect and act in accordance with the Equality and Diversity Policy and to actively promote it throughout their life at Hartpury.

The College's Equality and Diversity Policy together with other associated policies, our Single Equality Scheme and Equality Objectives are published on the College's website and Internet site. The Equality and Diversity Policy will be resourced, implemented and monitored on a planned basis.

Our action plans and objectives are updated regularly and monitored by managers and governors.

The College is a 'Positive About Disabled' employer and has committed to the principles and objectives of the Positive About Disabled standard. The College considers applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee or student becomes disabled, every effort is made to ensure that employment and learning with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

Hartpury College has been awarded the Equality Standard Gold Award. This award recognises that the College plans and promotes good equality and diversity practices within our workplace and with our service users. The College is also working towards the 'Mindful Employer Charter.

Disability statement
The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Act 2001 and 2005.

- Hartpury College encourages participation in its learning programmes by all sections of the community and the industries it serves. Hartpury College will, as a matter of policy, try to ensure that students with special educational needs and/or disabilities are able to follow a programme of study most suitable to his or her need with appropriate support. This support will be monitored, reviewed and changed as necessary.
- On interview and on admission to the College, students will be entitled to receive the commitment outlined in the Student Charter and an assessment of any further help and support needed which relates to special educational needs and/or disability. If appropriate, the College will seek professional help in deciding the level of special educational needs and/or disability and the level of further help and support required as identified during induction and throughout the course of study.
- In terms of access, a student with a disability will be entitled, if appropriate, to an identified parking space and to have home to college transport arranged if the assessment of the disability indicates that this is required.
- Hartpury College will try to ensure that access to teaching rooms is appropriate and reallocate teaching areas if required. We will also ensure that, where appropriate, all areas of the campus are accessible and, where this is not feasible, ensure that alternative arrangements are made and that support and assistance is provided whenever this is possible.
- Hartpury College is committed to responding to individual student needs and has made resources available to ensure that prospective students have access to individual guidance when they come into contact with the College. The College will keep the policy and its implementation under review to ensure that appropriate support is given to students so they can achieve the learning goals which were identified at the beginning of their course, or renegotiate other appropriate learning outcomes within the duration of their course.
- The College's Equality and Diversity Policy Statement for the Corporation's clients also states that the College's commitment is to ensure that no student receives less favourable treatment on the grounds of any physical or other disability or special educational needs.

HARTPURY COLLEGE

Members Report (continued)

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 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 8 December 2016 and signed on its behalf by:

E Keene
Chairman

HARTPURY COLLEGE

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2015 to 31 July 2016 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- In full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
- Having due regard to the UK Corporate Governance Code 2014 insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code.

In the opinion of the Governors, the College complies with/exceeds with all the provisions of the Code, and it has complied throughout the year ended 31 July 2016. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted in May 2015.

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

THE CORPORATION

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

Name	**Date of Appointment**	**Term of office**	**Status of appointment**	**Committees served**	**Attendance**
Mr R Marchant	1 Sept 12		Principal	S, FGPC, Q&S	100%
Mr E Keene (Chair)	4 Mar 14	4 years		FGPC, R, S	100%
Mr C Whitehouse (Vice Chair)	5 June 13	4 years		FGPC, S, R	100%
Mr G Van der Lely	18 Feb 13	4 years		R,S, FGPC, A	84%
Professor I Robinson	14 July 16	4 years			100%
Ms N Wheatley	14 July 16	4 years			100%
Ms I Barker	29 Jan 15	4 years		FGPC, R	100%
Dr J Selby	29 Mar 15	4 years		Q&S	100%
Mr G Papenfus	29 Jan 15	4 years		S, A	84%
Mrs B Buck	1 Sept 15	3 years			66%
Mr S Lynn	1 Sept 15	4 years	Staff	Q&S	66%
Mr N Gallagher	1 Aug 15	1 years	Student	Q&S	84%
Mr R Geldart	1 Aug 15	1 year	Student	Q&S	-
Ms J Midgley	1 Sept 15	2 years		Q&S	33%
Mrs R Blomfield-Smith	11 Aug 14	2 years		SP, S, Q&S	50%
Mr A Osborn	1 May 16	1 year			100%
Mr D Seymour	13 Oct 16	4 years		A	100%
Mr C Moody	12 July 16	4 years		FGPC, Q&S	84%
Mr D Crawford	20 Oct 15	4 years		Q&S	84%

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 as follows:

Finance and General Purposes	(FGPC)
Remuneration	(R)
Audit	(A)
Search and Governance	(S)
Quality Enhancement and Standards	(Q&S)
Special	(SP)

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at www.hartpury.ac.uk or from the Clerk to the Corporation at:

Hartpury College
Hartpury House
Hartpury
Gloucester
GL19 3BE

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 the Accounting Officer are separate.

Appointments to the Corporation
Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance committee consisting of five members of the Corporation, the Principal and two external Co-opted Members, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years.

Corporation performance
The Corporation assesses its performance in a number of ways including 1:1 meetings between the Chair and governors and regular self-assessment which will be conducted by an external source in 2017.

Remuneration Committee
Throughout the year ended 31 July 2016, the College's Remuneration Committee comprised four members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits package of the Principal and other senior members of staff.

Details of remuneration for the year ended 31 July 2016 are set out in note 6 to the financial statements.

Audit Committee
The Audit Committee comprises four members of the Corporation (excluding the Accounting Officer and Chair) and an external Co-opted Member. The Committee operates in accordance with written terms of reference approved by the Corporation.

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

Statement of Corporate Governance and Internal Control *(continued)*

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

Management is responsible for the implementation of agreed 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, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

The Finance and General Purposes Committee
The Finance and General Purposes Committee comprises five members of the Corporation, the Principal and a Co-opted Member. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Finance and General Purposes Committee meets four times per year and ensures that annual estimates of income and expenditure and annual financial accounts are prepared for approval by the Board of Governors and that financial performance against these annual estimates of income and expenditure are adequately monitored on behalf of the Board of Governors, that statements of financial performance are presented to the Board on a regular basis and that appropriate action is taken on matters raised as a consequence of such reports.

