

Bracknell and Wokingham College

Annual Report and Financial Statements

For The Period 1st August 2018 to 9th January 2019

At a meeting held on 8th January 2019, Bracknell and Wokingham College Corporation unanimously resolved to merge with Activate Learning in accordance with S27A of the Further and Higher Education Act 1992. The Corporation dissolved at 00:01 on 10th January 2019 and its property, rights and liabilities transferred immediately before that time to Activate Learning in accordance with section 27B of the Further and Higher Education 1992.

These financial statements represent the period leading up to dissolution and are presented by the Activate Learning Corporation in the absence of the Governing Body that was in place during the period. All references to strategy, financial controls and governance reflect the regimes in place during the period. The performance and accounting policies were the responsibility of the Board at the time.

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 for the period 1st August 2018 to 9th January 2019 were represented by the following:

Paul Newman	Head of Campus and Accounting Officer
James Taylor	Vice Principal, Curriculum and Quality
Dominic Asater	Director of Finance
Saskia Larsen	Head of Human Resources and Development

Board of Governors

A full list of Governors for the period is included at page 16 of these Financial Statements.

Fiona Chalk acted as Clerk to the Corporation until November 2018.
Jamie Wade acted as Clerk to the Corporation from December 2018.

Professional Advisers

Financial Statements Auditors and Reporting Accountants

RSM UK Audit LLP
25 Farringdon Street,
London,
EC4A 4AB

Bankers

Barclays Bank Plc,
1, Churchill Place,
London,
E14 5HP

Solicitors

Field Seymour Parkes LLP
1 London Street,
Reading,
RG1 4PN

Eversheds LLP
1 Wood Street,
London
EC2V 7WS

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REPORT OF THE GOVERNING BODY

NATURE, OBJECTIVES AND STRATEGIES

Activate Learning present the report and the audited financial statements for Bracknell and Wokingham College for the period 1st August 2018 to 9th January 2019.

Legal Status

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

The Corporation was incorporated as Bracknell & Wokingham College.

At a meeting held on 8th January 2019, Bracknell and Wokingham College Corporation unanimously resolved to merge with Activate Learning in accordance with S27A of the Further and Higher Education Act 1992. The Corporation dissolved at 00:01 on 10th January 2019 and its property, rights and liabilities transferred immediately before that time to Activate Learning in accordance with section 27B of the Further and Higher Education 1992.

Mission

The College's mission as approved by its members was:

'to enable all our learners to achieve their full potential.'

Vision

The Vision for the College was to be:

- A vibrant place
- Inspirational for students
- Passionate for success
- A leader of innovation
- In the heart of our community
- An effective business

Strategic Goals

For the period 1st August 2018 to 9th January 2019 Bracknell & Wokingham College had four strategic goals:

- To remain the best FE provider in the region;
- To establish long term financial sustainability;
- To engage in significant partnership working with the aim of creating the best outcomes for learners by expanding the curriculum, raising standards and lowering costs; and
- To establish at least one Centre of Excellence – in order to increase the College's reputation, attract growth revenue and create more opportunities for learners and staff.

Public Benefit

Bracknell & Wokingham College was an exempt charity under Part 3 of the Charities Act 2011 and following government changes in July 2016 was regulated by the Secretary of State for Education. The members of the Governing Body, who were trustees of the charity, are disclosed on page 16.

In setting and reviewing the College's strategic objectives, the Governing Body 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 provided the following identifiable public benefits through the advancement of education:

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

Implementation of Strategic Plan

The College adopted a strategic plan for the period 2016 to 2019 which it refreshed in the summer of 2016 for the period 2017 to 2020. This strategic plan included property and financial plans. The Corporation monitored the performance of the College against these plans. The plans were not refreshed for 2018 given the impending merger with Activate Learning. The Strategic Plan identified how the College would achieve its Strategic Goals by way of strategic objectives. These were:

1. Delivering **teaching, learning and assessment** of the highest quality;
2. Creating and sustaining a **culture of 'Good to Great'**;
3. Promoting a **culture of safety and of respect** for the individual where everyone matters, views are sought and safety is paramount;
4. **Developing and maintaining resources** that promote high quality teaching learning and assessment;

5. **Developing strategic partnerships** to improve opportunities for learning and skills development and, increasingly, to play a leadership role **in the heart of our community**;
6. **Valuing our people**; and
7. **Maximising Income and Business Efficiency**, delivering financial viability and outstanding Value for Money and growth.

