THE WINDSOR FOREST COLLEGES GROUP

Report and Financial Statements

for the year ended 31 July 2018

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

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

Kate Webb: Group Principal and Chief Executive; Accounting Officer
Graham Try: Deputy Chief Executive
Rowan Cookson: Principal
Bernadette Joslin: Assistant Principal Student Services
Amanda Down: Assistant Principal Sixth Form
Julie Shah: Assistant Principal Human Resources
Richard Kirkham: Assistant Principal Further Education
Juliet Holloway: Assistant Principal Marketing & Business Development

Board of Governors

A full list of Governors is given on pages 16 - 18 of these financial statements.

Ms L Payne acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

Buzzacott
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Internal auditors:

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

Bankers:

Santander UK plc.
Bridle Road
Bootle
Merseyside
L30 4GB

Solicitors:

Burlingtons
38 Hertford Street
Mayfair
London W1J 7SG

Stephenson Harwood
1 Finsbury Circus
London EC2M 7SH

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Members' Report
NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2018.

Legal Status

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

On 9 May 2017 East Berkshire College merged its activities with those of Strode's College. At that date all assets, liabilities and activities of Strode's College transferred. Strode's College was then dissolved on 9th May 2017. All activities are continuing within the merged College.

The Secretary of State granted consent for East Berkshire College to be re-named The Windsor Forest Colleges Group with effect from 1st July 2017.

Mission and Values

Governors reviewed the College's mission in October 2018 and adopted a revised mission statement as follows:

"To inspire ambition and make a positive difference to lives through learning"

Governors also adopted the following values at this time:

Learners First – placing the learner at the heart of all we do

Community – working collaboratively to achieve

Empowering – enabling all in a caring environment to achieve their full potential

Excellence – a culture of creativity, high expectations, ambition and aspiration

Diversity – celebrating diversity and inclusivity as a key to our success

Integrity – honesty, openness and trust at the heart of College life

Respect – showing fairness, courtesy and mutual respect

Public Benefit

The Windsor Forest Colleges Group is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 16-18.

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 to students, including students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The College adjusts its courses to meet the needs of local employers and provide training to apprentices. The College is committed to providing information, advice and guidance to the students it enrols and to finding suitable courses for as many students as possible regardless of their educational background.

Members' Report (continued)

Strategic Plan 2017-20

In October 2017, following a period of consultation with staff, students, governors and other key stakeholders, the Corporation approved a new strategic plan for the period 2017-20. A more detailed annual Plan is also agreed each year with more detailed targets and very specific time bound actions.

In July 2018 the student number targets in the Plan were amended following a downturn in enrolments in 2017-18.

The Strategic Plan aligns with the College's property and financial plans. The Corporation monitors the performance of the College against the plan at its termly meetings and updates the plan when required.

Our 2017-20 Strategic Plan details high level outcomes across the College that we aim to achieve by 2020. These are high level indicators used to assess the achievement, or otherwise, of the vision. These are across the following 3 areas:

- Outcomes for students by 2020
- Student recruitment by 2020
- Financial Strength and Investment by 2020

Our Strategic Plan also sets out key strategic themes to achieve the above outcomes:

- Working Together : Communities for Learning
- Working Together : Communities of Practice
- Working Together : Serving our Communities and Businesses

Finally, the Plan is structured and focusses on seven student groups, reflecting the diverse needs of our students and the added value created by the merger and our combined expertise:

- Sixth Form Students (16-18)
- Technical and Vocational Students (16-18)
- Apprentices
- Adult Students
- Higher Education Students
- High Needs Students
- 14-16 Year Old Students

Merger Between the former East Berkshire College and the former Strode's College

On 9 May 2017 the former East Berkshire College merged its activities with those of the former Strode's College. The Secretary of State granted consent for the former East Berkshire College to be re-named "The Windsor Forest Colleges Group" with effect from 1st July 2017.

Members' Report (continued)

Since 2014, a strong improvement plan at Strode's College resulted in a Good Ofsted result with Outstanding features in 2016. However, a declining roll and financial pressures prompted the Corporation to proactively review its future as an independent entity. Over the same period, East Berkshire College completed a £31 million investment at Langley College, increased Higher Education opportunities for local people and maintained strong financial health. In 2016, East Berkshire College received an overall Ofsted judgement of Requires Improvement (RI) with a judgement of Good in Apprenticeships. A strong improvement plan was immediately put in place, which is now supported and led by the new leadership of the merged College. The merger strengthens both pre-existing Colleges and sustains education and training for local communities.

Whilst we are justifiably proud of the progress made in 2013-2017, we recognise there is much to be done in order to capitalise on the opportunities that merger offers. We have preserved, celebrated and extended the distinctive features of each local college, while forming a larger, resilient college group working in the spirit of genuine partnership and collaboration, to ensure the current and future needs of our local communities are met.

At the heart of our vision is the expansion and development of a strong and distinctive dual campus sixth form college ethos and curriculum offer across Strode's College in Egham and Windsor College, and the delivery of innovative professional and technical provision at Langley College.

The merged College group has had the foresight and good fortune to adopt a College model based on diversity, synergy and synthesis at a point when government policy has set a clear steer that the education sector should offer choice and excellence whilst creating pathways for social mobility.

The model is excellent Sixth Form College education paired with excellent technical, professional and higher education. As a merged College group, the strength, diversity and complementarity of our provision offers growth and development opportunities for all staff and students, and an environment that nurtures improvements in quality and outcomes for all our students.

The political landscape is changing. Sixth Form Education will need to rise to the challenges of education reform. The government's Technical Plan and Industrial Strategy will give employers a greater say in how we develop education for our students. A major reform of Apprenticeships has taken place and will be played out over the life of this plan.

The new merged College has an extraordinary reach, recruiting from over 100 schools and numerous local authority areas. It is clear, however, after the first year of the Plan and the early stage of the second year, that student numbers have declined in the past 2 years and this will place significant added financial pressure and risk to the College in the remaining life of the Plan and beyond. As a consequence the future Strategic Plan and associated Property Strategy and Financial Plan will be regularly reviewed in order to seek to maintain the College's future Financial Health and sustainability. A key opportunity will be presented by the demographic growth increases which are anticipated from 2019-20 and these may increase 16-18 student numbers by over 300 (10% increase) by 2024 and consequently associated grant income.

As the local and national economy meets the challenges, uncertainties and opportunities of Brexit, we will capitalise on the wealth of opportunities that will emerge for our young people, communities and businesses. We are ambitious for our people. The merger has created The Windsor Forest Colleges Group, with breadth and depth of expertise in education for all. We are preparing individuals to take advantage of their opportunities and realise their ambitions by providing supportive and aspirational learning communities, wrapped around every single person, whatever pathway they are following.

The College's principal financial objectives for 2017-18 and achievement of those objectives are addressed below:

Members' Report (continued)

Financial objectives

The Corporation has adopted a financial planning framework with associated objectives. This framework is based upon securing sound financial health so that:

- the College is protected from any unforeseen downturn in activity and/or profitability;
- the College generates sufficient funds to continue its strategy of reinvestment in the expansion and improvement of teaching and learning;
- the College can clearly demonstrate that its activities provide value for money;
- the College is perceived as a good employer which thrives on academic and financial success; and
- the College can discharge its responsibilities as a large organisation in its dealings with third party suppliers.

