



Greenhead College

**Members' Report and
Financial Statements
2018-2019**

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Reference and Administrative Details

Key Management Personnel, Board of Governors and Professional Advisers

Key Management Personnel

Key management personnel are defined as members of the College Senior Leadership Team and were represented by the following in 2018/19:

Simon Lett – Principal; Accounting Officer

David Greenwood – Vice Principal Learning Assessment and Staff Development (*Resigned 31/03/19*)

Mo Bunter – Vice Principal Curriculum, Quality and Student Outcomes

John Blake – Director of Finance and Resources

Usman Anwar – Assistant Principal Student Support and Welfare

Kate Abel – Assistant Principal Student Support and Welfare

Mark Mitchell - Assistant Principal Curriculum, Quality and Student Outcomes

Tom Rowley – Assistant Principal Curriculum, Quality and Student Outcomes

Board of Governors

A full list of Governors is given on page 14-16 of these financial statements. Hilary Thomson acted as Clerk to the Corporation throughout the period.

Professional Advisers

Financial Statements Auditors and Reporting Accountants:

Murray Smith LLP
Chartered Accountants
Darland House
44 Winnington Hill
Northwich
Cheshire

Internal Auditors:

Audit One
Crosskill House
Mill Lane
Beverley

Bankers:

Barclays Bank
Market Place
Huddersfield

Solicitors:

Schofield Sweeney
72 New Road
Huddersfield

Strategic Report

OBJECTIVES AND STRATEGY

The Governors of the Corporation present their report and the audited financial statements for the year ended 31 July 2019.

Legal Status

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

Greenhead College was established as a sixth form College in 1974 and as such is subject to financial supervision by the Education and Skills Funding Agency (ESFA).

Mission, Vision and Strategy

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

- to provide a safe, supportive and inclusive environment in which individuals feel valued, and where students can grow in confidence and fulfil their potential for academic, moral, social and physical development;
- to continue to be a centre of excellence in everything we do, providing education, training and pastoral care of outstanding quality for individual students;
- to be a major force in enabling individual students to reach and exceed nationally set learning targets through the offer of a curriculum concentrating on A-levels;
- to prepare every student for life beyond Greenhead College – both university and the world of work – through the provision of outstanding enrichment activities, careers guidance and opportunities to develop employability skills.

Implementation of the Strategic Plan

The most recent College Strategic Plan is for the period 2019-20 to 2021-22 and looks beyond to 2022-2024. The first year covered by this plan will signal a significant change at Greenhead College with the introduction of a 4.5 block curriculum model, following a staffing restructure instigated in order to address the College's current and projected financial deficit. Should there be no increase in the College's income by 2021-22, the College may need to implement a further staffing restructure; however, this largely depends on the outcome of the Government's Comprehensive Spending Review in 2019 and whether core funding increases or decreases over the next few years. There is also uncertainty regarding the funding of increased employer contributions to the Teachers' Pension Scheme beyond 2020.

The challenge for the College is to maintain the highest academic achievements in the face of possible further restructuring work. Consequently, upholding Greenhead's status as the leading provider of high-quality education to young people in Kirklees and surrounding areas, whilst securing increased recurrent income through growth in student numbers and establishing alternative income streams, are key underlying elements to this Strategic Plan.

The key themes underpinning this Strategic Plan therefore centre on the following:

- **Quality of education:** the need to continue delivering high-quality study programmes which give young people the opportunity to attain outstanding results in A Level (or equivalent) subjects, develop lifelong skills through enriching extracurricular activities, and develop employability skills which help them progress to positive destinations
- **Support for students and staff:** the importance of promoting positive mental health to students; recognising the wellbeing of staff as being key to a thriving workforce; promoting safeguarding, Prevent and British values in the context of the increased risk in West Yorkshire of a terrorist-related incident
- **Accommodation and resources:** the requirement to improve teaching accommodation and social space in areas of the campus to enable sustainable growth in student numbers
- **Recruitment of students:** the increasing number of local students seeking to enrol at the College, combined with the expected growth in the post-16 population over the next ten years, offers opportunities to expand student numbers, recognising that there is increasing competition from neighbouring sixth forms and colleges
- **Funding:** the necessity to develop alternative income streams to supplement core funding; to identify capital investment to grow student numbers further in response to the inadequacy of the present funding rate; and to plan for further staff restructuring in readiness for 2021-22, should there be no significant increase, or reduction, in core funding, or insufficient additional funding to support increased pension costs.

In order to fulfil its mission for the period 2019-2022, the College aims:

- To be the lead provider in the region for student outcomes at A Level and one of the top-performing Sixth Form Colleges in the country
- To deliver high quality teaching, extracurricular activities and pastoral support for students, enabling them to progress to positive destinations
- To invest in the development and wellbeing of students and staff
- To improve teaching accommodation in particular areas of the campus, and increase social space of students, so as to achieve planned growth of 150 students in the period 2019-22
- To be financially stable in the period 2019-22 and to plan for future financial sustainability beyond 2022
- To enhance its profile locally and nationally by engaging further with key stakeholders and partners.