Financial Objectives

The College's financial objectives for the period 1st August 2018 to 9th January 2019 and how it performed are shown in the following table:

	Financial Objective	Achieved / Not Achieved	Commentary
a	To finalise the merger with Activate Learning	Achieved	10 th January 2019
b	To maintain a minimum reserve level (excluding pension reserve) of 10% of income.	Achieved	46.25%
c	To have 25 days cash in hand at all times.	Not measured as not full year	
d	To deliver at least a break even operating position.	Not Achieved	£503k operating deficit at 9/01/2019
e	To deliver 'Satisfactory' financial health.	Not measured as not full year	
f	To reduce debt as a percentage of income to less than 40%.	Not measured as not full year	
g	To have a current ratio greater than 2.0	Not Achieved	Ratio of 0.2 at 9/01/2019
H	To operate at all times within agreed bank overdraft facilities and bank covenants.	Achieved	
I	To restructure debt arrangements with the bank	Partially Achieved	Fully Achieved as part of merger with Activate Learning
j	To increase the percentage of non-funded income to 30.0% of total College income	Not Achieved	22.73% at 9/01/2019
K	To seek best value for money in all purchasing decisions.	Achieved	

Performance Indicators

The College was committed to observing the importance of sector measures and indicators and used the FE Choices data available on the GOV.UK website which looks at measures such as success rates.

The College was required to complete the annual Finance Record for the Education & Skills Funding Agency (ESFA). The Finance Record produces a financial health grading. The College's achieved financial health was as follows:

2016/17	Inadequate
2017/18	Inadequate

FINANCIAL POSITION

Financial Results

In the period 1st August 2018 to 9th January 2019, Bracknell & Wokingham College is reporting a deficit before other gains and losses of £2.070m (2017/18 £1.481m deficit). The total comprehensive income deficit for the period was £2.083m (2017/18 £4.076m surplus).

The reported deficit for the College for the period 1st August 2018 to 9th January 2019 is shown after charging FRS102 notional accounting adjustments.

The table below shows the reconciliation from the reported surplus / deficit in the statement of accounts to an underlying operating deficit position on day-to-day expenditure.

	To 9 th Jan 2019	To 31 st July 2018	To 31 st July 2017
	£m	£m	£m
Underlying Operating Deficit	(0.503)	(0.385)	(0.354)
Restructuring Costs	(0.001)	(0.143)	-
Lennartz Balance Restatement	(0.072)	-	-
Other One off Expenditure	(1.253)	(0.185)	-
FRS 102 Pensions Service Costs	(0.241)	(0.768)	(0.606)
Deficit before Other Gains and Losses	(2.070)	(1.481)	(0.960)
Actuarial Gains / (Losses) in respect of Pensions schemes	(0.013)	1.818	0.952
Gain on disposal of fixed assets	-	3.739	-
(Deficit) / Surplus for the Year	(2.083)	4.076	(0.008)

At dissolution the College held reserves totalling £8.249m deficit (2017/18: £6.166m deficit). These include a notional FRS102 pension fund deficit of £10.861m (2017/18, £10.607m).

At dissolution the College held tangible fixed assets totalling £26.136m, a reduction for the period of £0.650m which relates to the combined effect of capital purchases, disposals and depreciation on the book value of the asset base.

The College placed significant reliance on education sector funding bodies for its principal funding sources, largely from recurrent grants. For the period 1st August 2018 to 9th January 2019 funding bodies provided 74.8% of the College's total income (2017/18, 69.8%).

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 had a treasury management policy in place which was approved by the College Corporation.

Short term borrowing for temporary revenue purposes was authorised by the Accounting Officer. Such arrangements are restricted by limits in the College's Financial Memorandum agreed with the Education & Skills Funding Agency. All other borrowing required the authorisation of the Corporation.

