



HIGH
SPEED
RAIL

THE NATIONAL COLLEGE FOR HIGH SPEED RAIL

Report and Financial Statements for the period ended 31st July 2016



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 2015/16:

John Evans Former CEO – resigned in September 2016
Clair Mowbray Business Director; appointed CEO in October 2016
Jon Hewitt – Programme Director
Matthew Goodwin – Head of Finance

Board of Governors

A full list of Governors is given on pages 9 and 10 of these Financial Statements.
Pinsent Masons LLP provided Clerking services to the Corporation throughout the period.

Principal Place of Business:

Two Snowhill
Snow Hill Queensway
Birmingham B4 6GA

Professional advisers:

Financial Statements auditors and reporting accountants:

RSM UK Audit LLP
St Philips Point
Temple Row
Birmingham B2 5AF

Solicitors:

Pinsent Masons LLP
3 Colmore Circus
Birmingham B4 6BH

Financial Advisers:

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham B3 2DT

CONTENTS

	Page number
Strategic Report	4
Statement of Corporate Governance and Internal Control	9
Statement of Responsibilities of the Members of the Corporation	15
Independent Auditor's Report to the Corporation of The National College for High Speed Rail	17
Statement of Comprehensive Income	19
Balance Sheet as at 31 July	20
Notes to the Accounts	21

Strategic Report

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited Financial Statements for the year ended 31 July 2016.

Legal status

The Corporation was established on 31st July 2015 under the Further and Higher Education Act 1992 for the purpose of conducting the National College for High Speed Rail. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Mission

The mission of the College is to train the next generation of engineers for a career in rail and to upskill the existing workforce with skills for now and the future. The College will spread socio-economic benefits around the country and also bring them to the communities of which it is part.

Vision

The College's vision is to:

- Deliver a step-change in vocational learning for the rail sector;
- Attract a wider pool of talent into science, engineering and technology;
- Build the highly skilled workforce that is needed to deliver and maintain HS2, and to meet the future requirements of the wider railway industry;
- Place the rail industry at the cutting edge of innovation, transforming its image; and;
- Be a catalyst for regeneration and growth in and around Birmingham and Doncaster.

Public Benefit

National College for High Speed Rail is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 8 and 9.

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

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

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

Performance indicators

The following key performance indicators have been agreed for the first year of operations:

- 125 learners to be enrolled by March 2018.
- 20% of learners enrolled will come from under-represented population groups.
- Employers contribute £2m towards set-up costs.
- Employer contributions of person hours to be tracked monthly.
- Each non-employed learner to have an identified and active employer sponsor.

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College will be required to complete the annual Finance Record for the Skills Funding Agency (“SFA”).

FINANCIAL POSITION

Financial results

The College generated a deficit before other gains and losses in the year of £437k, with total comprehensive income of (£437k).

Events after the end of the reporting period

The College believes it will be able to continue in operation and meet its liabilities taking account of the current position and principal risks.

RESOURCES:

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

Financial

The College has £437k of net liabilities and no long term debt. During the period, whilst the College is in set-up phase, expenditure has been incurred by third parties on the College’s behalf. The College expects to receive a long term loan during 2016/17.

People

The College employs 8 people, expressed as full time equivalents.

Reputation

The College is building a national reputation as the provider of skills-based high level vocational training for the United Kingdom.

PRINCIPAL RISKS AND UNCERTAINTIES:

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

Based on the key performance indicators, the Senior Management Team 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.

A risk register is maintained at the College level which is reviewed monthly by the Senior Management Team and at least termly by the Audit Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. Each risk is assigned to a Board member, who acts as risk champion.

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

- Reputation: the risk that the reputation of the college could be discredited due to factors relating to the establishment of the College, such as quality of teaching, curriculum and buildings.
- Staff: the risk that the required volume of staff with specialist skills are not recruited on time.
- Curriculum: the risk that specialist units may not have the required high speed rail content and context required to enable timely accreditation.
- Learner numbers: the risk that the volume of diverse learners for September 2017 enrolments are not achieved.

STAKEHOLDER RELATIONSHIPS

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

- Potential Students;
- Education sector funding bodies;
- Staff;
- Local authorities;
- Local Enterprise Partnerships (LEPs);
- HS2 supply partners;
- The local community;
- Other FE institutions;
- Professional bodies.

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

Equal opportunities

The College is committed to ensuring equality of opportunity for all who work here and for future students. We respect and value positively differences in race, gender, sexual orientation, disability, pregnancy status, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry.

Disability statement

The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College provides training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

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 13th December 2016 and signed on its behalf by:

Terry Morgan
Chair

Statement of Corporate Governance and Internal Control

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

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); and
- ii. 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. 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.

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 Corporation has been operating as a Shadow Board since February 2015. It was formed to represent a range of organisations and to offer diversity.

The members who served on the Corporation during the 2015/16 year and up to the date of signature of this report were as listed in the table below.