The following five goals will enable the College to achieve these aims and fulfil its mission:

Goal 1: Greenhead College will be the lead provider for A Levels in the region and one of the top-performing Sixth Form Colleges in the country

Goal 2: Greenhead College students will exemplify high standards in behaviour and attitudes

Goal 3: Greenhead College will support students and staff in their development and wellbeing

Goal 4: Greenhead College will effectively manage the recruitment of students, and its estate to ensure long-term financial sustainability

Goal 5: Greenhead College will incentivise innovation and creativity throughout the organisation

The delivery of the Strategic Plan translates into specific structures, policies, and operating and development plans, each having clear levels of accountability.

These include:

- Corporation structure and committees

- Senior post-holder and Senior Leadership Team targets
- Key Performance Indicators
- Organisational structure
- College Self-assessment Report
- College Quality Improvement Plan
- Departmental Self-assessment Reports and Quality Improvement Plans
- Admissions policy
- Staffing plan
- Financial plan
- Accommodation plan
- School liaison plan
- Marketing plan
- Teaching, Learning and Assessment policy, including strategies for lesson observation
- Individual College policies.

The following key 'checkpoints' will ensure the goals as set out in this Strategic Plan are fulfilled as planned:

- Annual setting, monitoring and review of curriculum and academic KPIs (by the Corporation)
- Annual setting, monitoring and review of senior post-holder and Senior Leadership Team performance management targets (by the Chair and other Governors, and SLT)
- Annual setting of staff performance management targets (by College managers)
- Senior Leadership Team's Report – review of KPIs (reviewed six times a year by the Corporation)
- Review of Strategic Plan (reviewed three times a year by the Corporation)
- Validation of SAR and QUIP (annually each December by the Corporation and external 'critical friend')
- Mid-year review of QUIP (annually each February by the Corporation).
- Governor Link Visits and reports.

Resources

Greenhead College is located on a single site in close proximity to Huddersfield town centre and has various resources it can deploy in pursuit of its strategic objectives.

The College employs 255 staff, of which 138 are teaching staff and 117 support staff.

On the 2018 day 42 census, the College had 2453 students enrolled and will be funded for this number in 2019-20. The additional 86 students equate to an extra £339k. On top of this, the retention reduction has decreased by £26k, disadvantage funding has increased £41k and a Maths premium payment of £38k will be received. In total, this equates to an additional £443k on the 2018-19 payment.

The College has £863k of net assets.

The College has an excellent reputation both locally and nationally. Maintaining a quality brand is essential for the College's success in attracting students and external relationships. The College's most recent Ofsted inspection in November 2007 resulted in an 'Outstanding' judgment. In 2014/15 the College was the Sunday Times Sixth Form College of the Year. In 2018, the College was shortlisted for the SFCA Governance and TES Sixth Form College of the Year awards. In 2018 and again in 2019, the College produced the British Education Awards Student of the Year (A Level category, Zone 1)

Stakeholders

In line with other Colleges and with universities, Greenhead College has many stakeholders. These include:

- students and their families;
- staff and Governors;
- ESFA;
- partner schools;
- Collaborative Learning Partnership with Huddersfield New College and Kirklees College
- Kirklees Local Authority;
- the local community;
- government offices/regional development agencies;
- other FE and HE institutions; and
- professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them by various means.

DEVELOPMENT AND PERFORMANCE

Financial Results

The College generated a deficit (before pension and restructuring / redundancy costs) of £205k against a total income of £10.49m (2017/18: surplus of £32k before pension costs against total income of £10.44m). Including FRS17 and pension finance costs and restructuring costs, there was an operating deficit of £774k (2017-18: £159k deficit)

The College's cash contingency reserve is the equivalent of one month's staff salaries. This figure is agreed by the Governing Body and is regularly reviewed by the Board. The College has a £423k deficit of net current liabilities (2017/18 £151k deficit).

The Local Government Pension Scheme deficit rose by £1.724m during the financial year from £1.969m up to £3.693m. The College contributed an annual additional bulk payment of £29k (2017-18 £28k) to the pension funding in order to reduce the deficit over a 22 year period. These accounts show a past service cost of £112k in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. The calculation of adjustment to past service costs arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption

The College accepted an offer from Kirklees Council to purchase a part of the College's playing fields at Highfields in order to build a new primary school. Completion of the purchase took place at the end of April. The College received £52k with the council covering all costs.

Following an announcement in the 2018 Budget, the College received a one off capital payment of £154k designated for short term capital projects. By the end of July 19 the College had earmarked some of these funds for toilet refurbishment and improved ventilation in the Cooksey building. The balance will be used in 2019-20.

Developments

Developments during 2018/19 included

- Staffing restructure with introduction of 4.5 block curriculum model from 2019/20
- Restructure of the Senior Leadership Team

Reserves

The College has accumulated general reserves of £4.56m excluding pension liabilities of £3.69m (2017-18: £5.03m excluding pension liabilities of £1.97m) and a cash balance of £545k (2017-18 £460k). The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.

Sources of Income

In 2018-19 the College was funded for 2368 students and received ESFA core funding of £9.67m (2017-18: £9.7m). The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2018/19, ESFA provided 96% of the College's total income (2017/18: 95%).

FUTURE PROSPECTS

ESFA core funding for the College in 2019/20 has been confirmed at £10.12m.

Financial Plan

The College completes the ESFA Financial Plan each year. This usually requires a two year financial forecast. The College is currently forecasting a surplus over the next two years as a result of increased student numbers and a small rise in the ESFA grant per student. Increases in teacher pension contributions have been announced for 2020 but this is being covered by an additional ESFA grant.