Cash Flows

Overall cash flow resulted in a deficit of £0.295m (2017/18 – £1.535m surplus), with operating cash flow showing a surplus of £1.427m (2017/18 – £1.448m deficit). The operating cashflow excludes a payment of £1.253m to break the fixed rate on the College's long term loan immediately prior to the merger with Activate Learning.

Liquidity

The balance of the 22-year loan from Barclays Bank reduced to £4.248m during the period. The balance of the 5-year loan reduced to £0.034m. The overdraft facility agreed with Barclays was £2.0m at dissolution and the College operated within this limit throughout the period. The College's financial instruments were secured by a charge on its Church Road and Waingels College sites.

At dissolution, £0.6m remained in a cash security realisation account held by Barclays bank in replacement for a charge held on a previously disposed site.

Reserves Policy

The College had no formal Reserves Policy, but recognised the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business. The College held no restricted reserves.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

For the period 1st August 2018 to 9th January 2019, Bracknell & Wokingham College has delivered activity that has produced £3.121m of funding body allocation (2017/18 – £7.159m). The College had approximately 1,910 funded students and 1,729 non-funded students.

Student Achievements

The overall achievement rate in 2017/18 was 84%, remaining above the national average.

16 - 18 learners' achievement was 4.7% above the national average at 83.8%, whilst 19+ learners' achievement was 84.2%.

Curriculum & Quality

During 2017/18 the College was inspected by Ofsted who awarded an overall grade 2 ('Good') which was replicated across all the inspection areas.

The College undertook an full annual review of its curriculum to ensure that it offered courses that matched the community's need and were 'value for money'.

Many learners had low levels of prior educational achievement. The College offer reflected a range of courses aimed at learners who were intent on improving their educational standards particularly in Math and English where half the 16 - 18 year old learners did not have a GCSE Grade C or above in those subjects. Results for those subjects were significantly above the national average.

Courses were designed to ensure learners were able to move securely into the labour market or Further Education with employability skills being at the heart of delivery.

The College offered a range of apprenticeships at all levels with a strong focus on the electro-technical qualifications.

Payment Performance

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

	1 st August 2018 to 9 th January 2019	2017/18
Invoices paid within 30 days	11.6%	44.7%
Invoices paid within 45 days	39.1%	74.3%
Invoices paid within 60 days	57.1%	87.9%
Invoices paid within 90 days	84.6%	95.4%
Invoices paid after 90 days	15.4%	4.6%

For the period 1st August 2018 to 9th January 2019 the College incurred no interest charges relating to the late payment of suppliers.

Debt and Security

At 9th January 2019 the College had three existing debt facilities with Barclays Bank as follows:

Floating Loan facility

Balance at 9 th January 2019:	£4.248m
Maturity date:	11th December 2032
Interest rate:	1.85% p.a. above LIBOR.

A previous fixed rate was broken on 9th January 2019 and the loan was settled on 10th January 2019 at the point of merger with Activate Learning.

Floating Loan facility

Balance at 31st July 2018:	£0.034m
Maturity date:	25th March 2019
Interest rate:	2.5% above the bank base p.a.
Bank Base Rate:	0.75% (at 9 th January 2019)
Total Interest:	2.75% p.a.

Overdraft facility (maximum £2.0m)

Interest rate:	2.25% above base
Base rate:	0.75% (at 9 th January 2019)

The College's financial instruments were secured by a charge on its Church Road and Waingels College sites and a £0.618m cash security realisation account held by Barclays Bank.

Notice of Concern

The SFA placed Bracknell & Wokingham College under a Notice of Concern for Financial Health and Financial Management and Control on 26th September 2012. The Financial Management and Control element was removed on 9th July 2014, but the Financial Health notice remained in place at dissolution.

Future Prospects

At a meeting held on 8th January 2019, Bracknell and Wokingham College Corporation unanimously resolved to merge with Activate Learning in accordance with S27A of the Further and Higher Education Act 1992. The Corporation dissolved at 00:01 on 10th January 2019 and its property, rights and liabilities transferred immediately before that time to Activate Learning in accordance with section 27B of the Further and Higher Education 1992.