The Committee also ensures that a capital budget is prepared for approval by the Board, against which projects can be prioritised and to assist the College identifying necessary funding sources and strategies to undertake such projects and to recommend major capital resource developments for final approval by the Board.

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 Hartpury College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hartpury College for the year ended 31 July 2016 and up to the date of approval of the annual report and accounts.

Capacity to handle risk
The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

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

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

Hartpury College has an internal audit service, which operates in accordance with the requirements of the EFA and SFA'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.

Statement of Corporate Governance and Internal Control *(continued)*

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 reporting accountant for regularity assurance in their management letters and other reports.

The Accounting officer 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 risk committee, if appropriate), and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation'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 2016 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2016 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2016.

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

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 8 December 2016 and signed on its behalf by:

E Keene	R Marchant
Chairman	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 Skills Funding Agency of material irregularity, impropriety and non-compliance with Skills Funding Agency terms and conditions of funding, under the financial memorandum in place between the College and the Skills Funding Agency. As part of our consideration we have had due regard to the requirements of the financial memorandum.

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

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

E Keene
Chairman
8 December 2016

R Marchant
Accounting Officer
8 December 2016

HARTPURY COLLEGE

Statement of the Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum between the Skills Funding Agency and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education and with the College Accounts Direction 2015-16 issued jointly by the Skills Funding Agency and the Education Funding Agency, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

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

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

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

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

Approved by order of the members of the Corporation on 8 December 2016 and signed on its behalf by:

E Keene
Chairman

Independent auditor's report to the Corporation of Hartpury College

We have audited the Group and College financial statements of Hartpury College for the year ended 31 July 2016 which comprise the consolidated statement of comprehensive income, the consolidated and college statement of changes in reserves, the consolidated and college balance sheets, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the College's Corporation as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the College's Corporation those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Corporation of Hartpury College and Auditor

As explained more fully in the Statement of the Responsibilities of the Corporation set out on page 14, the College's Corporation is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2016 and of the Group's surplus of income over expenditure for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education issued in March 2014.

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountant
Bristol

8 December 2016

HARTPURY COLLEGE

Reporting accountant's assurance report on regularity

To the Corporation of Hartpury College and Secretary of State for Business, Innovation and Skills acting through Skills Funding Agency

In accordance with the terms of our engagement letter dated 25 July 2016 and further to the requirements of the financial memorandum with the Skills Funding 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 Hartpury College during the period 1 August 2015 to 31 July 2016 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 Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency in June 2016. In accordance 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 Skills Funding Agency has other assurance arrangements in place.

This report is made solely to the corporation of Hartpury College, as a body, and the Skills Funding Agency, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Hartpury College and Skills Funding Agency those matters we are required to state in a limited assurance 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 Hartpury College as a body, and Skills Funding Agency as a body, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Members of the Corporation of Hartpury College and Auditors

The corporation of Hartpury College is responsible, under the requirements of the Further and 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 as imposed by the law, professional standards and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that, in all material respects, expenditure disbursed and income received during the period 1 August 2015 to 31 July 2016 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 Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the college’s activities;
- evaluation of the processes and controls established and maintained in respect of regularity and propriety for the use of public funds through observation of the arrangements in place and enquiries of management;
- consideration and corroboration of the evidence supporting the Accounting Officer’s statement on regularity, propriety and compliance and that included in the self-assessment questionnaire (SAQ); and
- limited testing, on a sample basis, of income and expenditure for the areas identified as high risk and included on the SAQ.

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 2015 to 31 July 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Bristol
8 December 2016

HARTPURY COLLEGE

Consolidated Statements of Comprehensive Income
Year ended 31 July 2016

	Notes	Year ended 31 July 2016		Year Ended 31 July 2015 Restated	
		Group	College	Group	College
		£	£	£	£
INCOME					
Funding body grants	2	9,998,202	9,998,202	9,823,447	9,823,447
Tuition fees and education contracts	3	11,140,170	11,140,170	9,362,482	9,362,482
Other grants and contracts					
Other income	4	9,997,776	10,025,596	9,083,034	9,115,299
Investment income	5	7,050	7,050	6,312	6,312
Total income		**31,143,198**	**31,171,018**	**28,275,275**	**28,307,540**
EXPENDITURE					
Staff costs	6	15,571,716	15,254,927	13,957,771	13,632,436
Fundamental restricting costs		-	-	-	-
Other operating expenses	7	10,492,145	10,836,754	10,470,853	10,828,453
Depreciation	9	2,245,435	2,389,935	2,035,785	2,180,289
Interest and other finance costs	8	1,292,137	1,292,137	1,283,782	1,283,782
Total expenditure		**29,601,433**	**29,773,753**	**27,748,191**	**27,924,960**
Surplus before other gains and losses		**1,541,765**	**1,397,265**	**527,084**	**382,580**
(Loss)/Surplus of disposal of assets		(3,961)	(3,961)	23,796	23,796
Surplus before tax		**1,537,804**	**1,393,304**	**550,880**	**406,376**
Taxation		-	-	-	-
Surplus for the year		**1,537,804**	**1,393,304**	**550,880**	**406,376**
Actuarial gains/(loss) in respect on pensions schemes	16/20	529,912	529,912	(1,131,126)	(1,131,126)
Total Comprehensive Income for the year		**2,067,716**	**1,923,216**	**(580,246)**	**(724,750)**
Represented by:					
Restricted comprehensive income		-	-	-	-
Unrestricted comprehensive income		2,067,716	1,923,216	(580,246)	(724,750)
		2,067,716	1,923,216	(580,246)	(724,750)
Surplus for the year attributable to:					
Non-controlling interest		-	-	-	-
Group		2,067,716	1,923,216	(580,246)	(724,750)
		2,067,716	1,923,216	(580,246)	(724,750)
Total Comprehensive Income for the year attributable to:					
Non-controlling interest		-	-	-	-
Group		2,067,716	1,923,216	(580,246)	(724,750)
		2,067,716	1,923,216	(580,246)	(724,750)

The notes on pages 21 to 38 form part of these financial statements.