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's Treasury Management policy is set out within its Finance Manual.

All borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Funding Agreement with ESFA.

Cash Flows and liquidity

In 2018-19 there was an increase in cash of £85k.

The College has a cash reserves policy which specifies that reserves should be maintained at a minimum level to be sufficient to pay one month's staff salaries. The College seeks to build up reserves in order to improve the College site and facilities when appropriate.

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.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has firmly established systems of internal control, including financial, operational and risk management, which are designed to protect the College's assets and reputation.

Based on the strategic plan, a comprehensive annual review and regular interim reviews of the risks to which the College is exposed are undertaken. This review identifies systems and procedures, including specific preventable actions which 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.

A risk register is maintained at College level which is reviewed regularly by the Senior Leadership Team, at each meeting of the Audit and Risk Committee and subsequently by the full Corporation. The risk register identifies the key risks, the likelihood of those risks occurring, and their potential impact on the College, and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

1. Central Funding

In 2019 the Government announced an increase in the funding rate per student. This is to rise from £4,000 to £4,188 per student with effect from 2020-21.

2. Competition

The College is finding that competition is growing from other FE colleges as well as school sixth forms. The SLT is continually looking at alternative courses that would attract students yet still fit comfortably alongside the existing provision. A marketing officer appointed in 2017 works with the liaison team to speak to prospective students to encourage them to enrol at the college.

3. Retention of Ofsted Outstanding grade

The College was inspected 12 years ago and since then there have been a number of Inspection frameworks. The College ensures that current documentation is up to date and that the college works towards the latest framework. The College ensures that good Safeguarding measures are in place in order to satisfy current requirements.

These risks are mitigated in a number of ways:

- by ensuring the College is rigorous in delivering high quality education and training
- by regular dialogue with the regional ESFA and the local authority
- by regular staff training and review together with attendance on courses to keep abreast of current initiatives
- by continually looking at ways in which to develop the College site in order to improve the available accommodation
- by ensuring that potential students in the area are aware of what the College offers
- by ensuring that self-assessment and quality systems are robust and reflect best practice
- by undertaking 'health checks' which gauge the College's effectiveness for future Ofsted inspection

KEY PERFORMANCE INDICATORS

Key Performance Indicator	Measure / Target (2018/19)	Actual for 2018/19
Pass rate %	Between 98.5 – 99.0	98.9
High grades %	Between 63.5 – 64.5	62.4
Retained and Assessed rate %	Between 92.5 – 93.0	94.9
Retention rate %	Between 92.5 – 93.0	94.9
Attendance %	Between 94.0 - 94.5	94.4
Value Added grade	Grade 3 (+ Grade 2 for 3-year T-score)	Grade 4 (+ Grade 3 for 3-year T-score)
Student satisfaction %	92.0 T&L 95.0 student satisfaction	92.5 T&L 89.7 student satisfaction
Human Resources (% absence)	Support – <4.0 Teaching – <2.0 Overall – <3.0	Support – 3.7 Teaching – 2.0 Overall – 2.8
Number of formal complaints	Less than 2	4

Financial Indicators

Financial indicator:	Budget for 2018/19	Actual for 2018/19
Teaching staff costs as % of total staff costs	78.3	78.4
Payroll costs as % of total recurring income	81.4	81.3
Non-ESFA income as % of total recurring income	4.2	4.3
ESFA Financial Health	Weak Satisfactory	Inadequate (after restructuring provision)
Cash in hand days	130	100 (after restructuring provision)
End of year surplus	17	14

Student Achievements

Many students obtained top grades, enabling them to secure their first choice destination in higher education, training or employment. The overall pass rate for 2019 was 98.9% (national – 97.5%) with 62.4% at A*-B (national – 51.1%). 197 students gained A*/A in 3 or 4 subjects, with 29 students gaining A* across the board. The College's A*-B grades fell slightly in 2019 (63.9% in 2018). However, some further context lies in the national figure, where the A*-B rate fell sharply from 52.7% last year to 51.1%.

OTHER INFORMATION

Public Benefit

Greenhead College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 14-16.

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

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

- high-quality teaching
- excellent results and value added for students from all backgrounds
- widening participation and tackling social exclusion
- excellent higher education and employment opportunities for students
- strong student support systems
- links with employers, industry and commerce
- giving students many opportunities for work placements and volunteering

Equality

Greenhead College is committed to ensuring equality of opportunity for all who learn and work here. The College respects and values positively differences in race, gender, sexual orientation, disability, religion or belief and age. The College strives vigorously to remove conditions which place people at a disadvantage and will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. An annual report is issued to governors.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

The College has been awarded the Two Ticks Disability award which recognises the College's commitment towards disabled staff and those with disabilities applying for advertised jobs within the College.

Disability statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 (as amended by the Special Education Needs and Disability Acts of 2001 and 2005) and the 2010 Equality Act.

- As part of the redevelopment of the buildings, the College has continued to address access issues wherever possible.
- The College has a member of staff with responsibility for students with learning difficulties. The College also has a member of staff to support dyslexic students.

- The College employs study centre staff to help students achieve their potential.
- The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are made to the Principal.
- Counselling and welfare services are described in the College charter, together with the Complaints and Disciplinary Procedures.
- The College continues to work closely with the Local Authority to ensure that students have their needs addressed as they progress to further education.