Name	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance %
Terry Morgan	Feb-15	4 Years		Secretary of State appointment. Independent member	Chair: Corporation	100%
David Bower	Feb-15	4 Years	31 August 15	Secretary of State appointment. Independent member	Vice Chair; Audit; Resourcing	75%
Beth West	Feb-15	4 Years		Secretary of State appointment. Independent member	Audit	100%

Anita Bhalla, OBE	Feb-15	4 Years		Secretary of State appointment. Independent member	Chair: Employer Marketing	50%
Carl Garrud	Feb-15	4 Years		Secretary of State appointment. Independent member	Employer Marketing	75%
Naomi Connell	Feb-15	4 Years		Secretary of State appointment. Independent member	Chair: Audit; Resourcing	88%
Professor Jon Binner	Feb-15	4 Years		Independent member	Curriculum Development	88%
Colin Stewart	Feb-15	4 Years		Independent member	Chair: Curriculum Development	88%
Andrew Cleaves	Feb-15	4 Years		Independent member	Audit; Curriculum Development	88%
Jo Miller	Feb-15	4 Years		Local Authority	Chair: Resourcing; Audit; Curriculum Development	75%
Mark Rogers	Feb-15	4 Years		Local Authority		25%
Alistair Dormer	Feb-15	4 Years		Independent member	Employer Marketing	88%
John Evans	9 th November 2015	4 Years	30 th September 2016	CEO		80%
Clair Mowbray	Ratified 9 th Aug. Started 1 st Oct	4 Years		CEO		100%
Alex Stephenson	13 th December 2016	4 Years		Independent member		n/a
Pinsent Masons offered a clerking service for the period.						

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 monthly.

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 Audit, Resourcing, Building Functionality, Curriculum Development and Employer Marketing. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from Pinsent Masons at:

3 Colmore Circus
Queensway
Birmingham
B4 6BH

Pinsent Masons maintain 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 Clerking service provided by Pinsent Masons, which is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerking service are matters for the Corporation as a whole.

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

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. Members of the Corporation are appointed for a term of office not exceeding four years.

Corporation Performance

The Corporation has been working with advisers to design a training schedule for governors and will carry out a full self-assessment in the 2016/17 financial year.

Remuneration Committee

The College will be setting up a Remuneration Committee during the 2016/17 year. The Committee's responsibilities will be to make recommendations to the Board on the

remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the period ended 31 July 2016 are set out in note 3 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 monthly basis and provides a forum for reporting by the College's reporting accountants and Financial Statements auditors, who have access to the Committee for independent discussion without the presence of college management.

The Audit Committee also advises the Corporation on the appointment of reporting accountants and Financial Statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

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 Chief Executive Officer 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. 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 National College for High Speed Rail for the period ended 31 July 2016 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for

identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The National College for High Speed Rail has not appointed an internal audit service for the period ended 31st July 2016. For that year, the College management and Governors have assessed the internal controls and developed a Board Assurance Framework, clearly showing the mapping of assurance sources against the risks identified.

Review of effectiveness

As Accounting Officer, the Chief Executive Officer 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 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 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 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 Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2016 meeting, the Corporation carried out the annual assessment for the period ended 31 July 2016 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2016.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for

governance, risk management and control, and has fulfilled its statutory responsibility for *“the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets”*.

Going concern

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

Approved by order of the members of the Corporation on 13th December 2016 and signed on its behalf by:

Terry Morgan

Chair

Clair Mowbray

Accounting Officer

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation (who act as trustees for the charitable activities of the College) are required to present audited financial statements for each financial year.

The law applicable to charities in England and the terms and conditions of the Financial Memorandum between the Skills Funding Agency and the Corporation of the College, requires the corporation of the college to prepare financial statements and the Strategic Report for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions the annual Accounts Direction issued jointly by the Skills Funding Agency and the Education Funding Agency, and applicable United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and which give a true and fair view of the state of affairs of the College and of the College's 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 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 Charities Act 2011 and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that funds from the Skills Funding Agency are used only in accordance with the authorities that govern them as defined by and in accordance with Further & Higher Education Act 1992, subsequent legislation and related regulations and the Financial Memorandum with the Skills Funding Agency and any other conditions that may be prescribed from time to time.

Approved by order of the members of the Corporation on 13th December 2016 and signed on its behalf by:

Terry Morgan
Chair

INDEPENDENT AUDITOR’S REPORT TO THE CORPORATION OF THE NATIONAL COLLEGE FOR HIGH SPEED RAIL

We have audited the financial statements (“the Financial Statements”) set out on pages 19 to 25. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” as set out in our engagement letter.