HARTPURY COLLEGE

Consolidated and College Statements of Changes in Reserves
Year ended 31 July 2016

	Income and expenditure account	Revaluation reserves	Total excluding Non-controlling interest	Non-controlling interest	Total
Group					
Restated balance at 1 August 2014	5,897,837	2,421,952	8,319,789	-	8,319,789
Surplus/(deficit) from the income and expenditure account	550,880	-	550,880	-	550,880
Other comprehensive income	(1,131,126)	-	(1,131,126)	-	(1,131,126)
Total comprehensive income	(580,246)	-	(580,246)	-	(580,246)
Transfer between revaluation and income and expenditure reserves	101,932	(101,932)	-	-	-
Balance at 31 July 2015	5,419,523	2,320,020	7,739,543	-	7,739,543
Surplus/(deficit) from the income and expenditure account	1,537,804	-	1,537,804	-	1,537,804
Other comprehensive income	529,912	-	529,912	-	529,912
Total comprehensive income for the year	2,067,716	-	2,067,716	-	2,067,716
Transfer between revaluation and income and expenditure reserves	101,932	(101,932)	-	-	-
Balance at 31 July 2016	7,589,171	2,218,088	9,807,259	-	9,807,259
College					
Restated balance at 1 August 2014	12,570,776	2,409,282	14,980,058	-	14,980,058
Surplus/(deficit) from the income and expenditure account	406,376		406,376	-	406,376
Other comprehensive income	(1,131,126)	-	(1,131,126)	-	(1,131,126)
Total comprehensive income	(724,750)	-	(724,750)	-	(724,750)
Transfer between revaluation and income and expenditure reserves	101,932	(101,932)	-	-	-
Balance at 31 July 2015	11,947,958	2,307,350	14,255,308	-	14,255,308
Surplus/(deficit) from the income and expenditure account	1,393,304	-	1,393,304	-	1,393,304
Other comprehensive income	529,912	-	529,912	-	529,912
Total comprehensive income for the year	1,923,216	-	1,923,216	-	1,923,216
Transfer between revaluation and income and expenditure reserves	101,932	(101,932)	-	-	-
Balance at 31 July 2016	13,973,106	2,205,418	16,178,524	-	16,178,524

The notes on pages 21 to 38 form part of these financial statements

HARTPURY COLLEGE

Balance Sheets as at 31 July 2016

	Notes	Group 2016 £	College 2016 £	Group Restated 2015 £	College 2015 £
Non current assets					
Tangible Fixed Assets	9	41,353,160	47,739,423	41,484,507	48,015,271
Investments	10	1,580	1,682	1,580	1,682
		41,354,740	**47,741,105**	41,486,087	48,016,953
Current Assets					
Stocks	11	1,022,920	1,022,920	1,234,507	1,234,507
Trade and other receivables	12	980,022	990,838	1,559,203	1,557,985
Cash and cash equivalents	17	3,002,354	2,967,519	738,972	721,249
		5,005,296	**4,981,277**	3,532,682	3,513,741
Less: Creditors – amounts falling due within one year	13	(6,373,484)	(6,364,565)	(6,544,963)	(6,541,123)
Net current liabilities		(1,368,188)	(1,383,288)	(3,012,281)	(3,027,382)
Total assets less current liabilities		**39,986,552**	**46,357,817**	38,473,806	44,989,571
Creditors – amounts falling due after more than one year	14	**(24,753,879)**	**(24,753,879)**	(25,213,692)	(25,213,692)
Provisions					
Defined benefit obligations	20	**(5,303,000)**	**(5,303,000)**	(5,405,000)	(5,405,000)
Other provisions	16	**(122,414)**	**(122,414)**	(115,571)	(115,571)
Total net assets		**9,807,259**	**16,178,524**	7,739,543	14,255,308
Unrestricted Reserves					
Income and expenditure account		**7,589,171**	**13,973,106**	5,419,523	11,947,958
Revaluation reserve		**2,218,088**	**2,205,418**	2,320,020	2,307,350
Total unrestricted reserves		**9,807,259**	**16,178,524**	7,739,543	14,255,308

The financial statements on pages 17 to 38 were approved and authorised for issue by the Corporation on 8 December 2016 and were signed on its behalf on that date by:

E Keene
Chairman

R Marchant
Accounting Officer

HARTPURY COLLEGE

Consolidated Statement of Cash Flows
Year ended 31 July 2016

	Notes	2016	2015
		£	£
Cash flow from operating activities			
Surplus from the year		1,537,804	550,880
Adjustments for non-cash items			
Depreciation		2,245,435	2,035,785
Decrease/(Increase) in stocks		211,587	(222,150)
Decrease/(Increase) in debtors		579,181	(924,921)
Decrease in creditors due within one year		(229,811)	(573,097)
Increase in creditors due after one year		594,822	327,889
(Decrease) in provisions		(6,245)	(4,214)
Pension costs less contributions payable		441,000	211,000
Taxation		-	-
Adjustment for investing or financing activities			
Investment income		(7,050)	(6,312)
Interest payable		1,087,137	1,116,782
Taxation paid		-	-
Loss on sale of fixed assets		3,961	(23,796)
Net cash flows from operating activities		6,457,821	2,487,846
Cash flows from investing activities			
Proceeds from sale of fixed assets		9,558	27,112
Disposal of non-current assets investments		-	-
Investment income		7,050	6,312
Withdrawal of deposits		-	-
New deposits		-	-
Payment made to acquire fixed assets		(2,098,207)	(2,596,403)
		(2,081,599)	(2,562,979)
Cash flows from financing activities			
Interest paid		(1,084,973)	(1,115,190)
Interest element of finance lease rental payments		(2,164)	(1,592)
New secured loans		-	499,500
Repayments of amounts borrowed		(1,010,445)	(901,701)
Capital element of finance lease rental payments		(15,258)	(32,761)
		(2,112,840)	(1,551,744)
Increase/(decrease) in cash and cash equivalents in the year		2,263,382	(1,626,877)
Cash and cash equivalents at beginning of the year		738,972	2,365,849
Cash and cash equivalents at the end of the year		3,002,354	738,972