The College's Equal Opportunities Policy is published on the College's internet site.

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 on an annual basis

Numbers of employees who were union officials during the relevant period	FTE employee number
5	120 teaching 58 support staff Total = 178

Percentage of time	Number of employees
0%	0
1-50%	5
51-99%	0
100%	0

Percentage of time	Number of employees
0%	0
1-50%	5

Time spent on paid trade union activities as a percentage of total paid facility time	0
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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 College has a 95% target to pay all invoices within 30 days of receipt of goods/services or invoice. The College incurred no interest charges in respect of late payment for this period.

EVENTS AFTER THE REPORTING PERIOD

There is nothing to report after the reporting period.

DISCLOSURE OF INFORMATION TO THE AUDITORS

The Governors 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 Governors of the Corporation on 2 December 2019 and signed on its behalf by

Richard Armstrong

Chair of Governors

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2018 to 31st July 2019 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

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

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2019. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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

The Corporation

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

Name	Date of latest appointment	Term of office	Attendance at full GB meetings (2018/19)	Term of office ended	Category of appointment	Committees Served
Miss Lucy Adeniji	March 2019	1 year	50%		Student	Health and Safety
Mr S Armitage	December 2017	4 years	0%	November 2018	External	Quality and Standards
Miss Charlotte Armstrong	March 2018	1 year	67%	March 2019	Student Member	Health and Safety

Name	Date of latest appointment	Term of office	Attendance at full GB meetings (2018/19)	Term of office ended	Status of appointment	Committee Membership
Mr Richard Armstrong	July 2018	4 years	100%		External	Vice Chair of Corporation Finance and Estates Quality and Standards
Mr Steve Armitage	December 2017	4 years	0%	Resigned November 2018	External	
Mrs Ruth Baker	June 2016	4 years	88%		Staff Member	Audit and Risk
Mr Gurveer Birdi	December 2017	4 years	38%		External	Audit and Risk
Mr Roger Bryant	December 2014	4 years	100%	Resigned September 2019	External	Chair of Corporation; Finance and Estates; Search and Governance; Quality and Standards
Mrs Sue Douthwaite	April 2019	3 years	50%		Parent	Finance and Estates
Mrs Tamsin Dunkerley	November 2017	3 years	60%	Resigned February 2019	Parent	Finance and Estates
Mrs Sue Ellis	October 2019	4 years	75%		External	Search and Governance (Chair)
Mrs Chantal Forrest	November 2017	4 years	100%		External	Health and Safety (Chair) Finance and Estates
Miss Wendy Geng	March 2018	1 year	83%	March 2019	Student Member	Health and Safety
Mr Stuart Hillary	July 2017	4 years	25%		External	Quality and Standards Audit and Risk
Mrs Jo Horsfall	November 2017	3 years	50%		Parent	Search and Governance

Name	Date of latest appointment	Term of office	Attendance at full meetings	Term of office ended	Status of appointment	Committees Served
Mr Richard King	October 2019	4 years	100%		External	Audit and Risk Search and Governance
Mr Simon Lett	September 2016	Ex officio	100%		Ex officio Principal	Finance and Estates Search and Governance Quality and Standards
Miss Katie Mallinson	December 2016	4 years	88%		External	Search and Governance
Rev Simon Moor	December 2015	4 years	75%	Resigned May 2019	External	Search and Governance
Mr Mark O'Connor	May 2019	4 years	50%		External	Health and Safety
Mrs Jane Rylah	July 2016	4 years	100%		Staff Member	Quality and Standards
Mr Craig Shannon	July 2017	4 years	88%		External	Finance and Estates Quality and Standards
Mr Ian Walter	February 2016	4 Years	88%	Resigned July 2019	External	Finance and Estates (Chair)
Mrs Michelle Wheatcroft	May 2019	4 years	100%		External	Audit and Risk Health and Safety
Dr Pete Woodcock	June 2016	4 Years	88%		External	Audit and Risk (Chair) Search and Governance
Mr Zain Zainuddin	March 2019	1 year	100%		Student	Health and Safety

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

Full Governors' meetings are normally held six times a year. In 2018/19, two additional extraordinary meetings of the full Governing Body were held.

The Governors conduct their business through a number of committees which meet regularly throughout the year. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and Estates, Search and Governance, Quality and Standards, Audit and Risk, Health and Safety and Remuneration. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College website www.greenhead.ac.uk and from the Clerk to the Corporation at Greenhead College, Greenhead Road, Huddersfield HD1 4ES.

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 Governors is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee which is responsible for the selection and nomination of any new external member for the Corporation's consideration. Staff, Parent and Student Governors are elected by eligible members of the respective groups which they represent. The Corporation is responsible for ensuring that appropriate training is provided as required.

Corporation Governors are appointed for a term of office not exceeding four years. External Governors can be re-appointed to the Corporation after their term of office has expired. Staff and Parent Governors may stand for re-election if still eligible.

Search and Governance Committee

The Search and Governance Committee comprises of the Chair, Vice-Chair and four other Governors including the Principal. The Committee identifies potential new external governors and makes recommendation to the Corporation regarding their appointment and the re-appointment of existing governors. The Committee is also responsible for providing general advice to the Corporation on governance matters. The Committee meets at least once per term as required.