This report is made solely to the Corporation, as a body, in accordance with the Financial Memorandum published by the Skills Funding Agency and our engagement letter. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required under our engagement letter 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Corporation of The National College of High Speed Rail and Auditor

As explained more fully in the Statement of the Corporation’s Responsibilities set out on pages 15 and 16, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the Financial Statements in accordance with the terms of our engagement letter, Joint Audit Code of Practice issued by the Skills Funding Agency and Education Funding Agency and International Standards on Auditing (UK and Ireland). The International Standards on Auditing (UK and Ireland) require us to comply with the Auditing Practices Board’s (APB’s) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the College’s affairs as at 31 July 2016 and of the College’s deficit of income over expenditure for the period then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Matters on which we are required to report by exception

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

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

RSM UK AUDIT LLP

Chartered Accountants

St Philips Point

Temple Row

Birmingham

B2 5AF

Date:

Statement of Comprehensive Income

Notes

		Period ended 31 July 2016 £'000
INCOME		0
Total income		<u>0</u>
EXPENDITURE		
Staff costs	3	278
Other operating expenses	4	159
Interest and other finance costs		0
Total expenditure		<u>437</u>
Deficit before tax		(437)
Taxation		0
Deficit for the year		<u>(437)</u>
Total Comprehensive Income for the year		<u><u>(437)</u></u>

Balance sheet as at 31 July

	Notes	2016 £'000
Fixed assets		0
		<u>0</u>
Current assets		0
		<u>0</u>
Less: Creditors – amounts falling due within one year	5	(437)
Net current liabilities		<u>(437)</u>
Total assets less current liabilities		
Creditors – amounts falling due after more than one year		0
Total net liabilities		<u><u>(437)</u></u>
Unrestricted Reserves		
Income and expenditure account		(437)
Total unrestricted reserves		<u><u>(437)</u></u>

The financial statements on pages 19 to 25 were approved and authorised for issue by the Corporation on 13th December 2016 and were signed on its behalf on that date by:

Terry Morgan
Chair

Clair Mowbray
Accounting Officer

Notes to the Accounts

1. ACCOUNTING POLICIES

General information

The National College for High Speed Rail is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 2. The nature of the College's operations are set out in the Strategic Report.

Basis of accounting

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

The principal accounting policies applied in the preparation of these financial statements are set out below.

The financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Going concern

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

The College is expected to receive a long term loan during 2016/17 to enable the College to complete its set-up phase. Up until the point the long term loan is received the College is in receipt of a letter of support from HS2 Ltd. 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.

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

Financial Instruments

The College has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instrument.

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 financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

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.

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no critical accounting judgements or estimation uncertainty in the college.

3. Staff Costs and Key Management Personnel Remuneration

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

	2016
	No.
Teaching staff	1
Non-teaching staff	2
Agency teaching staff	1
Agency non-teaching staff	4
	<hr/>
	8
	<hr/> <hr/>

Not all of the above staff members were employed by the College for the whole of the period.

	2016
	£'000
Wages and salaries	271
Social security costs	6
Other pension costs	<u>1</u>
Payroll sub total	278
Contracted out staffing services	<u>0</u>
Total Staff Costs	<u><u>278</u></u>

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Team which comprises the Chief Executive Officer, Business Director, Programme Director and Head of Finance.

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

The number of key management personnel including the Accounting Officer was:	No. 4 <hr/>
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The College did not employ any of its own key management personnel during the period. Key management personnel were engaged through secondments and agency agreements. Details of payments to these individuals are shown in the note below.

Key management personnel compensation, including the Accounting Officer, is made up as follows:

	2016
	£'000
Salaries	175
Employers National Insurance	6
Benefits in kind	<u>0</u>
	181
Pension contributions	<u>1</u>
Total key management personnel compensation	<u><u>182</u></u>

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

The above includes amounts payable to the Accounting Officer (resigned September 16) of:

	2016
	£'000
Salaries	34
Benefits in kind	0
National Insurance	4
Total	<u>38</u>
Pension contributions	<u>0</u>

The members of the Corporation other than the Accounting Officer did not receive any payment from the institution. There was £0 reimbursement for travel and subsistence expenses incurred by the Accounting Officer and Corporation members.

4 Other operating expenses

	2016
	£'000
Teaching costs	0
Non-teaching costs	159
Total	<u>159</u>

The deficit before taxation is stated after charging:

Auditors' remuneration:	
Financial Statements audit	<u>7</u>

5 Creditors: amounts falling due within one year

	2016
	£'000
Trade creditors	430
Accruals	7
Total	<u>437</u>

6 Financial instruments

The college has the following financial instruments:

	2016
	£'000
Financial liabilities:	0
Measured at amortised cost:	<u>437</u>

7 Related party transactions

Three Governors work for organisations related to the College. Transactions totalling the values listed below have been incurred by these organisations on behalf of the College.

Governor Name	Related Party organisation	Value of transactions in year	Total owed by College
Beth West	HS2	£370,462	£370,462
Professor Jon Binner	University of Birmingham	£18,018	£18,018
Mark Rogers	Birmingham City Council	£41,062	£41,062

No expenses were paid to or on behalf of the Governors during the year.

No Governor has received any remuneration or waived payments from the College during the year.

Key management compensation disclosure is given in note 3.