The notes on pages 21 to 38 form part of these financial statements

HARTPURY COLLEGE

Notes to the Financial Statements
Year Ended 31 July 2016

Accounting policies

1. 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 2015 to 2016 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 statement in compliance with FRS102 required the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Transition to the 2015 FE HE SORP

The College is preparing its financial statements in accordance with FRS102 for the first time and consequently has applied the first time adoption requirements. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements accounting policies differ from previous UK GAAP. Consequently, the College has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 23.

The 2015 FE HE SORP requires colleges to prepare a single statement of comprehensive income, and not the alternative presentation of a separate income statement and a statement of other comprehensive income. This represents a change in accounting policy from the previous period where separate statements for Income and Expenditure account and for the Statement of Total Recognised Gains and Losses were presented.

The application of first time adoption allows certain exemptions from the full requirements of the FRS 102 and the 2015 FE HE SORP in the transition period the following exemptions have been taken in these financial statements:

- Revaluation as deemed cost – at 1st August 2014, the College has retained the carrying values of freehold properties as being deemed cost and measured at fair value.
- Lease incentives – the College has continued to recognise the residual benefits associated with lease incentives on the same basis as that applied at the date of transition
- The College has taken advantage of the exemptions provided in FRS 102 1.12 and the SORP FE HE SORP 3.3, and has not included a separate statement of its own cash flows. These cash flows are included within the Consolidated Statements of Cash Flows, and the College balance sheet discloses cash at both the current and preceding reporting dates.

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

The consolidated financial statements include the College and its subsidiaries, Limbury Limited and Rudgeley Services Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2016.

Going concern

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

There is £1m of uncommitted facility available with the College bankers for unconditional 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.

1. Statement of accounting policies *(continued)*

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

Recognition of income

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

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

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

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Accounting for post-employment benefits

Post-employment 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 plans, which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. 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 valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

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.

1. Statement of accounting policies *(continued)*

Enhanced pensions

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

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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 costs 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. Land and buildings acquired and building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the college of between 5 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

Finance costs which are directly attributable to the construction of land and buildings are capitalised as part of the cost of those assets.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

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

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged in the period it is incurred, unless it increases the future benefits of the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Library books inherited from the Local Education Authority are stated at valuation and are not depreciated. The costs of library books purchased are expensed directly to the income and expenditure account in the period of acquisition.

Equipment costing less than £500 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised as cost. Equipment inherited from the Local Education Authority is included in the Balance Sheet at valuation.

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

1. Statement of accounting policies *(continued)*

Computer equipment	-	3 years
Motor vehicles	-	4 years
Plant	-	8 years
Furniture, fixtures 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.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1 August 2014.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Other Investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

Stocks

Stocks are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Cash and cash equivalents

Cash includes cash in hand, repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

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

1. Statement of accounting policies *(continued)*

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS102. These instruments are initially recorded at the transaction price less any transaction costs (historical costs). FRS 102 required that basic financial instruments are subsequently measured at amortised costs, however the Group has calculated that the difference between the historical cost and amortised costs basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments which are payable or receivable within one year are not discounted.

Foreign currency translation

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

Maintenance of premises

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478-488 of the 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.

Provisions and contingent liabilities

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probably 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.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities which are not recognised in the balance sheet are disclosed in the notes to the financial statements.

Agency arrangements

The College acts as an agent in the collection and payment of Discretionary Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transactions. 5% of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Discretionary 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.

HARTPURY COLLEGE

Notes to the Financial Statements (continued)
Year Ended 31 July 2016

1. Statement of accounting policies *(continued)*

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

  Tangible fixed assets, 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 in determining net costs (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Funding Body Grants

	Group 2016	College 2016	Group 2015	College 2015
	£	£	£	£
Recurrent grants				
Skills Funding Agency	970,609	970,609	1,148,922	1,148,922
Education Funding Agency	7,798,808	7,798,808	7,427,082	7,427,082
Higher Education Funding Council	941,273	941,273	973,846	973,846
Specific grants				
Skills Funding Agency	29,935	29,935	80,120	80,120
Releases of government capital grants	242,100	242,100	180,716	180,716
HE Grants	15,477	15,477	12,761	12,761
Total	9,998,202	9,998,202	9,823,447	9,823,447

3. Tuition fees and education contracts

	Group 2016	College 2016	Group 2015	College 2015
	£	£	£	£
Adult education fees	386,615	386,615	367,341	367,341
Fees for HE loan supported courses	9,606,838	9,606,838	7,818,970	7,818,970
International students fees	1,008,457	1,008,457	859,221	859,221
Total tuition fees	11,001,910	11,001,910	9,045,532	9,045,532
Education contracts	138,260	138,260	316,950	316,950
Total	11,140,170	11,140,170	9,362,482	9,362,482

4. Other income

	Group 2016	College 2016	Group 2015	College 2015
	£	£	£	£
Catering and residence	6,290,218	6,290,218	6,005,133	6,005,133
Other income generating activities	3,387,151	3,414,971	3,077,901	3,110,166
Non-government capital grants	320,407	320,407	-	-
Total	9,997,776	10,025,596	9,083,034	9,115,299