Audit and Risk Committee

The Audit and Risk Committee comprises of six Governors and excludes the Principal and Chair. Its purpose is to advise the Corporation on all matters pertaining to internal and external audit activities and the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes. The Committee also advises the Corporation on the appointment of internal, regularity and financial statement auditors and their remuneration for both audit and non-audit work.

The Audit and Risk Committee meets on a termly basis and provides a forum for reporting via the College's internal auditors and financial statements and regularity auditors, who have access to the Committee for independent discussion, without the presence of College management.

Finance and Estates Committee

The Finance and Estates committee comprises six governors including the Chair. The Committee is responsible for advising the Corporation on the effective and efficient use of resources, the solvency of the College and safeguarding of its assets. It also considers the annual estimates of income and expenditure, agreeing the annual budget and monitoring expenditure via monthly management reports and assesses site development. The Finance and Estates Committee historically met once per term but meetings increased to 5 per year from academic year 2018/19.

Quality and Standards

The Quality and Standards committee comprises seven governors including the Principal. The Committee examines curriculum performance (including data analysis), enrolment, retention and Ofsted readiness and meets at least termly. The Committee is also responsible for annual validation of the College's Self-Assessment Report (SAR).

Health and Safety

The Health and Safety Committee comprises six governors and is responsible for advising the Corporation on matters affecting the health, safety and welfare of students, staff and visitors to the College. It meets termly.

Remuneration Committee

The Remuneration Committee was re-established from the 2017/18 academic year and is responsible for matters relating to the pay and conditions of service of the senior staff and the Clerk. It normally meets annually with additional meetings if required.

Internal Control*Scope of responsibility*

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate

the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Agreement between Greenhead College and the funding bodies. The Principal 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 Greenhead College for the year ended 31 July 2019 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2019 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.

Greenhead College 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 annually by the Corporation on the recommendation of the Audit and Risk committee. The Internal Auditors provide the governing body with a report on internal audit activity in the College.

Review of effectiveness

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

- the work of the internal auditors
- the work of the senior 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 senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team have risk as a standing agenda item for all meetings. The senior management team and the Audit and Risk Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit and Risk 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 and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

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

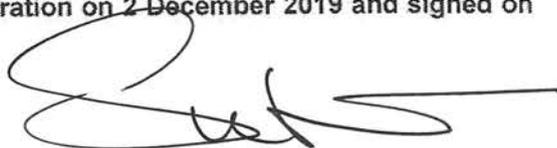
Going Concern

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

Approved by order of the Governors of the Corporation on 2 December 2019 and signed on its behalf by:



Richard Armstrong - Chair of Governors



Simon Lett - Accounting Officer

Statement of Regularity, Propriety and Compliance

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

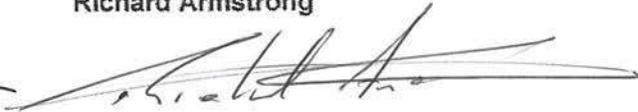
Simon Lett



Accounting Officer

Date 2 December 2019

Richard Armstrong



Chair of Governors

Date 2 December 2019

Statement of Responsibilities of the Members of the Corporation

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

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

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

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

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

The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economical, efficient and effective management

of the College's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA are not put at risk.

Approved by order of the members of the Corporation on 2 December 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Richard Armstrong', written over a horizontal line.

Richard Armstrong

Chair of Governors

Independent Auditor's Report to the Corporation of Greenhead College**Opinion**

We have audited the financial statements of Greenhead College for the period ended 31 July 2019 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, 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) and the Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2019 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (the 2015 FE HE SORP) and the Accounts Direction 2018 to 2019 issued by the ESFA.

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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporation 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 Members of the Corporation are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion on other matters

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Governing Body for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Governing Body has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governing Body.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on pages 22 -23, the Governing Body 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 Governing Body 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 Governing Body 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 Governing Body either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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 Report of the Independent Auditors.

Use of our report

This report is made solely to the Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required to state to them in an auditors' 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.



Murray Smith LLP
Chartered Accountants
Statutory Auditors
Darland House
44 Winnington Hill
Northwich
Cheshire
CW8 1AU

Date 2 December 2019

..... Date.....

Reporting Accountant's Assurance Report on Regularity**To the Corporation of Greenhead College and Secretary of State for Education Acting Through the Department for Education ("the Department")**

In accordance with the terms of our engagement letter dated 24 March 2017 and further to the requirements of the funding agreement with ESFA 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 Greenhead College during the period 1 August 2018 to 31 July 2019 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective Responsibilities of Greenhead College and the Reporting Accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that, in all material respects, expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued 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 our conclusion includes:

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

Conclusion

In the course of our work nothing has come to our attention which suggests that, in all material respects, the expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MURRAY SMITH

CHARTERED ACCOUNTANTS

NORWICH

Murray Smith CIP

Date.....2/12/19.....

Greenhead College
Statement of Comprehensive Income
For the year ended 31 July 2019

		2019	2018
	Notes	£'000	£'000
Income			
Funding body grants	2	10,044	9,925
Other income	3	444	518
Investment income	4	3	1
Total Income		<u>10,491</u>	<u>10,444</u>
Expenditure			
Staff Costs	5	8,852	8,365
Other operating expenses	6	1,766	1,592
Depreciation	8	568	564
Interest and other finance costs	7	79	82
Total Expenditure		<u>11,265</u>	<u>10,603</u>
Deficit for the year		(774)	(159)
Actuarial (loss) / gain in respect of pension scheme	17	(1,425)	477
Total Comprehensive income for the year		<u>(2,199)</u>	<u>318</u>

The accompanying notes form part of these financial statements.