RESOURCES

The College had various resources that it could deploy in pursuit of its strategic objectives. Tangible resources included the flagship Church Road building, which was opened in September 2009 as well as Waingels School Adult Education Centre (long term leasehold).

Financial

At 9th January 2019 the College had £8.249m net liabilities, which included a notional FRS102 £10.861m pension fund deficit, and long term debts of £5.162m (including Lennartz).

People

The College employed an average of 182 Full Time Equivalent (FTE) permanent members of staff from 1st August 2018 to 9th January 2019 (192 in 2017/18), of whom 82 FTE were teaching staff (86 in 2017/18). In addition, the College employed approx. 200 sessional teaching staff over the period.

Reputation

The College had a strong reputation locally and with national bodies.

PRINCIPAL RISKS AND UNCERTAINTIES

The College worked during the period to maintain its systems of internal control, including financial, operational and risk management. These systems were designed to protect the College's assets and reputation.

Based on the strategic plan, the Senior Leadership Team undertook a termly comprehensive review of the risks to which the College was exposed and identified systems, procedures and mitigations to offset potential impact.

Completion of the merger with Activate Learning makes detailed review of risk and future uncertainty facing the College unnecessary.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and universities, Bracknell & Wokingham College had many stakeholders. These included:

- Students;
- Parents;
- Staff;
- Education sector funding bodies;
- FE Commissioner;
- Local employers;
- Local authorities;
- Thames Valley Berkshire Local Enterprise Partnership;
- Government offices;
- The local community;
- Other FE institutions and universities;
- Trade unions;
- Professional bodies.

Equal Opportunities and Employment of Disabled Persons

The College was committed to ensuring equality of opportunity for all who learned and worked there. The Bracknell & Wokingham Corporation stated:

'We respect, and value positively, differences in race, gender, sexual orientation, ability, gender reassignment, marriage and civil partnership, pregnancy and maternity, age and religion. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry.'

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned against the requirements for the job. 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.'

Disability Statement

The College sought to achieve the objectives set down in the Equality Act 2010, through, for example:

- a) Lifts and ramps were installed so that all facilities allow access to people with a disability;
- b) Specialist equipment that staff and students can use to assist them in their work or learning in the classroom;
- c) The admissions policy
- d) Specialist staff to support students with learning difficulties and/or disabilities and a programme of staff development to ensure the provision of appropriate support
- e) Specialist programmes described in College prospectuses
- f) Counselling and welfare services

Trade Union Faculty Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017, which came into force on 1 April 2017, implement the requirement introduced by the Trade Union Act 2016 for specified public-sector employers (including FE Colleges) to publish information annually on facility time. Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake trade union duties and activities as a trade union representative. The figures below relate to the period 1st April 2018 to 9th January 2019.

1 Relevant Trade Union Officials

Numbers of employees who were relevant trade Union officials during the period.	5
FTE Employee Number	4.2FTE

2 Percentage of time spent on Trade Union Duties

Percentage of time spent on Trade Union Duties	Number of employees
0%	0
1%-50%	5
51%-99%	0
100%	0

3 Percentage of Pay spent on Trade Union Facility time.

Total cost of facility time	£2,872
Total pay bill	£5,717,460
Percentage of total bill spent on facility time	0.05%

4 Paid Trade Union Activities

Time spent on paid trade union activities as a percentage of total paid facility time	0%
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Safeguarding Policy and Prevent Strategy

The College recognised its responsibilities for young people/vulnerable adult protection and for safeguarding and promoting the welfare of young people and vulnerable adults. The College aimed to create and maintain a safe environment for those who used the premises and maintained an appropriate Safeguarding Policy and Prevent Strategy.

Various policies and procedures were also integral to the Safeguarding and Prevent strategy including an Equality and Diversity policy and an Anti-Bullying Policy.

Disclosure of Information to Auditors

The members of Activate Learning 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 Activate Learning Corporation on 15th July 2019 and signed on its behalf by:


Chris Jones, Chairman
Activate Learning

Statement of Corporate Governance and Internal Control

Bracknell and Wokingham College Corporation dissolved at 00:01 on 10th January 2019. Immediately before this it transferred its trade, assets and liabilities to Activate Learning. From 10th January to the date of approval of the annual report and financial statements, corporate governance and control has been the responsibility of Activate Learning.