5. Investment income

	Group 2016	College 2016	Group 2015	College 2015
	£	£	£	£
Other interest receivable	5,584	5,584	4,105	4,105
Other investment income	1,466	1,466	2,207	2,207
	7,050	7,050	6,312	6,312
Net return on pension scheme (note 20)	-	-	-	-
Total	7,050	7,050	6,312	6,312

6. 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:

	2016 Number	2015 Number
Teaching staff	214	212
Non-Teaching staff	331	301
	545	513

Staff costs for the above persons

	Group 2016	College 2016	Group 2015	College 2015
	£	£	£	£
Wages and salaries	12,692,196	12,419,823	11,676,997	11,387,533
Social security costs	902,693	889,360	786,232	773,897
Other pension costs	1,976,827	1,945,744	1,494,542	1,471,006
Total Staff costs	15,571,716	15,254,927	13,957,771	13,632,436

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Team which comprises the Principal, Vice Principal (Business and Finance), Director of HR and Residential Services, Vice Principal (HE) and Assistant Principal (FE).

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

	2016 Number	2015 Number
The number of key management personnel including the Accounting Officer was:	5	5

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions but including benefits in kind, the following ranges was:

	Key management personnel		**Other staff**	
	2016 Number	2015 Number	2016 Number	2015 Number
£60,000 to £70,000 p.a.	-	-	2	6
£70,001 to £80,000 p.a.	-	-	-	-
£80,001 to £90,000 p.a.	2	3	-	-
£90,000 to £100,000 p.a.	1	-	-	-
£100,001 to £110,000 p.a.	-	-	-	-
£110,001 to £120,000 p.a.	-	1	-	-
£120,001 to £130,000 p.a.	1	-	-	-
£130,001 to £140,000 p.a.	1	1	-	-

Key management personnel emoluments are made up as follows:

	2016	2015
	£	£
Salaries	545,353	500,399
Benefits in kind	7,812	6,797
	553,165	507,196
Pension contributions	86,325	76,267
Total emoluments	639,490	583,463

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

Notes to the Financial Statements (continued)
Year Ended 31 July 2016

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

	2016	2015
	£	£
Salaries	135,788	131,667
Benefits in kind	1,860	1,684
	137,648	133,351
Pension contributions	24,552	20,680
	162,200	154,031

The pension contributions in respect of the Accounting Officer and senior post holders are in respect of employer's contributions to the Teachers Pension Scheme or the Local Government Pension Scheme, and are paid at the same rate as for other employees.

Compensation for loss of office paid to former key management personnel

	2016	2015
	£	£
Compensation paid to the former post-holder	60,000	-

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.

7. Other operating expenses

	Group 2016	College 2016	Group 2015	College 2015
	£	£	£	£
Teaching costs	3,214,396	3,214,396	3,453,236	3,453,236
Non-teaching costs	4,711,692	5,056,301	4,204,981	4,562,581
Premises costs	2,566,057	2,566,057	2,812,636	2,812,636
Total	10,492,145	10,836,754	10,470,853	10,828,453

Other operating expenses include:

	2016	2015
	£	£
Auditors' remuneration		
Financial statements audit*	27,015	13,826
Internal audit **	25,875	16,620
Other services provided by the financial statements auditor		
Taxation	7,288	4,680
Compliance	450	410
Other services provided by the internal auditors	5,610	-
Losses/(Surplus) on disposal of non-current assets	3,961	(23,796)
Hire of assets under operating leases	718,826	768,188

* Includes £27,015 in respect of the College (2014/15 £13,826)
** Includes £25,875 in respect of the College (2014/15 £16,620)

8. Interest and other finance costs – Group and College

	2016	2015
	£	£
On bank loans, overdrafts and other loans	1,084,973	1,115,190
	1,084,973	1,115,190
On finance leases	2,164	1,592
Pension finance costs (note 20)	205,000	167,000
	1,292,137	1,283,782

HARTPURY COLLEGE

Notes to the Financial Statements (continued)
Year Ended 31 July 2016

9. Tangible fixed assets (Group)

	Freehold land and buildings	Assets under Construction	Equipment	Total
The group	£	£	£	£
Cost or valuation				
At 1 August 2015	53,598,655	503,375	11,468,901	65,570,931
Additions in the year	1,111,580	398,455	617,572	2,127,607
Inter class transfer	290,687	(290,687)	-	-
Disposals	-	(8,475)	(54,821)	(63,296)
At 31 July 2016	55,000,922	602,668	12,031,652	67,635,242
Depreciation				
At 1 August 2015	16,359,577	-	7,726,847	24,086,424
Charge for year	1,375,673	-	869,762	2,245,435
Eliminated in respect of disposals	-	-	(49,777)	(49,777)
At 31 July 2016	17,735,250	-	8,546,832	26,282,082
Net book amounts				
At 31 July 2016	**37,265,672**	**602,668**	**3,484,820**	**41,353,160**
At 31 July 2015	37,239,078	503,375	3,742,054	41,484,507
Inherited	2,108,379	-	115,500	2,223,879
Financed by capital grant	6,645,219	-	83,512	6,728,731
Other	28,512,074	602,668	3,285,808	32,400,550
At 31 July 2016	**37,265,672**	**602,668**	**3,484,820**	**41,353,160**
Assets held under finance lease:				
- net book value at 31 July 2016	**-**	**-**	**50,543**	**50,543**
- net book value at 31 July 2015	-	-	34,224	34,244
- depreciation charge for the year ended 31 July 2016	**-**	**-**	**6,599**	**6,599**
- depreciation charge for the year ended 31 July 2015	-	-	25,257	25,257

If inherited land and buildings had not been valued they would have been included at a cost and net book amount of £nil.