Greenhead College
Statement of Change in Reserves
For the year ended 31 July 2019

	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2017	2,341	403	2,744
Deficit from the SOCI	(159)	-	(159)
Other comprehensive income	477	-	477
Transfers between revaluation and income and expenditure reserves	54	(54)	-
Balance at 31 July 2018	<u>2,713</u>	<u>349</u>	<u>3,062</u>
Deficit from the SOCI	(774)	-	(774)
Other comprehensive expense	(1,425)	-	(1,425)
Transfers between revaluation and income and expenditure reserves	55	(55)	-
Balance at 31 July 2019	<u><u>569</u></u>	<u><u>294</u></u>	<u><u>863</u></u>

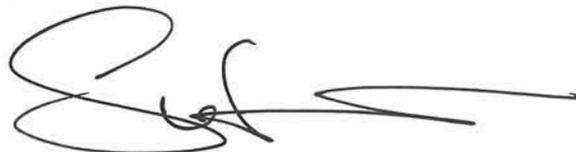
Greenhead College
Balance Sheet as at 31 July 2019

	Notes	2019 £'000	2018 £'000
Non current assets			
Tangible fixed assets		<u>10,825</u>	<u>11,294</u>
Total Fixed Assets	8	<u>10,825</u>	<u>11,294</u>
Current Assets			
Stocks		2	2
Trade and other receivables	9	81	104
Cash and cash equivalents	13	<u>545</u>	<u>460</u>
		628	566
Less creditors - amounts falling due within one year	10	<u>(1,051)</u>	<u>(717)</u>
Net current liabilities		<u>(423)</u>	<u>(151)</u>
Total assets less current liabilities		10,402	11,143
Creditors - amounts falling due after more than one year	11	<u>(5,846)</u>	<u>(6,112)</u>
Provisions			
Defined benefit obligations	17	<u>(3,693)</u>	<u>(1,969)</u>
Total net assets		<u>863</u>	<u>3,062</u>
Unrestricted reserves			
Income and expenditure account		569	2,713
Revaluation reserve		294	349
Total unrestricted reserves		<u>863</u>	<u>3,062</u>

The financial statements on pages 29 to 49 were approved and authorised for issue by the Corporation on 2 December 2019 and were signed on its behalf on that date by:



Richard Armstrong
Chair



Simon Lett
Accounting Officer

Greenhead College
Statement of Cash Flows
For the year ended 31 July 2019

	Notes	2019 £'000	2018 £'000
Cash flow from operating activities			
Deficit for the year		(774)	(159)
Adjustment for non cash items			
Depreciation		568	564
Deferred capital grants released		(157)	(156)
Decrease in debtors and prepayments		23	32
Increase/(Decrease) in creditors due within one year		334	(67)
Pensions cost less contributions payable		299	191
Adjustments for investing or financing activities			
Interest payable		27	26
Investment income		(3)	(1)
Net cash flow from operating activities		<u>317</u>	<u>430</u>
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	-
Investment income		3	1
Payments made to acquire fixed assets		(99)	(283)
		<u>(96)</u>	<u>(282)</u>
Cash flows from financing activities			
Interest paid		(27)	(26)
Repayment of borrowings		(109)	(108)
		<u>(136)</u>	<u>(134)</u>
Increase/(decrease) in cash and cash equivalents in the year		<u>85</u>	<u>14</u>
Cash and cash equivalents at beginning of the year	13	460	446
Cash and cash equivalents at the end of the year	13	545	460

Notes to the Accounts

1. 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 2018 to 2019* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of Accounting

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

Going Concern

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

The College currently has £1.217m of loans outstanding with bankers on terms negotiated in 2015 being secured by a charge on College land and buildings. The terms of the existing agreement are for 15 years from the date the loan was drawn. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility 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 other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. 16-19 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102.

Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Accounting For Post-Employment Benefits

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

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

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

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- New build – 50 years.
- Refurbishments – 10/20 years

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings which have not been revalued since incorporation.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to 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 (or group of items if part of a one expenditure project) is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over a period of five years.

Borrowing Costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

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.

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

Inventories

Inventories are stated at the cost price.

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 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.

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.

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.

Agency Arrangements

The College acts as an agent in the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

*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.

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 17, 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 2019. 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.

Greenhead College
Notes to the accounts

2 Funding Body Grants	2019	2018
	£'000	£'000
Recurrent grants		
ESFA Funding Allocation	9,675	9,712
Release of Government capital grants	157	156
ESFA capital grants	212	57
Total	<u><u>10,044</u></u>	<u><u>9,925</u></u>

3 Other Income	2019	2018
	£'000	£'000
Catering	207	228
Other income generating activities	3	6
Miscellaneous income	234	284
	<u><u>444</u></u>	<u><u>518</u></u>

4 Investment Income	2019	2018
	£'000	£'000
Interest receivable	3	1
	<u><u>3</u></u>	<u><u>1</u></u>

Greenhead College
Notes to the accounts (continued)

5 Staff Costs

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

	2019	2018
	No.	No.
Teaching staff	120	121
Non teaching staff	58	58
	<u>178</u>	<u>179</u>

Staff costs for the above persons

	2019	2018
	£'000	£'000
Wages and salaries	6,659	6,517
Social security costs	633	635
Other pension costs including FRS 102 charge £136,000 and £112,000 past service charge(2017-18 £135,000)	1,310	1,168
Apprentice Levy	18	17
Local Government Pension additional contribution	29	28
Accrued staff severance costs	203	-
Total staff costs	<u>8,852</u>	<u>8,365</u>

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 College Leadership Team which comprised the Principal, a Deputy Principal, the Director of Finance and Resources and four Assistant Principals.