The financial objectives set are shown below together with the performance for the year *against these.*

i. deliver an operating deficit of £750,000 (excluding any adverse effects from the implementation of the FRS 102 pension accounting rules or one-off costs associated with a major capital project) – *£1,267,000 actual deficit*
ii. maintain staff costs at or below 66% of income – 69*% actual*
iii. maintain an academic contribution at a rate of at least 50% - *49% actual*
iv. maintain the current level of support staff costs and reduce these further where opportunities arise – *Under budget*
v. allow for a pay award at least in line with the Government's public sector pay policy - *1.0% increase agreed from 1st September 2017 which was in line with the national AOC recommended award*
vi. to achieve ESFA 'Good' financial health - *'Good' financial health actual*
vii. to maintain a current ratio (adjusted to exclude deferred capital grants) of at least 1.4 (except where one-off costs associated with a capital project prevent this) - *1.7 actual*
viii. Achieve a minimum year-end cash balance of £4.5m - *£4.1m achieved*

Performance indicators

The key headline performance measures that are monitored by the Board and the assessment against them are as follows:

Participation and Growth

The 16-18 learner number was 3,012, which was 222 lower than the previous year's number of 3,234. The adult learner funding target was not met and a creditor is included for the excess grant received that is repayable to the ESFA.

College budgeted income targets for 14-16 students were met but the targets for Higher Education and Apprentices fell short and these shortfalls, coupled with the adult funding shortfall above, contributed to the increase in the overall deficit compared to the approved budget, although the level of the deficit was mitigated by the contingency underspend and other savings achieved in the year.

Members' Report (continued)

Quality

An overall FE achievement rate of 86% (excluding Functional Skills) was achieved. This was 3% above the 83% achieved in 2016/17.

An Apprentices timely achievement rate of 71% has been achieved currently and this may rise to as high as 76%. This is above the 69% last year and is significantly higher than the 60% national average.

The two legacy colleges were the subject of Ofsted inspections in November / December 2016. East Berkshire College was judged "Requires Improvement" with "Good" for apprenticeships and Strode's College was judged "Good" with outstanding features.

Following merger neither Ofsted grade is carried forward, however, the College's quality improvement plans continue the actions and recommendations.

Financial

An operating deficit of £1,320,000 or 5.2% was achieved (excluding Local Government Pension Scheme adjustments). The operating deficit including the impact of these adjustments was £2,589,000.

Staff costs were 69% of income which was above the 66% target, mainly due to falling short of income targets.

ESFA "Good" Financial Health was achieved for the year which was in line with the target.

FINANCIAL POSITION

Financial results

The College generated an operating deficit in the year of £1,320,000 excluding FRS102 charges on the LGPS defined benefit pension scheme (2016/17 – £129,000 deficit). This increased deficit is due to some one-off costs in the first full year of merger and a decline in learner numbers and income primarily for adults and apprentices. The 2016-17 Statement of Comprehensive Income included the financial impact of Strode's College with effect from the merger date of 9th May 2017. This was in accordance with the acquisition method of accounting.

The College has accumulated reserves of £33,389,000 (2016/17 - £31,969,000) and cash balances of £4,107,000 (2016/17 - £5,973,000). The College wishes to continue to generate sufficient future operating surpluses and cash in order to fund further investment in teaching and learning and provide contingency reserves.

Tangible fixed asset additions during the year amounted to £1,222,000 (2016/17 - £665,000). This mainly related to the purchase of plant and equipment. The majority of the equipment costs were for I.T. hardware.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2017/18 the funding bodies provided 89% of the College's total income.

Treasury policies and objectives

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

The College has a separate treasury management policy in place. Short term borrowing for temporary revenue purposes is authorised by the Group Principal / Chief Executive Officer. No such borrowing was required in the year in view of the level of the College's cash balances held.

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

Members' Report (continued)

Cash flows and Liquidity

There was a reduction in cash in the year of £1.866m (£1.372m increase in 2016/17) due an increase in debtors, decrease in creditors and higher capital spend in the year.

A long term Loan with Santander is held and the outstanding liability as at 31 July 2018 was £4,510,000 and the annual repayments of principal in the year were £299,000. The loan is secured on part of the Windsor College site.

The size of the College's borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flows.

The cash balance held of £4,107,000 maintains the College's liquidity position.

Reserves Policy

The Board carefully considered in July 2018 its policy regarding the cash reserves to be held and has determined that a minimum of £3.5m will be held at the end of any financial year. This is to enable to College to respond to unforeseen requirements in a planned way. The College's Strategic Plan and Financial Forecast ensures adherence to this.

The Board seeks to increase cash reserves above this level in order to further invest in the College's estate and to further improve the current "Good" financial health.

The level of cash reserve at 31st July 2018 was £4,107,000 which was £607,000 above the minimum level.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2017/18 the College has delivered activity that has produced £20,707,000 in funding body main allocation funding (2016/17 – £17,730,000). The College had approximately 6,500 funded and 620 non-funded students.

Student achievements

The Windsor Forest College Group (TWFCG) achieved full merger in May 2017 and the governors and managers have ensured that strong management arrangements have been put in place to safeguard the quality of provision at each of the individual college sites. Early indications show that the merger is delivering on its strategic aims, for example, in 2016/17 student performance improved and benefitted from the new leadership arrangements. In 2017/18 further improvements in student achievements have been achieved. In summary, good progress has been made in many areas, and the pace of improvement has accelerated following the merger. Leaders and managers have been proactive in ensuring that the merger did not derail or distract from quality improvement. Indeed, the merger has strengthened the College's capacity to respond to quality improvement challenges.

Key headline improvements are:

- Outcomes for learners have improved to good levels for vocational qualifications and have been sustained at good for Apprentices and A Level learners at Strode's College.
- Learners progress from their starting points have improved for most vocational and academic Level 3 programmes.
- The overall Achievement Rate for all long and short courses has improved by 1% to 84%.
- The Achievement Rate for 16-18 long courses is 3.4% above the national benchmark at 82.4% with improvements of almost 3% seen at Langley College and Strode's College.
- The Achievement Rate for short courses at Strode's College improved by 7% and 3.6% at Windsor College.

Members' Report (continued)

- The Achievement Rate for long Level 2 courses for 16-18 improved by 4.1% to 84% and at Strode's College long level 3 courses improved by 4% to 86.2% and is now 4% above the national benchmark.
- At A level, the overall Achievement Rate was 2% below the national average at 90%, however Strode's College performed 2% above the national average and achieved a 99% Pass Rate.
- At A Level, student predictions for high grades (A-B) were exceeded by 16%. Windsor College performed 13% above the cohort prediction. At Strode's 6/7 departments exceeded cohort prediction.
- 16-18 achievement at Langley College is at or above national averages for nine out of fourteen subject sector areas.
- The ALPS A level score at Strode's College improved to a grade 5 and the BTEC ALPS score improved for the second consecutive year to a grade 3 with the provision ranked in the top 25% of colleges nationally. All BTEC courses sustained a 100% Pass rate for the third consecutive year.
- The BTEC/OCR ALPS score at Langley College was sustained at a grade 5 with 25% of subjects performing in the top 25% of colleges nationally.
- The BTEC ALPS score at Windsor College was a grade 3 with all BTEC subjects achieving a 100% Pass Rate which is an 11% improvement on 2016/17. High grades (D*/D) improved significantly by 13% to 37% and D*/M grades improved by 21% to 94%.