The following statement is provided to give readers of the College's annual report and accounts a better understanding of its governance and legal structure for the period from 1st August 2018 to 9th January 2019 and relates to Bracknell and Wokingham College's Corporate Governance structure during that time.

The Governing Body recognised that, it was entrusted with both public and private funds, and that it had a duty to observe the highest standards of corporate governance at all times. To this end, the College endeavoured to conduct its business in accordance with the guidance to Colleges from the Association of Colleges in 'The Code of Good Governance for English Colleges' ("the Code").

The Corporation adopted the code on 15th July 2015 and reviewed compliance at its meeting on 13th December 2017. In the opinion of the Governors, the College complied with all the provisions of the Code, and it complied throughout the period 1st August 2018 to 9th January 2019.

Whilst the Bracknell & Wokingham College Corporation had not adopted (and therefore did not apply) the UK Corporate Governance Code, it did draw upon those aspects of it that it considered to be relevant to the further education sector and best practice.

The College was an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who were also the Trustees for the purposes of the Charities Act 2011, 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 from 1st August 2018 to 9th January 2019 were as follows:

Member	Date of initial appointment	Term of office	Date of re-appointment	Date of resignation / end of term	Status	Committees (during year)	Attendance % (Corporation)
Malcolm Dudson	26/11/2002	4 years	11/07/2018	09/01/2019	Independent	Resources, Search, Remuneration	100%
Janet Hughes	09/07/2008	4 years	12/07/2016	09/01/2019	Independent	C & Q	100%
Michael Gbadebo	07/12/2011	4 years	14/01/2016	09/01/2019	Independent	Resources	100%
Kath Nugent	11/07/2012	4 years	12/07/2016	09/01/2019	Independent	Audit	100%
Andrew Stone	11/07/2012	4 years	12/07/2016	09/01/2019	Independent	C & Q, Search, Remuneration	100%
Michael Few	14/10/2015	4 years		01/10/2018	Staff	Resources, Audit	0%
Kirsten Miller	12/07/2016	4 years		09/01/2019	Local Authority	Audit	50%
Hilary Doyle	15/07/2015	4 years		09/01/2019	Staff	C & Q	100%
David Cook	28/09/2016	4 years		09/01/2019	Independent	Resources, Search, Remuneration	100%
Susan Cornish	03/02/2017	4 years		01/11/2018	Independent	C & Q	0%
Stephen Haydon	03/02/2017	4 years		09/01/2019	Independent	Resources	50%
Peter Hill	19/05/2017	4 years		09/01/2019	Independent	Resources	50%
Paul Newman	01/06/2018	Ex officio		09/01/2019	Accounting Officer		100%
Fiona Chalk					Interim Clerk		50%
Jamie Wade					Interim Clerk		50%

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

The Corporation was 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 met at least once each term.

The Corporation conducted its business through a number of committees. Each committee had terms of reference, approved by the Corporation. The committees were Resources, Curriculum and Quality, Remuneration, Search and Audit.

The Clerk to the Corporation maintained a register of financial and personal interests of the governors.

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

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

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

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

Appointments to the Corporation

Any new appointments to the Corporation were a matter for the consideration of the Corporation as a whole. The Corporation had a Search Committee, consisting of the Chair, the Principal, two other governors and co-opted members, which was responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation was responsible for ensuring that appropriate training was provided as required.

Members of the Corporation were appointed for a term of office not exceeding four years and, unless there were exceptional circumstances, for not more than two terms.

Corporation Performance

For the period 1st August 2018 to 9th January 2019, the Corporation, played a full and supportive role in the conclusion of the merger with Activate Learning.

At a meeting held on 8th January 2019, Bracknell and Wokingham College Corporation unanimously resolved to merge with Activate Learning in accordance with S27A of the Further and Higher Education Act 1992. The Corporation dissolved at 00:01 on 10th January 2019 and its property, rights and liabilities transferred immediately before that time to Activate Learning in accordance with section 27B of the Further and Higher Education 1992.