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

The number of key management personnel including the Accounting Officer was:

2019	2018
7	5

One Assistant Principal was employed from May 2019.
 One Vice Principal resigned in April 2019.

The number of key management personnel who received annual emoluments, excluding pension contributions, in the following ranges was:

	2019	2018
Up to £10,000 p.a. (AP employed in May 19)	1	
£50,000 to £60,000 (includes VP leaving April 19)	4	
£60,001 to £70,000 p.a.	1	1
£70,001 to £80,000 p.a.	1	3
£80,001 to £90,000 p.a.	-	-
£90,001 to £100,000 p.a.	-	1
£100,001 to £110,000 p.a.	1	
	<u>8</u>	<u>5</u>

Greenhead College
Notes to the accounts (continued)

5 Staff Costs continued

Key management emoluments were made up as follows:
 (2018-19 Senior Post Holders)

	2019 £'000	2018 £'000
Salaries	470	400
Employer pension contributions	78	67
Employer's NI	59	49
Total emoluments	<u>607</u>	<u>516</u>

A Vice Principal resigned in April 2019, replaced by an Assistant Principal.
 There were no amounts due to key personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above salary and benefits include amounts payable to the Principal (who is also the highest paid Senior Post Holder) of:

	2019 £'000	2018 £'000
Salary	107	107
Pension contributions	18	18
	<u>125</u>	<u>125</u>

Relationship of Principal pay expressed as a multiple

	2019 £'000	2018 £'000
Principal basic salary as a multiple of the median of all staff	4.6	4.7

Greenhead College
Notes to the accounts (continued)

6 Other operating expenses

	2019 £'000	2018 £'000
Teaching costs	258	258
Non-teaching costs	972	910
Premises cost	536	424
	<u>1,766</u>	<u>1,592</u>

Other operating expenses include:

Auditors remuneration:		
Financial statement audit	12	10
Internal audit	9	4
Hire of other assets - operating leases	<u>54</u>	<u>54</u>

7 Interest and other finance costs

On bank loans	28	26
Pension finance costs (note 17)	51	56
Total	<u>79</u>	<u>82</u>

Greenhead College
Notes to the accounts (continued)

8 Tangible fixed assets

	Land and buildings Freehold	Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2018	15,789	3,374	19,163
Additions	-	99	99
At 31 July 2019	15,789	3,473	19,262
Depreciation			
At 1 August 2018	4,827	3,042	7,869
Charge for the year	437	131	568
At 31 July 2019	5,264	3,173	8,437
Net book value at 31 July 2019	10,525	300	10,825
Net book value at 31 July 2018	10,962	332	11,294

The college carries inherited assets at an inherited value of £293,650. The assets were valued on incorporation and not updated since. The historic cost of these assets is nil.

Land and buildings with a net book value of £4.9m have been financed with Government funds. Should these assets be sold, the College may be liable under the terms of the financial memorandum to surrender the proceeds.

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

Greenhead College
Notes to the accounts (continued)

9 Debtors	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade receivables	2	3
Prepayments and accrued income	79	101
	<u>81</u>	<u>104</u>
Total		
10 Creditors: amounts falling due within one year	2019 £'000	2018 £'000
Bank loans	108	108
Trade creditors	278	205
Social security	153	159
Deferred capital grants	157	157
Other creditors	232	23
Accruals and deferred income	123	65
	<u>1,051</u>	<u>717</u>
11 Creditors: amounts falling due after one year	2019 £'000	2018 £'000
Bank loan	1,109	1,218
Deferred capital grants	4,737	4,894
	<u>5,846</u>	<u>6,112</u>
See note 12 for further details		
12 Maturity of debt	2019 £'000	2018 £'000
Bank loan is repayable as follows:		
In one year or less	108	108
Between one and two years	108	108
Between two and five years	324	324
In five years or more	677	786
Total	<u>1,217</u>	<u>1,326</u>
Bank loans comprise:		
Barclays Bank PLC loan of £1.2m with amortisation over 15 years with 5 year renewal due 2020. Interest is charged at 1.25% over base rate.		
Barclays Bank PLC loan of £400k repayable over 10 years. Interest is charged at 2% over base rate		
Total outstanding £1.217m		

Greenhead College
Notes to the accounts (continued)

13	Cash	At 1 August 2018	Cash flows	At 31 July 2019
		£'000	£'000	£'000
	Cash	460	85	545
	Total	<u>460</u>	<u>85</u>	<u>545</u>

14	Capital and other commitments	2019 £'000	2018 £'000
	Commitments contracted for at 31 July	<u>-</u>	<u>-</u>

15	Lease obligations	2019 £'000	2018 £'000
	At 31 July the College had minimum lease payments under non-cancellable operating leases as follows:		
	Future minimum lease payments due		
	Land and buildings		
	Not later than one year	-	-
	Later than one year and no later than five years	-	-
	Later than five years	<u>-</u>	<u>-</u>
	Other		
	Not later than one year	54	61
	Later than one year and no later than five years	109	10
	Later than five years	<u>-</u>	<u>-</u>
		<u>163</u>	<u>71</u>
	Total lease payments due	<u>163</u>	<u>71</u>

16 Events after the reporting period

There are no reportable events after the reporting period.