Curriculum developments

The Windsor Forest Colleges Group has a good reputation for curriculum innovation and change at each of its three college sites.

Effective and proactive use is made of market intelligence to introduce new courses across the curriculum in order to meet students' and employers' needs. The Windsor Forest Colleges Group is highly responsive to national and LEP priorities and strategies in both Berkshire and Surrey. The legacy EBC Ofsted report stated that "Leaders, managers and governors collaborate well with employers and partners to ensure that the range and content of the provision aligns to the economic priorities of the locality and region. This has led to increased opportunities for learners to move into or remain in employment following completion of their programmes. Employers praise the College's approach and value the individualised programmes available to meet their needs".

New curriculum in 2017/18 included:

Lead partner in the joint LEP/ESF funded Employee Support in Skills initiative which aims to support SMEs in Berkshire to develop employees skills to progress them within employment. The initiative has two strands:

The Skills Support for the Workforce strand has involved:

- The College working with 6 partner organisations which has delivered training to over 650 employees during 20171/8 with a particular focus on skills to fill intermediate, technical and higher level skills gaps and shortages
- Delivering responsive skills programmes tailored to the skills priorities of Thames Valley Berkshire LEP and to the needs of individual employers with particular interest in Management, Customer Service, Construction and Health and Social Care

The Promoting Apprenticeships strand aims to support SMEs to take on apprenticeships at all levels across Berkshire particularly at Level 3 and above. The project has included developing an Apprenticeship Brokerage (hub and spoke model) – "Berkshire Apprenticeship Service" with The Windsor Forest Colleges Group as the hub. See https://berkshire-apprenticeships.co.uk

The Service provides an impartial information and advice service to employers focussing on:

- Employers who have not offered apprenticeships previously
- LEP priority sectors, in particular STEAM (Science, Technology, Engineering, Arts and Mathematics)

Members' Report (continued)

- Those who have completed a level 2 apprenticeship, supporting progression to level 3 and higher apprenticeships in the key sectors

Consequently, the following have now been rolled out at the College: 16-19 Study Programmes, Functional Skills for Adults and Young People, Traineeships, directly funded Higher Education to raise the skills level of residents in Slough, Apprenticeships in most Skills Sector Areas including responsive development of Higher Level Apprenticeships and proactive involvement in Apprenticeship Trail Blazers. The College has actively embraced the Apprenticeship reforms and is offering the new Apprenticeship Standards as they become available, for example, in IT, Construction, Engineering and Management.

Higher Education provision is delivered in LEP priority areas including I.T. and Tourism & Hospitality Management. The College remains strongly committed to education inclusion in order to develop learners with higher technical skills as required for sustainable employment and for higher education. As a result of the College's inclusive curriculum (accessibility from Foundation Learning to Higher Education) and proactive support for progression, the College has continued to have a higher proportion of young people and adults studying at level 3. Courses have also been designed to ensure students are able to move securely into the labour market. Consequently in 2016/17 we secured delivery for the Foundation Degree in Tourism & Hospitality in partnership with University College Birmingham and BA (Hons) Working in Integrated Services for Children and Young People (Level 6 progression) in partnership with University of West London. In 2017/18 we have secured a new partnership with the University of Reading to deliver the Foundation Degree in Childrens' Development and Learning.

With changes to young people and adult entitlement and the need to progress learners into employment, the Colleges Group continues to refine programmes of study and training with distinct pathways:

- Vocational and Academic with a strong emphasis on learners progressing and acquiring the technical and higher technical expertise (Levels 3, 4 and / or 5) required by most employers

- Maths and English (Functional skills, higher tier GCSEs, AS/A2 levels) are now at the heart of curriculum planning with all learners having free maths and English entitlements

- Work Ready / Development Route: Professional / Trades options, Levels 2 and 3 Apprenticeships and Traineeships / pre-apprenticeships, Industrial updating, Professional Access to HE continue to be developed to meet the needs of aged 24 and above learners and other fee paying learners e.g., a good relationship established with Heathrow Airport during 2017/18 with future partnership opportunities likely, particularly with Apprenticeships

- Higher Education: As well as partnership franchise agreements with local universities the College now has a directly funded HE provision with learners on HND/C and Levels 4/5 apprenticeships. These are two plus one programmes and therefore the College annually develops links with suitable universities to enable final year progressions to undergraduate programmes

- Community engagement: The College Group works closely with Slough Borough Council and other agencies to offer stepping stone qualifications / training and collaboratively lead on initiatives such as Troubled Families. Additionally, there are growing partnerships with JCPs and other agencies to meet the needs of the unemployed

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College.

Members' Report (continued)

Numbers of employees in the relevant period	FTE employee number
6	5.81

Percentage of time	Number of employees
0%	0
1-50%	6
51-99%	0
100%	0

Total cost of facility time	£22,793
Total pay bill	£15,922,000
Percentage of total bill spent on facility time	0.14%

Time spent on paid trade union activities as a percentage of total paid facility time	100%

Payment Performance

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

During the accounting period 1 August 2016 to 31 July 2017, the College paid at least 95 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Future Prospects

The College is well placed to meet the future challenges ahead. It has excellent resources, namely excellent industry standard facilities at Langley College, following the recent £31m improvement project that was completed in 2015, and similarly at Windsor College which was new in 2006 and at Strode's College which is maintained in good condition.

The College's financial plan compiled in July 2018 for the period 2017-21, forecasts that the College would achieve ESFA "Good" financial health status in 2017-18, 2018-19 and 2019-20. In 2020-21 the College forecasts ESFA "Outstanding" financial health.

Following the merger on 9 May 2017 the College has undergone restructuring of management and support staff which has achieved significant efficiencies. College systems and processes are now substantially integrated to achieve efficiencies and effectiveness across the whole College and this work will be completed in 2018-19.

The College considers that it will be able to continue in operation and meet its liabilities for at least the period of the financial forecast until July 2021.

Members' Report (continued)

RESOURCES:

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

Tangible resources include the College's two owned campuses in Langley and Windsor. In addition, the College has a 35-year lease of the Strode's College site until 2052 with an option to extend for a further 25 years.

An extensive improvement was completed at Langley College with £31m being expended between 2012 and 2015. Windsor College was opened in 2006-07 at a cost of approximately £10 million. Current assets total £5,573,000, including £4,107,000 cash balances.

Financial

The College has £33.46 million of net assets (including £20.28 million pension liability).

People

The College employed as an average throughout the year 413 staff members (expressed as full time equivalents), of whom 267 are teaching staff.

Reputation

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

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

PRINCIPAL RISKS AND UNCERTAINTIES:

The Senior Leadership Team acts as the Risk Management Group. 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. In addition to the annual review, 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.

A risk register is maintained at the College level which is reviewed at least annually by the Audit Committee. The highest level risks form the Risk Management Plan which identifies the key risks, the likelihood of those risks occurring, their potential impact on the College (both scored at gross and net risk level) and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. This is supported by the raising awareness of risk throughout the College.