Remuneration Committee

For the period 1st August 2018 to 9th January 2019, the College's Remuneration Committee comprised the Chair and three governors. The committee's responsibilities were to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and the Clerk.

Audit Committee

The Audit Committee comprised of 4 members of the Corporation (excluding the Accounting Officer). The committee operated in accordance with written terms of reference approved by the Corporation.

The audit committee met once during the period 1st August 2018 to 9th January 2019 to consider the Annual Report and Financial Statements for 2017/18.

Internal control

Scope of responsibility

The Corporation was 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 delegated the day-to-day responsibility to the Interim Head of Campus, as Accounting Officer, for maintaining a sound system of internal control that supported the achievement of the College's policies, aims and objectives whilst safeguarding the public funds and assets for which he was personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Bracknell & Wokingham College and the funding bodies. He was 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 was designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives; it could therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on a process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of these risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control had been in place for the period.

Capacity to handle risk

The Corporation had reviewed the key risks to which the College was exposed, together with the operating, financial and compliance controls that had been implemented to mitigate those risks.

The risk and control framework

The system of internal control was 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 included:

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

For the period 1st August 2018 to 9th January 2019, Bracknell & Wokingham College did not appoint an internal audit service. College management and Governors assessed the internal controls. The college did not formally review any areas of its financial and business activity because of the proximity of the merger with Activate Learning. The Corporation drew assurance during this period from the following sources:

- Activate Learning / Bracknell and Wokingham College Joint Merger Steering Group
- Ofsted Inspection report, January 2018, overall Grade 'Good';
- Auditor's management letter;
- Monthly management Accounts;
- Notice of Concern Meetings with ESFA;
- Risk Reviews undertaken by Health and Safety Consultant;
- Regular meetings with Barclays Bank and continuing agreement to retain the College overdraft facility at £2.0m
- SAR

Review of effectiveness

As Accounting Officer, the Interim Head of Campus had responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control was informed by:

- the work of the executive managers within the College who had responsibility for the development and maintenance of the internal control framework;

- comments made by the College's auditors in their management letters and other reports.

The Accounting Officer had been advised on the implications of the result of his review of the effectiveness of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system was in place.

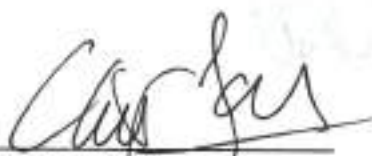
The Accounting Officer and Senior Leadership Team received reports setting out key performance and risk indicators and considered possible control issues brought to their attention by early warning mechanisms, which were embedded within the departments.

Based on the advice of the Accounting Officer, the Corporation was of the opinion that the College had an adequate and effective framework for governance, risk management and control, and had 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

Bracknell & Wokingham college no longer exists following its merger with Activate Learning on 10 January 2019 and for this reason the going concern basis has not been adopted in preparing the financial statements. No adjustment has been made with regard to this.

Approved by order of the Members of Activate Learning Corporation on 15th July 2019 and signed on its behalf by:


Chris Jones, Chairman
Activate Learning
Sally Dicketts, Group Chief Executive
Activate Learning

Governing Body's statement of the College's regularity, propriety and compliance with Funding body terms and conditions of funding

The Activate Learning Corporation has considered its responsibility to notify the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding under the Bracknell & Wokingham College's financial memorandum. As part of our consideration we have had due regard to the requirements of the financial memorandum.

We confirm, on behalf of the Corporation of Activate Learning in respect of Bracknell & Wokingham College, 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 financial memorandum.

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.



Chris Jones, Chairman
Activate Learning



Sally Dicketts, Group Chief Executive
Activate Learning

Statement of the responsibilities of the members of the Corporation

The members of the Corporation are required to present audited financial statements for each financial year. Following the dissolution of the College, Activate Learning are presenting these financial statements for Bracknell & Wokingham College.

The law applicable to charities in England and the terms and conditions of the Financial Memorandum between the Education & Skills Funding Agency and the Corporation of the College, requires the corporation of the College to prepare financial statements and Operating and Financial Review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions the annual Accounts Direction issued by the Education & Skills Funding Agency, and in accordance with United Kingdom Generally Accepted Accounting Practice which give a true and fair view of the state of affairs of the College and of the College's 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and enable it to ensure that the financial statements are prepared in accordance with the Charities Act of 2011 and other relevant accounting standards. It is responsible for taking steps 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 Education & 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 Education & Skills Funding Agency and any other conditions that may be prescribed from time to time.