Greenhead College
Notes to the accounts (continued)

17 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 staff and the West Yorkshire Local Government Pension Scheme (LGPS) for non-teaching staff.

Total pension cost for the year

	2019	2018
	£'000	£'000
Teachers' Pension Scheme: contributions paid	805	818
LGPS Contributions paid	257	214
LGPS FRS 102 charge	136	135
Past service charge	112	
Charge to the Statement of Comprehensive Income	<u>1,310</u>	<u>1,167</u>
Total Pension Cost for Year within staff costs	<u><u>1,310</u></u>	<u><u>1,167</u></u>

Teachers' Pension Scheme

The Teachers' Pension Scheme (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 the employees.

The pension costs paid to TPS in the year amounted to £805k (2017-8 £818k)

Greenhead College
Notes to the accounts (continued)
Note 17 continued

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 July 2019 was £337k, of which employer's contributions totalled £257k and employees' contributions totalled £80k. The agreed contribution rates for future years are 17.40% for employers and range from 5.5% to 9.9% 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

	At 31 July 2019	At 31 July 2018
Rate of increase in salaries	3.55%	3.35%
Rate of increase for pensions in payment/inflation (CPI)	2.30%	2.10%
Discount rate for liabilities	2.10%	2.80%
Inflation assumptions (CPI)	2.30%	2.10%

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 2019	At 31 July 2018
<i>Retiring today</i>		
Males	22.2	22.1
Females	25.4	25.3
<i>Retiring in 20 years</i>		
Males	23.2	23.1
Females	27.2	27.1

Greenhead College
Notes to the accounts (continued)
 Note 17 continued

The College's share of the assets in the plan were:

	Asset Allocation 31-Jul-19 %	Asset Allocation 31-Jul-18 %
Equity Instruments	78.6	74.6
Government and Corporate Bonds	13.5	14.3
Property	4.3	4.2
Cash	2.1	2.2
Other	1.5	4.7
	<u>100</u>	<u>100</u>

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

	2019 £000's	2018 £000's
Fair value of assets	8,028	7,224
Present value of defined benefit obligation	<u>11,721</u>	<u>9,193</u>
Present value of plan liabilities (Present value of unfunded liabilities)	<u>(3,693)</u>	<u>(1,969)</u>
Net pensions liability	<u>(3,693)</u>	<u>(1,969)</u>

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

	2019 £000's	2018 £000's
Amounts included in staff costs		
Current service cost	393	380
Past service cost	<u>112</u>	<u>-</u>
Total	<u>505</u>	<u>380</u>
Amounts included in investment income		
Net interest income	<u>(51)</u>	<u>(56)</u>
	<u>(51)</u>	<u>(56)</u>
Amount recognised in Other Comprehensive Income		
All actuarial (losses)/gains	<u>(1,425)</u>	<u>477</u>
Amount recognised in Other Comprehensive Income	<u>(1,425)</u>	<u>477</u>

Greenhead College
Notes to the accounts (continued)

Note 17 continued

Movement in deficit during year

	2019	2018
	£'000	£'000
Net defined liability in scheme at 1 August	(1,969)	(2,255)
Movement in year:		
Current service cost (net of employee contributions)	(393)	(380)
Employer contributions	257	245
Past service cost	(112)	-
Net interest on the defined liability	(51)	(56)
Actuarial (loss)/gain	(1,425)	477
Net defined benefit (liability) at 31 July	<u>(3,693)</u>	<u>(1,969)</u>

Asset and Liability reconciliation

	2019	2018
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	9,193	8,861
Current service cost	393	380
Interest cost	255	229
Contributions by Scheme participants	80	78
Actuarial loss/(gains) on liabilities	1,935	(142)
Net benefits paid out	(247)	(213)
Past service cost	112	-
Liabilities at end of period	<u>11,721</u>	<u>9,193</u>

Changes in fair value of plan assets

Fair value of plan assets at start of period	7,224	6,606
Interest on plan assets	204	173
Return on plan assets	510	335
Employer contributions	257	245
Contributions by Scheme participants	80	78
Net benefits paid out	(247)	(213)
Fair value of plan assets at end of period	<u>8,028</u>	<u>7,224</u>

Greenhead College
Notes to the accounts (continued)

18 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 in accordance with the College's financial regulations and normal procurement procedures.

Governors' expenses during the year were £883 (2017/18 3k).

No transactions were identified which should be disclosed under FRS 102.

19 Amounts disbursed as agent

	2019 £'000	2018 £'000
Carried forward from previous year	47	31
EFA grants - Bursaries and Free School Meals grants	<u>337</u>	<u>312</u>
	384	343
Disbursed to students	(337)	(289)
5% of Bursary grant (administration costs)	<u>(15)</u>	<u>(7)</u>
Funds carried forward to following year	<u><u>32</u></u>	<u><u>47</u></u>

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