The Corporation reviewed the latest Risk Register and Risk Management Plan at its meeting in October 2018. Outlined below is a summary of the seven high risks in the Plan.

- Failure to improve the College's Ofsted rating to "Good" at the next inspection. A comprehensive Action Plan is in place and is being monitored by the Quality and Curriculum Committee.

- Overspending the 2018-19 Budget and the risk of breaking loan covenants. The regular monthly Management Accounts will forecast the latest position compared with the Budget and bank covenants.

Members' Report (continued)

- Meeting learner number targets. These will be regularly monitored during the year. The early indications in 2018-19 are that the 16-18 learner numbers are currently lower and adult numbers are higher.
- External funding risks, including Brexit and pensions increases. The Teachers' Pension revaluation is imminent and may significantly increase College costs by up to £0.5m per annum.
- Reputation risk. The College's marketing service has been outsourced in order to target future increases in learner numbers.
- Failure to implement the Property Strategy. An updated Strategy is targeted for consideration with the Board in December 2018. This will take into account the future Financial Plan.
- Safeguarding and Prevent. A detailed Action Plan is in place and is regularly monitored.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, The Windsor Forest Colleges Group has many stakeholders.

These include:

- Students;
- Education sector funding bodies;
- FE Commissioner;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE institutions;
- Other HE institutions;
- Trade unions; and
- Professional bodies.

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

Equal opportunities and employment of disabled persons

The Windsor Forest Colleges Group is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, sex, sexual orientation, disability, religion or belief, being a transsexual person, having just had a baby or being pregnant, being married or in a civil partnership and age.

We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat discrimination, direct or indirect. This will be resourced, implemented and monitored on a planned basis. The College Group's Equality Objectives are published on the College's Internet site. The College Group's policy is to provide training, career development and opportunities for promotion to all employees.

Members' Report (continued)

The Windsor Forest Colleges Group welcomes applications from people with disabilities. Where an existing employee becomes disabled, every effort is made to ensure that their employment with the College Group continues.

Disability statement

The Windsor Forest Colleges Group seeks to achieve the objectives set down in the Equalities Act 2010.

a) Access information is available on the DisabledGo website: www.disabledgo.com

b) The admissions policy for all students is described in The Windsor Forest Colleges Group Charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.

c) The Windsor Forest Colleges Group has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

d) Specialist programmes are described in the College Group's prospectuses and achievements and destinations are recorded and published in the standard College format.

e) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

f) The College holds the Disability Confident - Committed which means means we are positive about employing disabled people and are keen to know about your abilities. The symbol is awarded to employers who have made commitments to employ, keep and develop the abilities of disabled staff.

Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 12 December 2018 and signed on its behalf by:

A Dixon

Chair

Governance Statement

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2017 to 31st July 2018 and up to the date of approval of the annual report and financial statements.

Governance code

ESFA requires colleges to comply with either AoC's college governance code, the UK corporate code or the charity code. This statement shows how colleges could report compliance with the college code.

The College endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);

ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code").

In the opinion of the Governors, the College mainly complies with the provisions of the Code, and it has complied throughout the year ended 31 July 2018. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 1st July 2015.

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

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.

	Date of appointment	Term of office	Date of Resignation	Status of appointment	Committees Served	Attendance at Board (Committees)
Mr A Dixon	31.10.2002 02.03.2006 new term agreed to 31.10.2010 07.07.2010 new term agreed to 31.10.2014. 02.10.2013 new term agreed to 01.10.2017 10.05.2017 new term agreed to 01.10.2021	4 years		External (Chair of Corporation)	Remuneration; Governance, Search & Strategy; Resources (Chair); Integration & Transition	100% (83%)
Ms A Wellings	11.03.2009 New term agreed to 03.2017 5.10.2016 new term agreed to 05.2021	4 years		External (Vice Chair of Corporation)	Remuneration; Quality & Curriculum (Chair)	100% (88%)

Ms K Webb	15.03.2010	n/a		Principal (Accounting Officer)	Governance, Search & Strategy; Resources; Quality & Curriculum; Integration & Transition (Vice Chair)	100% (94%)
Mr A Bhattacharya	15.05.2013 05.10.2016 new term agreed to 15.5.2021	4 years		External	Resources; Integration & Transition	60% (42%)
Ms G Briggs	07.03.2012 09.12.2015 new term agreed to 09.12.2019	4 years		External	Remuneration (Vice Chair); Governance, Search & Strategy; Resources	80% (87%)
Mr D Knowles-Leak	04.07.2012 09.12.2015 new term agreed to 09.12.2019	4 years		External	Governance, Search & Strategy (Chair); Resources; Quality & Curriculum; Integration & Transition	100% (86%)
Mr K Lamb	12.03.2008 09.12.2015 new term agreed to 09.12.2019	4 years		External	Remuneration (Chair); Resources (Vice Chair)	100% (88%)
Mr S Taylor	02.10.2013 5.10.2016 new term agreed to 02.10.2021	4 years		External	Audit (Chair)	100% (100%)
Mr P Tyndale	07.10.2015	4 years		External	Audit (Vice Chair)	100% (75%)
Ms T Coates	07.10.2015	4 years		External	Audit; Governance, Search & Strategy; Quality & Curriculum (Vice Chair)	80% (100%)
Mr A Haines	07.12.2015	4 years		External	Integration & Transition	80% (67%)
Mr M Pritchett	8.3.2017	4 years		External	Governance, Search & Strategy (Vice Chair); Resources	80% (75%)
Ms J Classick	9.5.2017	3 years		External	Quality & Curriculum; Integration & Transition	60% (46%)
Mr K Virdee	9.5.2017	3 years		External	Remuneration; Resources	60% (46%)
Mr R Lewis	9.5.2017	4 years		External	Governance, Search & Strategy;	60% (100%)

					Integration & Transition (Chair)	
Mr G Nizzar	06.07.2016	4 years		Staff	Audit; Quality & Curriculum	100% (75%)
Mr D Bains	5.7.2017	4 years		Staff	Audit; Quality & Curriculum	80% (88%)
Ms S Mahmood	4.10.2017	1 year		Student	Quality & Curriculum	100% (100%)
Ms A Pullen	4.10.2017	1 year		Student	Quality & Curriculum	75% (50%)
Ms V Munn	4.10.2017	1 year		Student	Quality & Curriculum	25% (33%)
Ms E O'Neill	9.5.2017	2 years	10.1.2018	External	Audit; Governance, Search & Strategy	0% (100%)
Mr D Bryant	9.5.2017	1 year	23.1.2018	External	Audit; Quality & Curriculum	100% (1000%)
Ms L Payne acts as Clerk to the Corporation.						

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are resources, quality and curriculum, remuneration, governance, search and strategy and audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at www.eastberks.ac.uk or from the clerk to the Corporation at:

The Windsor Forest Colleges Group

Station Road

Langley

Berkshire SL3 8BY

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 Accounting Officer are separate.

Governance Statement (continued)

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 governance and search committee, consisting of four members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

Corporation Performance

The Corporation's performance is monitored at every Corporation and committee meeting through evaluations by all members together at the meeting. This records information relating to the agenda reports and whether Governors felt they were sufficient to inform their decisions and also the meeting itself, such as whether the length was appropriate, etc. It also records where Governors have 'added value' and made appropriate 'challenge'.