9. Tangible fixed assets (College only)

The college	**Freehold land and buildings** £	**Assets under Construction** £	**Equipment** £	**Total** £
Cost or valuation				
At 1 August 2015	57,813,950	503,375	11,540,106	69,857,431
Additions in the year	1,111,580	398,455	617,572	2,127,607
Inter class transfer	290,687	(290,687)	-	-
Disposals	-	(8,475)	(54,821)	(63,296)
At 31 July 2016	59,216,217	602,668	12,102,857	71,921,742
Depreciation				
At 1 August 2015	14,464,108	-	7,378,052	21,842,160
Charge for year	1,460,174	-	929,761	2,389,935
Eliminated in respect of disposals	-	-	(49,776)	(49,776)
At 31 July 2016	15,924,282	-	8,258,037	24,182,319
Net book amounts				
At 31 July 2016	**43,291,935**	**602,668**	**3,844,820**	**47,739,423**
At 31 July 2015	43,349,842	503,375	4,162,054	48,015,271
Inherited	2,108,379	-	115,500	2,223,879
Financed by capital grant	6,645,219	-	83,512	6,728,731
Other	34,538,337	602,668	3,645,808	38,786,813
At 31 July 2016	**43,291,935**	**602,668**	**3,844,820**	**47,739,423**
Assets held under finance lease:				
- net book value at 31 July 2016	**-**	**-**	**50,543**	**50,543**
- net book value at 31 July 2015	-	-	34,224	34,244
- depreciation charge for the year ended 31 July 2016	**-**	**-**	**6,599**	**6,599**
- depreciation charge for the year ended 31 July 2015	-	-	25,257	25,257

The transitional rules set out in FRS 102 Tangible Fixed Assets have been applied on implementing FRS 102. Accordingly, the book values at implementation have been retained.

Land and buildings inherited from the Local Education Authority at incorporation were valued on 28 September 1992 by a firm of independent chartered surveyors on the basis of depreciated replacement cost where the open market value was not readily available. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the corporation on a depreciated replacement cost basis.

Inherited land and buildings have been funded from local education authority sources. Should these assets be sold, the college would either have to surrender the sale proceeds to the SFA or use them in accordance with the financial memorandum with the SFA.

£nil is included within the group additions for the year which represents the finance charges capitalised for the period. Of the total cost carried forward £379,302 (2015: £379,302) relates to capitalised finance charges. The group's average rate of borrowing used was between 4.3% and 6% to determine the rate of capitalisation.

10. Non-current investments

	Group 2016	**College 2016**	Group 2015	College 2015
	£	**£**	£	£
Investment in the preference share capital of Axis Milk Ltd (at cost)	**1,580**	**1,580**	1,580	1,580
Investment in the ordinary share capital of subsidiary undertakings at cost	**-**	**102**	-	102
	1,580	**1,682**	1,580	1,682

The College holds 100% of the issued ordinary share capital of the following subsidiary undertakings, incorporated in Great Britain, which have been consolidated in the financial statements.

Name of subsidiary	**Country of registration**	**Activity**
Limbury Limited	England and Wales	Dormant
Rudgeley Services Limited	England and Wales	Provision of transport and property services

The College also holds shares in the following listed company:

Name of company	**No. of shares 2016**	**Market value 2016**	No. of shares 2015	Market value 2015
		£		£
Dairy Crest plc	**5,581**	**33,653**	5,581	31,131

The shares were acquired at no cost as a result of the College's farming activities and have not been revalued in these financial statements.

11. Stock

	Group 2016	**College 2016**	Group 2015	College 2015
	£	**£**	£	£
Farm, livestock, produce and stores	**986,446**	**986,446**	1,198,033	1,198,033
Other stocks	**36,474**	**36,474**	36,474	36,474
Total	**1,022,920**	**1,022,920**	1,234,507	1,234,507

12. Trade and other receivables

	Group 2016	**College 2016**	Group 2015	College 2015
	£	**£**	£	£
Amounts falling due within one year:				
Trade receivables	**578,870**	**578,870**	658,848	658,848
Amounts owed by subsidiary undertakings	**-**	**23,929**	-	46,858
Other debtors	**16,231**	**3,118**	219,836	171,760
Prepayments and accrued income	**384,921**	**384,921**	680,519	680,519
Total	**980,022**	**990,838**	1,559,203	1,557,985

13. Creditors: amounts falling due within one year

	Group 2016	**College 2016**	Group 2015	College 2015
	£	**£**	£	£
Bank loans and overdrafts	**1,063,880**	**1,063,880**	1,010,446	1,010,446
Obligations under finance leases	**11,606**	**11,606**	6,708	6,708
Trade payables	**1,908,525**	**1,904,592**	2,155,514	2,154,118
Amounts owed to subsidiary undertakings	**-**	**475**	-	2,236
Other taxation and social security	**468,737**	**468,737**	422,265	422,265
Accruals and deferred income	**1,355,932**	**1,350,471**	1,141,510	1,136,830
Deferred income – Government capital grants	**256,767**	**256,767**	236,244	236,244
Amounts owed to Skills Funding Agency	**47,443**	**47,443**	138,073	138,073
Other Creditors	**1,260,594**	**1,260,594**	1,434,203	1,434,203
Total	**6,373,484**	**6,364,565**	6,544,963	6,541,123

Notes to the Financial Statements (continued)
Year Ended 31 July 2016

14. Creditors: amounts falling due after one year

	Group 2016	College 2016	Group 2015	College 2015
	£	**£**	£	£
Bank loans	**18,257,434**	**18,257,434**	19,321,313	19,321,313
Obligations under finance leases	**24,480**	**24,480**	15,236	15,236
Deferred income – Government Capital Grants	**6,471,965**	**6,471,965**	5,877,143	5,877,143
Total	**24,753,879**	**24,753,879**	25,213,692	25,213,692

15. Maturity of Debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2016	College 2016	Group 2015	College 2015
	£	**£**	£	£
In one year or less	**1,063,880**	**1,063,880**	1,010,446	1,010,446
Between two and five years	**4,845,994**	**4,845,994**	4,613,763	4,613,763
In five years or more	**13,411,440**	**13,411,440**	14,707,550	14,707,550
Total	**19,321,314**	**19,321,314**	20,331,759	20,331,759

The College has a number of term loan facilities and has entered into fixed rate agreements with its bankers. Interest on £6,553,077 and £215,344 has been fixed at 5.775% until July 2028, £1,496,289 has been fixed at 5.408% until July 2029 and £524,747 has been fixed at 5.12% until 31 December 2019 with further extensions expected. A further loan was drawn in March 2015 and fixed at 3.50% until March 2021, the balance at the end of July was £474,899 - this loan is secured on the assets which it financed.