Approved by order of the members of Activate Learning Corporation on 15th July 2019 and signed on its behalf by:



Chris Jones, Chairman
Activate Learning

Independent auditor's report to the Corporation of Activate Learning in respect of Bracknell & Wokingham College

Opinion

We have audited the financial statements of Bracknell and Wokingham College (the "College") for the period ended 9 January 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in reserves, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 9 January 2019 and of the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Emphasis of matter - non-going concern basis of accounting

We draw attention to note 1 of the financial statements which describes the preparation of the financial statements on a non-going concern basis. As described in note 1, the College merged with Activate Learning on 10 January 2019 and its activities, assets and liabilities were transferred to Activate Learning. The financial statements for the period ended 9 January 2019 have been drawn up on a basis other than that of going concern. There have been no adjustments made as a result of preparing the financial statements on a non-going concern basis of accounting. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2017 to 2018 issued by the Education and Skills 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.

Responsibilities of the Corporation Activate Learning in respect of Bracknell & Wokingham College

As explained more fully in the Statement of the Corporation's Responsibilities (set out on page 22 of this report), the Corporation of Activate Learning in respect of the College is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Corporation of Activate Learning in respect of the College, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 8th April 2019. Our audit work has been undertaken so that we might state to the Corporation of Activate Learning in respect of the College, as a body, those matters we are engaged 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.

RSM UK AUDIT LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date:

Bracknell and Wokingham College
Statement of Comprehensive Income
for the period ended 9th January 2019

		2019	Restated Year to 31st July 2018
	Notes	£'000	£'000
INCOME			
Funding body grants	2	3,531	8,083
Tuition fees and education contracts	3	668	2,671
Other grants and contracts	4	62	155
Other income	5	76	278
Total income		4,337	11,187
EXPENDITURE			
Staff costs	6	3,193	8,143
Restructuring costs	6	1	143
Other operating expenses	7	937	2,147
Depreciation	9	699	1,553
Interest and other finance costs	8	1,577	682
Total expenditure		6,407	12,668
Deficit before other gains and losses		(2,070)	(1,481)
Gain on disposal of assets	7	-	3,739
(Deficit) / Surplus before tax		(2,070)	2,258
Taxation		-	-
(Deficit) / Surplus for the period		(2,070)	2,258
Actuarial (loss)/gain in respect of pensions schemes	18	(13)	1,818
Total Comprehensive Income for the period		(2,083)	4,076

Bracknell and Wokingham College
Statement of Changes in Reserves
for the period ended 9th January 2019

	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
Balance at 1st August 2017	(10,277)	1,009	(9,268)
Prior Year Adjustment (note 22)	(974)		(974)
Surplus from the income and expenditure account	2,258	-	2,258
Other comprehensive income	1,818	-	1,818
Transfers between revaluation and income and expenditure reserves	134	(134)	-
Total comprehensive income for the year	3,236	(134)	3,102
Balance at 31st July 2018	(7,041)	875	(6,166)
Deficit from the income and expenditure account	(2,070)	-	(2,070)
Other comprehensive income	(13)	-	(13)
Total comprehensive income for the period	(2,083)	-	(2,083)
Balance to 9th January 2019	(9,124)	875	(8,249)

Bracknell and Wokingham College
Balance Sheet
for the period ended 9th January 2019

	Notes	2019 £'000	Restated Year to 31st July 2018 £'000
Fixed assets			
Tangible fixed assets	9	26,136	26,786
		<u>26,136</u>	<u>26,786</u>
Current assets			
Trade and other receivables	10	1,145	2,283
Cash at bank and in hand	15	-	63
		<u>1,145</u>	<u>2,346</u>
Less: Creditors amounts falling due within one year	11	(4,005)	(3,229)
Net current liabilities		<u>(2,860)</u>	<u>(883)</u>
Total assets less current liabilities		23,276	25,903
Less: Creditors amounts falling due after more than one year	12	(20,664)	(21,462)
Provisions			
Defined benefit pensions obligations	14	(10,861)	(10,607)
Total net liabilities		<u>(8,249)</u>	<u>(6,166)</u>
Unrestricted reserves			
Income and expenditure account		(9,124)	(7,041)
Revaluation reserve		875	875
Total unrestricted reserves		<u>(8,249)</u>	<u>(6,166)</u>