There is an annual appraisal of all Governors by the Chair of the Board, which contributes to informing the overall performance and highlights areas for future training. The Chair of the Board is appraised every year by Chairs of the Committees to ensure that the role of the Chair of the Board is being carried out effectively.

There are two Governor Strategy Days every year and these assist in informing and updating the Board in order to improve its performance, e.g., legal updates.

Annually each committee considers to what extent it feels it has added to the overall Corporation KPI's. This report is considered by the Board.

Remuneration committee

Throughout the year ending 31 July 2018, the College's Remuneration Committee comprised five members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders.

Details of remuneration for the year ended 31 July 2018 are set out in note 7 to the financial statements.

Audit committee

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

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

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

Management is responsible for the implementation of agreed 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 both audit and non-audit work as well as reporting annually to the Corporation.

Internal control

Scope of responsibility

Governance Statement (continued)

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 Group Principal & CEO, 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 she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between The Windsor Forest Colleges Group and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Windsor Forest Colleges Group for the year ended 31 July 2018 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

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

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

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

Governance Statement (continued)

Review of effectiveness

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

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

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

The senior leadership 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 2018 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2018 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2018.

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.

The College is able to continue in operation and meet its liabilities taking into accounts its current financial position and its principal risks for the foreseeable future. The College also has in place a 3 year strategic plan and a 3 year financial plan which is monitored throughout the year. The College is in a strong financial positon with cash balances of over £4 million and ESFA "Good" Financial Health status.

Approved by order of the members of the Corporation on 12 December 2018 and signed on its behalf by:

A Dixon	**Kate Webb**
Chair	**Accounting Officer**

Governing Body's statement on the College's regularity, propriety and compliance

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

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

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

A Dixon

Chair

12 December 2018

Kate Webb

Accounting Officer

12 December 2018

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's grant funding agreements and contracts with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, the ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and its surplus / deficit of income over expenditure for that period.

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

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

The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including 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 including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard its assets and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place 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 ESFA are not put at risk.

Approved by order of the members of the Corporation on 12 December 2018 and signed on its behalf by:

A Dixon

Chair

Independent auditor's report to the Corporation of The Windsor Forest Colleges Group

Opinion

We have audited the financial statements of The Windsor Forest Colleges Group (the 'College') for the year ended 31 July 2018 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the college's affairs as at 31 July 2018 and of its deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Independent auditor's report to the Corporation of The Windsor Forest Colleges Group (continued)

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Corporation

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Buzzacott LLP

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

19 December 2018

Reporting accountant's assurance report on regularity

To: The Corporation of The Windsor Forest Colleges Group and Secretary of State for Education acting through the Department for Education ("the Department")

In accordance with the terms of our engagement letter dated 20 November 2017 further to the requirements of the funding agreement with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by The Windsor Forest Colleges Group during the period 1 August 2017 to 31 July 2018 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of The Windsor Forest Colleges Group and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2017 to 31 July 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Reporting accountant's assurance report on regularity (continued)

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of self-assessment questionnaire including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1st August 2017 to 31 July 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP

Signed:

Buzzacott LLP
Chartered Accountants and Registered Auditors
130 Wood Street
London
EC2V 6DL

19 December 2018

The Windsor Forest Colleges Group
Statement of Comprehensive Income

	Notes	2018	2017
		£'000	£'000
INCOME			
Funding body grants	2	22,654	19,211
Tuition fees and education contracts	3	2,151	2,649
Other grants and contracts	4	337	287
Other income	5	292	301
Endowment and investment income	6	23	16
Total income		**25,457**	**22,464**
EXPENDITURE			
Staff costs	7	17,687	14,474
Fundamental restructuring costs	7	312	140
Other operating expenses	8	6,703	5,938
Depreciation	11	2,484	2,177
Interest and other finance costs	9	861	766
Total expenditure		**28,046**	**23,495**
Deficit before other gains and losses		**(2,589)**	**(1,031)**
Net assets of Strode's College transferred to The Windsor Forest Colleges Group	24	-	16,336
(Deficit) / Surplus before tax		**(2,589)**	**15,305**
Taxation	10	-	-
(Deficit) / Surplus for the year		**(2,589)**	**15,305**
Actuarial Gain / (Loss) in respect of pensions schemes		4,009	(300)
Total Comprehensive Income for the year		**1,420**	**15,005**
Represented by:			
Unrestricted comprehensive income		**1,420**	**15,005**

Note that the year-ended 2018 includes the full year Income and Expenditure for the former Strode's College and the year-ended 2017 includes the part year only from the merger date of 9th May 2017

The Windsor Forest Colleges Group
Statement of Changes in Reserves

	Income and Expenditure account £'000	Revaluation Reserve £'000	Total £'000
Balance at 1st August 2016	13,958	3,006	16,964
Surplus from the income and expenditure account	15,305	-	15,305
Other comprehensive income	(300)	-	(300)
Transfers between revaluation and income and expenditure reserves	66	(66)	-
	15,071	(66)	15,005
Balance at 31st July 2017	29,029	2,940	31,969
Deficit from the income and expenditure account	(2,589)	-	(2,589)
Other comprehensive income	4,009	-	4,009
Transfers between revaluation and income and expenditure reserves	66	(66)	-
Total comprehensive income for the year	1,486	(66)	1,420
Balance at 31st July 2018	**30,515**	**2,874**	**33,389**

The Windsor Forest Colleges Group
Balance sheet as at 31 July

	Notes	2018 £'000	2017 £'000
Fixed assets			
Tangible fixed assets	11	70,428	71,725
		70,428	**71,725**
Current assets			
Trade and other receivables	12	1,465	920
Cash and cash equivalents	17	4,107	5,973
		5,572	**6,893**
Less: Creditors – amounts falling due within one year	13	(4,298)	(4,583)
Net current assets		**1,273**	**2,311**
Total assets less current liabilities		**71,701**	**74,036**
Less: Creditors – amounts falling due after more than one year	14	(17,604)	(18,587)
Provisions			
Defined benefit obligations	16	(20,279)	(23,055)
Other provisions	16	(430)	(424)
Total net assets		**33,389**	**31,969**
Unrestricted reserves			
Income and expenditure account		30,515	29,029
Revaluation reserve		2,874	2,940
Total unrestricted reserves		**33,389**	**31,969**

The financial statements on pages 31 to 61 were approved and authorised for issue by the Corporation on 12th December 2018 and were signed on its behalf on that date by:

A Dixon
Chair

Kate Webb
Accounting Officer

The Windsor Forest Colleges Group
Statement of Cash Flows

	Notes	2018 £'000	2017 £'000
Cash (outflow) / inflow from operating activities			
Deficit for the year		(2,589)	(1,031)
Adjustment for non cash items			
Depreciation		2,484	2,177
Increase in debtors		(545)	(139)
Decrease in creditors due within one year		(298)	(269)
Decrease in creditors due after one year		(671)	(416)
Decrease in provisions		(30)	(28)
Pensions costs less contributions payable		624	365
Adjustment for investing or financing activities			
Investment income		(23)	(16)
Interest payable		861	766
Net cash flow from operating activities		**(187)**	**1,408**
Cash flows from investing activities			
Cash acquired on merger		-	1,128
Investment income		23	16
Payments made to acquire fixed assets		(1,187)	(665)
		(1,164)	479
Cash flows from financing activities			
Interest paid		(216)	(229)
Repayments of amounts borrowed		(299)	(286)
		(515)	(515)
Increase / (Decrease) in cash and cash equivalents in the year		**(1,866)**	**1,372**
Cash and cash equivalents at beginning of the year	17	5,973	4,601
Cash and cash equivalents at end of the year	17	4,107	5,973