On 9 October 2014, six term loans in Limbury Limited were novated to Hartpury College on the same terms and conditions as the original loans. Interest on £4,686,527 has been fixed at 5.775% until July 2028 and on £1,711,240 at 4.861% until July 2033. Three further loans of £937,526, £2,582,969 and £231,941 were fixed with effect from 25 July 2013 at 4.81%, 5.077% and 3.396% respectively until July 2033. One further loan of £917,200 is fixed at 5.157% initially until September 2017, however this has been extended to 30 September 2019 with further extensions expected.

(b) Finance Leases

The net finance lease obligations to which the institution is committed are:

	Group 2016	College 2016	Group 2015	College 2015
	£	**£**	£	£
In one year or less	**11,606**	**11,606**	6,708	6,708
Between two and five years	**24,480**	**24,480**	15,236	15,236
Total	**36,086**	**36,086**	21,944	21,944

Finance lease obligations are secured on the assets to which they relate.

16. Provisions

	Group and College Enhanced pensions	Total
	£	£
At 1 August 2015	115,571	115,571
Expenditure in the period	(6,245)	(6,245)
Additions in the period	13,088	13,088
At 31 July 2016	**122,414**	**122,414**

This enhanced pension provision relates to the cost of staff who have already left the College's employ. This provision has been calculated in accordance with guidance issued by the LSC and its successor organisations.

The principal assumptions for this calculation are:

	2016	2015
Price inflation	1.3%	1.7%
Discount rate	2.3%	3.5%

17. Cash and cash equivalents

	At 1 August 2015	Cash flows	Other Changes	At 31 July 2016
	£	£	£	£
Cash and cash equivalents	738,972	2,263,382	-	3,002,354
Overdrafts	-	-	-	-
	738,972	2,263,382	-	3,002,354

18. Capital and other commitments

	Group and College	
	2016	2015
	£	£
Commitments contracted for at 31 July	826,489	1,159,312

19. Lease obligations

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

	Group and College	
	2016	2015
	£	£
Future minimum lease payments due		
Land and Buildings		
Not later than one year	130,730	162,610
Later than one year and not later than five years	403,720	429,826
Later than five years	203,138	302,496
	737,588	894,932
Other		
Not later than one year	66,266	68,372
Later than one year and not later than five years	74,957	12,962
Later than five years	-	-
	141,223	81,334

20. 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 Gloucestershire Local Government Pension Scheme (LGPS) for non – teaching staff, which is managed by Gloucestershire County Council. Both are multi-employer defined-benefit plans.

Total pension costs for the year		2016		2015
		£		£
Teachers' Pension Scheme : contributions paid		788,575		646,030
Local Government Pension Scheme:				
Contributions paid	952,252		804,512	
FRS102 (28) charge	236,000		44,000	
Charge to Statement of Comprehensive Income		1,188,252		848,512
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total Pension Costs for Year within staff costs		1,976,827		1,494,542

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

Contributions amounting to £208,466 (2015 £178,554) were payable to the schemes at 31 July 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 in contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

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

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 21 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 for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional post service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS was implemented in September 2015.

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

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

Scheme Changes

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

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

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

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

The pension costs paid to TPS in the year amounted to £788,575 (2015: £646,030).

FRS102 (28)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Gloucestershire County Council. The total contributions made for the year ended 31 July 2016 were £1,252,765, of which employer's contributions totalled £952,252 and employees' contributions totalled £300,513. The agreed contribution rates for future years are 20.2% for employers and rage from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial calculation of the fund at 31 March 2013 updated to 31 July 2016 by a qualified independent actuary.

Notes to the Financial Statements (continued)
Year Ended 31 July 2016

	At 31 July 2016	At 31 July 2015
Rate of increase in salaries	2.2%	4.1%
Future pensions increases	1.9%	2.7%
Discount rate for scheme liabilities	2.5%	3.7%
Inflation assumption (CPI)	1.9%	2.7%
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:

	At 31 July 2016	At 31 July 2015
	Years	Years
Retiring today		
Males	22.5	22.5
Females	24.6	24.6
Retiring in 20 years		
Males	24.4	24.4
Females	27.0	27.0

The College share of the assets in the plan at the balance sheet date and the expected rates of return were:

	Fair Value at 31 July 2016	Fair Values at 31 July 2015
	£'000	£'000
Equity instruments	9,804	8,475
Debt instruments	2,842	2,507
Property	995	836
Cash	568	119
Total fair value of plan assets	14,209	11,937
Actual return on plan assets	787	610

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

	2016	2015
	£'000	£'000
Fair value of plan assets	14,209	11,937
Present value of plan liabilities	(19,512)	(17,342)
Net pensions (liability)/asset	(5,303)	(5,405)

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

	2016	2015
	£'000	£'000
Amounts included in staff costs		
Current service cost	1,188	881
Past service cost	-	7
Total	1,188	888
Amounts included in investment income		
Net interest income	(205)	(167)
	(205)	(167)
Amount recognised on Other Comprehensive Income		
Return on pension plan assets	787	610
Experience losses arising on defined benefit obligations	208	106
Changes in assumptions underlying the present value of plan liabilities	(452)	(1,841)
Amount recognised in Other Comprehensive Income	543	(1,125)