Notes to the Accounts

1. Accounting policies

Statement of accounting policies and estimation techniques

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 2017 to 2018* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

In accordance with FRS102 PBE 34.77, the merger of East Berkshire College and Strode's College has in 2016-17, in substance, been considered a gift and accounted for in accordance with FRS102 section 19 – Business Combinations and Goodwill. The effective date of merger was 9 May 2017, the Statement of Comprehensive Income in 2016-17 reflects the continuing operations of East Berkshire College for the full year together with the activities of Strode's College from that date.

From 1 July 2017 the combined college was renamed The Windsor Forest Colleges Group.

Recognition of assets transferred on merger

Where a combination is in substance a gift and there is an excess of fair value of the assets gifted over the fair value of liabilities assumed, then the resulting gain is treated as a gift and reflected in the Statement of Comprehensive Income for the year. Similarly, where the liabilities are in excess of the assets gifted, the resulting loss is reflected as a charge to the Statement of Comprehensive Income for the year.

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.

Going concern

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

The College currently has a £4.5m loan outstanding with Santander on terms negotiated in 2014. This agreement is a fixed interest rate for a duration of 15 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

Recognition of income

Government revenue grants include funding body recurrent grants and are accounted for under the accrual model as permitted by FRS102. Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account as permitted. The final grant income is normally determined with the conclusion of the year

Notes to the Accounts (continued)

1. Accounting policies (continued)

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 a reconciliation and is therefore not subject to contract adjustments.

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

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

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

Investment income

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

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Agency (TPS) and the Local Government Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

The Teachers Pension Scheme

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 there is insufficient information available to use defined benefit accounting. 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 Berkshire Pension Fund (LGPS) and the Surrey County Council Pension Fund (LGPS)

The LGPS are funded schemes. 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 the operating surplus are the current service costs and the costs of scheme introductions, benefit changes settlements and curtailments. They are included as part of the 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 income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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

Notes to the Accounts (continued)

1. Accounting policies (continued)

As part of the merger process Strode's College pension assets and liabilities as at 9 May 2017 (dissolution date) were valued and transferred from the Surrey County Council Pension Fund to the Berkshire Pension Fund. As at 31 July 2017 the transfer and valuation had not been finalised.

A valuation was therefore included for the Surrey County Council Pension Fund as if Strode's College were still operating as at 31 July 2017. The Corporation believed that this was the best estimate available at the year end.

Variances resulting from the subsequent transfer between funds have now been reflected within the 31 July 2018 valuation for The Windsor Forest College's Group by the Berkshire Pension Fund.

Enhanced Pensions

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

Tangible fixed assets

Tangible fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that have 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 cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years. Minor adaptations to buildings are depreciated between 5 and 15 years.

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

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

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

On adoption of FRS102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1997, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Notes to the Accounts (continued)

1. Accounting policies (continued)

Land and buildings owner by third parties

The College occupies land and the buildings at the Strode's campus which are owned outright by the "Strode's Foundation" which is a foundation registered with the Charity Commission. The Charitable Objectives of the Foundation is for the education of students of the former Strode's College and Egham area.

Provided the College continues to deliver to the conditions set by the Foundation allowing it to meet its charitable objectives then the College is entitled to continue to use the Foundation's assets.

The College has in place a formal lease with the Foundation that conveys to the College the exclusive right to occupy these buildings for a period of 35 years from 2017. Within the lease the College has the option to extend the lease for a period of 25 years. Either prior to or at the end of the 35 year lease the college intends to apply to extend this agreement for a further period beyond the ultimate 60 year end date. This process would continue into perpetuity.

The College pays an annual; rent of £20,000 for the use of the land and buildings.

Whilst legal title to the land and buildings remains with the foundation, all economic benefit passes to the College. In accordance with the relevant Financial Reporting Standards (FRS 102 17.15), the assets have been stated in the balance sheet at valuation on the basis of depreciated replacement cost.

On the basis that:

- the College has effective unrestricted use of the land as it does not plan to breach any of the underlying terms of its legal agreement with the Foundation; and
- plans are in place to extend the formal lease agreement into perpetuity;

the Corporation has adopted a policy of not depreciating the value of land owned by the Strode's Foundation.

The buildings are depreciated over their useful economic life to the College of fifty years.

Improvements to land and buildings are normally depreciated on a straight-line basis over their estimated economic life of 50 years. The College's and Foundation's contribution to the new buildings are depreciated on a straight-line basis over its estimated economic life of fifty years. Where improvements to land and buildings are made with the aid of specific grants they are capitalised and depreciated as above.

The related government grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

Equipment

Equipment costing less than £5,000 per individual item is written off to the statement of comprehensive income in the period of acquisition. All other equipment is capitalised at cost.

Notes to the Accounts (continued)

1. Accounting policies (continued)

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

Plant and machinery	-	5 to 15 years
Office equipment and computers	-	5 years
Motor vehicles	-	5 years
Computers	-	3 years

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

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 income account and released to the statement of comprehensive income over the expected useful economic life of the related equipment.

Leased assets

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

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 approximately 0.5% 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.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if that 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 a maturity of three months or less from the date of acquisition.

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 probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value for 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 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 are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Notes to the Accounts (continued)

1. Accounting policies (continued)

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 instrument's legal form.

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- Determine whether there are indicators of impairment of the College'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.

- When assets or liabilities are acquired, these are measured at a fair value that reflect the conditions at the date of acquiring.

Other key sources of estimation uncertainty:

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2018. 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.

- Strode's Local Government Pension Scheme

The Local Government Pension Scheme assets and liabilities associated with Strode's College at its dissolution on 9 May 2017 were transferred from Surrey County Council Pension Fund (Surrey) to the Berkshire Pension Fund for the 2016-17 Financial Statements. Therefore, as at 31 July 2017 the Berkshire Pension Fund valuation was completed by Surrey reflecting the Scheme's position as if Strode's College was still in existence. The valuation of assets, liabilities and assumptions used in determining this valuation are disclosed in note 22. Any changes to the assets and liabilities on transfer to the Berkshire Pension Fund and the assumptions applied impacted the carrying amount of the pension liability. Any differences between the figures derived from the roll forward approach and a full actuarial valuation at transfer would impact on the carrying amount of the pension liability.

Notes to the Accounts (continued)

2 Funding council grants

	2018	2017
	£'000	£'000
Recurrent grants		
Education & Skills Funding Agency - Adult & Apprenticeships	4,385	4,933
Education & Skills Funding Agency - 16 - 18	16,056	12,526
Higher Education Funding Council	266	271
Specific Grants		
Education & Skills Funding Agency	1,253	902
Releases of government capital grants	694	579
Total	**22,654**	**19,211**

3 Tuition fees and education contracts

	2018	2017
	£'000	£'000
Adult education fees	954	1,036
Apprenticeship fees and contracts	12	308
Fees for FE loan supported courses	261	317
Fees for HE loan supported courses	576	669
Total tuition fees	1,803	2,330
Education contracts	348	319
Total	**2,151**	**2,649**

4 Other grants and contracts

	2018	2017
	£'000	£'000
Other grants and contracts	337	287
Total	**337**	**287**

Notes to the Accounts (continued)

5 Other income

	2018	2017
	£'000	£'000
Catering and residences	65	11
Other income generating activities	123	122
Non government capital grants	4	4
Miscellaneous income	100	165
Total	292	301

6 Investment income

	2018	2017
	£'000	£'000
Other interest receivable	23	16

Notes to the Accounts (continued)

7 Staff costs

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

	2018 No.	2017 No.
Teaching staff	267	224
Non teaching staff	146	111
	413	**335**

Staff costs for the above persons

	2018 £'000	2017 £'000
Wages and salaries	12,741	10,223
Social security costs	1,204	968
Other pension costs (including FRS 102 pension charge of £624k, (2017 £365k))	2,680	1,955
Payroll sub total	**16,625**	**13,146**
Contracted out staffing services	1,062	1,328
	17,687	**14,474**
Fundamental restructuring costs - contractual	312	140
	17,998	14,614

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprises the Group Principal & Chief Executive, Deputy CEO, Principal, and five Assistant Principals having budgetary responsibility for curriculum and support areas. Staff costs include compensation paid to key management personnel for loss of office.

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

	2018 No.	2017 No.
The number of key management personnel including the Accounting Officer was:	8	12

Notes to the Accounts (continued)

7 Staff costs -

The number of key management personnel and other staff who received emoluments (on an annualised basis), excluding pension contributions but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	2018 No.	2017 No.	2018 No.	2017 No.
£50,001 to £60,000	-	3	n/a	n/a
£60,001 to £70,000	-	2	-	1
£70,001 to £80,000	4	3	1	-
£80,001 to £90,000	1	-	-	-
£90,001 to £100,000	-	1	-	-
£100,001 to £110,000	-	1	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	1	-	-
£130,001 to £140,000	1	-	-	-
£160,001 to £170,000	-	1	-	-
£170,001 to £180,000	1	-	-	-
	8	12	1	1

Key management personnel emoluments are made up as follows:

	2018 £'000	2017 £'000
Salaries	808	682
Employer's National Insurance	102	79
	910	**761**
Pension contributions	145	113
Total key management personnel compensation	1,055	874

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

Note that the prior year 2016-17 costs include the key management personnel of legacy Strode's College only from the point of merger on 9th May 2017 to 31 July 2017.

	2018 £'000	2017 £'000
Salaries	177	161
Pension contributions	29	27

Compensation for loss of office paid to former key management personnel

	2018 £'000	2017 £'000
Compensation paid to the former post-holders - contractual	-	57

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.

Notes to the Accounts (continued)

8 Other operating expenses

	2018	2017
	£'000	£'000
Teaching costs	1,411	1,107
Non teaching costs	3,616	2,823
Premises costs	1,556	1,690
Exceptional merger costs	120	318
Total	**6,703**	**5,938**

Other operating expenses include:	**2018**	**2017**
	£'000	**£'000**
Auditors' remuneration:		
Financial statements audit	27	27
Internal audit	23	12
Other services provided by the financial statements auditors: Teachers Pensions Audit, Learners Numbers' Audit, Due diligence and Subcontracting Audit	4	-
Hire of assets under operating leases	1	13

9 Interest payable

	2018 £'000	2017 £'000
On bank loans, overdrafts and other loans:	216	229
	216	229
Pension finance costs (£635k per note 22 plus £10k enhanced pension)	645	537
Total	**861**	**766**

10 Taxation

The members do not believe the college was liable for any corporation tax arising out of its activities during either the current or prior year.

Notes to the Accounts (continued)

11 Tangible fixed assets

	Land and buildings Freehold	Land and buildings Leasehold	Equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2017	60,498	22,460	5,336	88,294
Additions	80	-	1,107	1,187
Disposals	-	-	(453)	(453)
At 31 July 2017	**60,578**	**22,460**	**5,990**	**89,028**
Depreciation				
At 1 August 2017	13,276	111	3,182	16,569
Charge for the year	1,247	444	793	2,484
Elimination in respect of disposals	-	-	(453)	(453)
At 31 July 2018	**14,523**	**555**	**3,522**	**18,600**
Net book value at 31 July 2018	**46,055**	**21,905**	**2,468**	**70,428**
Net book value at 31 July 2017	47,222	22,349	2,154	71,725

Land and buildings for the Langley & Windsor campuses were valued in 1997 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice. If fixed assets had not been re-valued they would have been included at the following historical amounts: Cost £nil, Aggregate depreciation based on cost £nil.

Land and buildings for the Strode's campus were included at fair value in 2017 as part of the merger process (note 24). These were valued at depreciated replacement cost by a firm of independent chartered surveyors. Those land and buildings are leased by the College from the Strode's Foundation, an independent charity. The College pays an annual rent of £20k to the Strode's Foundation for use of the land and buildinigs.

The Leasehold period of Strode's campus land and buildings are for 35 years from 2017 with an option to renew for a further 25 years

During the 2017/18 financial year, there were no property transactions.

Land and buildings include assets that have been partly financed by exchequer funds with a net book value of £14,380,000. Should these assets be sold, the College may be liable, under the terms of its' Financial Memorandum, to surrender the proceeds.

Notes to the Accounts (continued)

12 Trade and other receivables

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Trade receivables	665	385
Prepayments and accrued income	446	343
Amounts owed by the ESFA	354	192
Total	1,465	920

Notes to the Accounts (continued)

13 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Bank loans and overdrafts	312	299
Trade payables	314	481
Other taxation and social security	-	579
Accruals and deferred income	1,410	1,453
Deferred income - government capital grants	974	1,002
Amounts owed to the ESFA	1,288	769
Total	**4,298**	**4,583**

14 Creditors: amounts falling due after one year

	2018 £'000	2017 £'000
Bank loans	4,198	4,510
Deferred income - government capital grants	13,406	14,077
Total	**17,604**	**18,587**

Notes to the Accounts (continued)

15 Maturity of debt - Bank loans and overdraft

Bank loans and overdrafts are repayable as follows:

	2018 £'000	2017 £'000
In one year or less	312	299
Between one and two years	329	312
Between two and five years	1,080	1,032
In five years or more	2,789	3,166
Total	**4,510**	**4,809**

Bank loan fixed rate of 2.77% per annum repayable by instalments falling due between 1 December 2014 and 29 August 2029, totalling £5,500,000 is secured on College assets.