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

	2016 £'000	2015 £'000
Net defined benefit (liability)/asset in scheme at 1 August	(5,405)	(4,069)
Movement in year:		
Current service cost	(1,188)	(881)
Employer contributions	952	844
Past service cost	-	(7)
Net interest on the defined (liability)/asset	(205)	(167)
Actuarial gain or loss	543	(1,125)
Net defined benefit (liability)/asset at 31 July	(5,303)	(5,405)

Asset and Liability Reconciliation

	2016 £'000	2015 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	17,342	14,104
Current service cost	1,188	881
Interest Cost	665	596
Contributions by Scheme participants	300	261
Experience gains and losses on defined benefit obligations	(208)	(106)
Changes in financial assumptions	452	1,841
Estimated benefits paid	(227)	(242)
Past service cost	-	7
Curtailments and settlements	-	-
Defined benefit obligations at end of period	19,512	17,342
Changes in fair value of plan assets		
Fair value of plan assets at start of period	11,937	10,035
Interest on plan assets	460	429
Return on plan assets	787	610
Employer contributions	952	844
Contributions by Scheme participants	300	261
Estimated benefits paid	(227)	(242)
Fair value of plan assets at end of period	14,209	11,937

21. 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 arms' 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 £2,123; 7 governors (2015: £3,690; 8 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2015: None).

The College also collaborates with the University of the West of England which can nominate 1 governor to the Board. Hartpury College provides Higher Education courses for the University of the West of England.

22. Amounts disbursed as agent

	2016 £	2015 £
Funding body grants – discretionary learner support	182,784	183,735
Funding body grants – residential bursaries	422,507	439,743
	605,291	623,478
Disbursed to students	(522,378)	(512,616)
Administration costs	(30,264)	(30,240)
Balance unspent as at 31 July, included in creditors	52,649	80,622

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 Statements of Comprehensive Income.

23. Transition to FRS 102 and the 2015 FE HE SORP

The year ended 31 July 2016 is the first year that the College has presented its financial statements under FRS 102 and the 2015 FE HE SORP. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 July 2015 and the date of transition to FRS 102 and the 2015 FE HE SORP was therefore 1 August 2014. As a consequence of adopting FRS102 and the 2015 FE HE SORP, a number of accounting policies have changed to comply with those standards.

An explanation of how the transition to FRS102 and the FE HE SORP has affected the College's financial position, financial performance and cash flows, is set out below

	Note	1 August 2014		31 July 2015	
		Group	College	Group	College
		£	£	£	£
Financial Position					
Total reserves under previous SORP		8,443,367	15,103,636	7,940,499	14,456,264
Employee leave accrual	(a)	(318,832)	(318,832)	(344,921)	(344,921)
Release of non-government capital grants	(b)	195,254	195,254	143,965	143,965
Changes to measurement of net finance cost on defined benefit plan	(c)	-	-	-	-
Total effect of transition to FRS 102 and 2015 FE HE SORP		(123,578)	(123,578)	(200,956)	(200,956)
Total reserves under 2015 FE HE SORP		8,319,789	14,980,058	7,739,543	14,255,308

	Note	Year ended 31 July 2015	
		Group	College
		£	£
Financial Performance			
Surplus for the year after tax under previous SORP		808,258	663,754
Employee leave accrual	(a)	(26,089)	(26,089)
Reversal of capital grants amortisation	(b)	(51,289)	(51,289)
Changes to measurement of net finance cost on defined benefit plans	(c)	(180,000)	(180,000)
Total effect of transition to FRS 102 and 2015 FE HE SORP		(257,378)	(257,378)
Total comprehensive income for the year under 2015 FE HE SORP		550,880	406,376

(a) Recognition of short term employment benefits

No provision for short-term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the costs of short- term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31 August each year for both teaching and non-teaching staff meaning that, at the reporting date, there was an average of six unused leave for teaching staff and three unused leave for non-teaching staff. In addition, employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the end of the leave year. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £318,832 and £344,921 was recognised at 1 August 2014, and at 31 August 2015. Following a re-measurement exercise in 2015/16, the movement on this provision of £33,521 has been charged to Comprehensive Income in the year ended 31 July 2016.

(b) Non-government grants accounted for under performance model

The College has previously been in receipt of certain capital grants from sources other than those classified as "government" under FRS 102 and the 2015 FE HE SORP. Under the previous UK GAAP and 2007 SORP, these were able to be capitalised and amortised over the remaining useful economic life of the relevant fixed assets. This accounting treatment is no longer available for non-government grants and the grants have therefore been accounted for under the performance model and treated as if they had been credited to Comprehensive Income immediately that the performance conditions had been met. A corresponding adjustment has been made to the income recognised in the 2015 results that related to the annual amortisation of the capital grants involved.

(c) Change in recognition of defined benefit plan finance costs

The Net pension finance costs recognised in the Income and Expenditure account for the year ended 31 July 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statements of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive Income.

(d) Presentation of actuarial gains and losses within Total Comprehensive Income

Actuarial gains and losses on the College's defined benefit plans were previously presented in the Statement of Total Recognised Gains and Losses (STRGL), a separate statement to the Income and Expenditure Account. All such gains and losses are now required under FRS 102 to be presented with the Statement of Comprehensive Income, as movements in Other Comprehensive Income.

(e) Presentation of Creditors falling due within and after one year

Deferred Capital Grants were presented in the Balance Sheet as a separate line item. These are now required under FRS 102 to be split between Creditors falling due within one year and Creditors falling due after one year. This amendment is in addition to the introduction of the recognition of short term employment benefits as detailed in (a) above.

	Group	College
	£	£
Total Creditors due within one year under previous SORP	5,963,798	5,959,958
Employee Leave Accrual	344,921	344,921
Government Capital Grants	236,244	236,244
	6,544,963	6,541,123

	Group	College
	£	£
Total Creditors due after one year under previous SORP	19,336,549	19,336,549
Government Capital Grants	5,877,143	5,877,143
	25,213,692	25,213,692