Notes to the Accounts (continued)

16 Provisions

	Defined benefit Obligations £'000	Enhanced pensions £'000	Total £'000
At 1 August 2017	23,055	424	23,479
Expenditure in the period	(737)	(30)	(767)
Transferred from income and expenditure account	(2,039)	36	(2,003)
At 31 July 2018	20,279	430	20,709

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 22

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

The principal assumptions for this calculation are:

	2018	2017
Price inflation	2.35%	2.20%
Discount rate	2.65%	2.60%

17 Cash and cash equivalents

	At 1 August £'000	Cash flows £'000	Other £'000	At 31 July £'000
Cash and cash equivalents	5,973	(1,867)	-	4,107

18 Capital commitments

	2018 £'000	2017 £'000
Commitments contracted for at 31 July	78	77

Notes to the Accounts (continued)

19 Lease Obligations

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

	2018 £'000	2017 £'000
Future minimum lease payments due		
Other		
Not later than one year	1	8
Later than one year and not later than five years	-	2
	1	10

20 Contingent liabilities

There are no known contingent liabilities.

21 Events after the reporting period

The overflow car park at Alma Road, Windsor, was previously declared surplus to College requirements and was sold in August 2018 in the sum of £0.5m.

Notes to the Accounts (continued)

22 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 Berkshire Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Royal Brough of Windsor & Maidenhead (RBWM). Both are multi-employer defined-benefit plans.

Total pension cost for the year		**2018** **£'000**		**2017** **£'000**
Teachers Pension Scheme: contributions paid		1,319		884
Local Government Pension Scheme (RBWM):				
Contributions paid	737		619	
FRS 102 (28) charge	624		365	
Charge to the Statement of Comprehensive Income		1,361		984
Local Government Pension Scheme (Surrey):				
Contributions paid	-		62	
FRS 102 (28) charge	-		25	
Charge to the Statement of Comprehensive Income		-		87
Total Pension Cost for Year		2,680		1,955

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

There were no outstanding or prepaid contributions at either the beginning or end of the financial year. Contributions amounting to £0 (2017: £11,000) were payable to the scheme and are included in creditors.

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including colleges. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

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.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.
The latest actuarial review of the TPS was carried out as at 31 March 2012. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

The latest actuarial review of the TPS was carried out as at 31 March 2012. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable at some point in 2019.
A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £1,968,000 (2017: £1,590,000)

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

FRS 102 (28)

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

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

Local Government Pension Scheme - Berkshire Pension Fund

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by RBWM Local Authority. The total contributions made for the year ended 31 July 2018 were £981,000, of which employer's contributions totalled £737,000 and employees' contributions totalled £244,000. The agreed contribution rates for future years are 22.3% for employers and range from 5.5% to 12.5% cent for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2018 by a qualified independent actuary

	At 31 July 2018	**At 31 July 2017**
Rate of increase in salaries	3.85%	2.80% - 4.20%
Future pensions increases	2.35%	2.50% - 2.70%
Discount rate for scheme liabilities	2.65%	2.70%
Inflation assumption (CPI)	2.35%	2.40% - 2.70%

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 2018 years	**At 31 July 2017 years**
Retiring today		
Males	23.10	22.50 - 23.00
Females	25.20	24.60 - 25.10
Retiring in 20 years		
Males	25.30	24.10 - 25.20
Females	27.50	26.40 - 27.40

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

The College's estimated asset allocation as at 31st July 2018 is as follows and based on the figures below, the College's share of the fund is approximately 1%

	Fair Value at 31 July 2018 £'000	Fair Value at 31 July 2017 £'000
Equities	11,352	11,935
Cash	3,586	2,173
Other Bonds	3,611	3,260
Property	3,331	2,677
Target Return Portfolio	971	973
Longevity Insurance	(734)	(809)
Commodities	438	303
Infrastructure	1,611	1,157
Total market value of assets	**24,166**	**21,669**
Actual return on plan assets	**1,684**	**1,326**

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

	2018 £'000	2017 £'000
Fair value of plan assets	24,166	21,669
Present value of plan liabilities	(44,445)	(44,724)
Net pensions liability (Note 16)	**(20,279)**	**(23,055)**

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

Amounts included in staff costs	2018 £'000	2017 £'000
Current service cost	1,361	962
Past service cost	-	22
Total	**1,361**	**984**

Amounts included in investment interest payable	2018 £'000	2017 £'000
Net interest payable	(635)	(527)
	(635)	**(527)**

Amounts recognised in Other Comprehensive Income	2018 £'000	2017 £'000
Return on pension plan assets	1,095	899
Experience (losses) / gains arising on defined benefit obligations	(87)	1,211
Changes in assumptions underlying the present value of plan liabilities	2,351	(2,293)
Other actuarial gains/(losses) on assets	676	(113)
Amount recognised in Other Comprehensive Income	**4,035**	**(296)**

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movement in net defined benefit liability during the year

	2018 £'000	2017 £'000
Net defined benefit liability as at 1 August	(23,055)	(20,205)
Movement in year:		
Transferred in from Strode's College	-	(1,662)
Current service cost	(1,361)	(962)
Employer contributions	737	619
Past service cost	-	(22)
Net interest on the defined (liability)/asset	(635)	(527)
Actuarial gain or loss	4,035	(296)
Net defined benefit liability at 31 July	**(20,279)**	**(23,055)**

Asset and Liability Reconciliation

	2018 £'000	2017 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	44,724	35,460
Current Service cost	1,361	962
Transferred in from Strode's College	-	6,408
Interest cost	1,224	954
Contributions by Scheme participants	244	213
Experience gains and losses on defined benefit obligations	87	(1,211)
Changes in financial assumptions	(2,351)	2,293
Estimated benefits paid	(844)	(377)
Past Service cost	-	22
Defined benefit obligations at end of period	**44,445**	**44,724**
Changes in fair value of plan assets		
Fair value of plan assets at start of period	21,669	15,255
Transferred in from Strode's college	-	4,746
Interest on plan assets	589	427
Return on plan assets	1,095	899
Other actuarial gains/(losses)	676	(113)
Employer contributions	737	619
Contributions by Scheme participants	244	213
Estimated benefits paid	(844)	(377)
Fair value of plan assets at end of period	**24,166**	**21,669**

Notes to the Accounts (continued)

23 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £2,915; 3 governors (2017: £2,418; 2 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2017: None),

24 Net Assets of Strode's College transferred to The Windsor Forest Colleges Group

On 9 May 2017, the assets and liabilities of Strode's College were transferred at nil cost to East Berkshire College giving rise to a credit to the Statement of Comprehensive Income in accordance with the Gift accounting principles of FRS 102:

	2017
	£'000
Assets	
Fixed assets	12,193
Current assets	100
Cash at bank and in hand	1,128
	13,421
Liabilities	
Creditors: amounts falling due within one year	1,909
Creditors: amounts falling due after more than one year	4,025
Provisions - including pension liability	1,662
	7,596
Net assets of Strode's College at date of merger	**5,825**
Adjustments to net assets	
Alignment of fixed asset accounting policies (1)	(154)
Fair value adjustment of fixed assets on transfer (2)	10,665
Total adjustment	**10,511**
Net assets of Strode's College transferred to the Windsor Forest	**16,336**

(1) The Windsor Forest Colleges Group's accounting policy was to capitalise fixed assets with a cost greater than £5k. In order to align accounting policies, assets previously capitalised by Strode's College with a cost of less than £5k were deducted from the value of the assets transferred.

(2) The land and buildings acquired at merger with Strode's College were valued by Kempton Carr Croft, Chartered Surveyors, on a fair value basis.