The financial statements on pages 26 to 51 were approved and authorised for issue by the Activate Learning Corporation on 15th July 2019 and were signed on its behalf on that date by:



Chris Jones
Chair of Corporation
Activate Learning



Sally Dicketts
Accounting Officer
Activate Learning

Bracknell and Wokingham College
Statement of Cash Flows
for the period ended 9th January 2019

	Notes	2019 £'000	Restated Year to 31st July 2018 £'000
Operating Activities			
(Deficit) / Surplus for the period	SOCI	(2,070)	2,258
Adjustment for non cash items			
Depreciation	9	699	1,553
Decrease / (Increase) in debtors	10	1,138	(1,743)
Increase in creditors due within one year	11	614	83
(Decrease) in creditors due after one year	12	(645)	(994)
Pensions costs less contributions payable	18	114	452
Adjustment for investing or financing activities			
Interest payable	8	1,577	682
Profit on sale of fixed assets	7	-	(3,739)
Net cash inflow/(outflow) from operating activities		1,427	(1,448)
Investing Activities			
Proceeds from sale of fixed assets		-	3,888
Payments made to acquire fixed assets	9	(49)	(46)
Cash (outflow)/inflow from investing activities		(49)	3,842
Financing Activities			
Interest paid	8	(1,373)	(328)
Lennartz	8	(72)	(21)
Interest element of finance lease rental payments	8	(5)	(17)
Repayments of amounts borrowed		(160)	(329)
Capital element of finance lease rental payments		(63)	(164)
Cash outflow from financing activities		(1,673)	(859)
(Decrease)/increase in cash and cash equivalents in the period		(295)	1,535
Cash and cash equivalents at beginning of the year	15	63	(1,472)
Cash and cash equivalents at end of the period	15	(232)	63

Notes to the Financial Statements for the Period from 1 August 2018 to 9th January 2019

1 Statement of accounting policies and estimation techniques

The following accounting policies have been applied consistently in dealing with items that 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.

The financial statements are presented in Sterling, which was 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.

These financial statements are prepared for the part-year period 1st August 2018 to 9th January 2019, the date of dissolution of Bracknell and Wokingham College. As such, figures for the prior year will not be comparable as they were compiled on a full financial year from 1st August 2017 to 31st July 2018.

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 for certain non current assets.

Going concern

The College had a deficit before other gains and losses for the period of £2.070m (£1.481m deficit at 31st July 2018). The period deficit includes £1.253m of fixed rate break costs on the long term loan, £241k deficit of FRS102 Pensions adjustments and a £72k Lennartz balance sheet correction, leaving a residual operating deficit for the period of £0.503m.

Following a protracted period of inadequate financial health and an FE Commissioner led Structure and Prospects Appraisal, Activate Learning and Bracknell and Wokingham College Corporations agreed to merge. The merger allows the continuation of quality Teaching, Learning and Assessment on the Bracknell campus whilst protecting the College ethos and ensuring the best possible education for our current and future learners.

The merger completed at 00:01am on 10th January 2019. At this time Bracknell and Wokingham College dissolved as a legal entity and all of its trade, assets and liabilities transferred to Activate Learning at their carrying value.

For this reason, the financial statements have been prepared on a basis other than Going Concern. No material adjustments arise as a result of ceasing to apply the Going Concern basis of accounting.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account.

Income from grants, contracts and other services rendered are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital grant funding

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

Fee Income

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

Agency Arrangements

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

Accounting for post-employment benefits

Teachers Pension Scheme (TPS)

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 schemes, which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets for the LGPS are measured using closing fair values. 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 shown in other recognised interest and other finance costs.

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

Short term employment benefits

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

Termination benefits

The best estimate of the expenditure required to settle an obligation for termination benefits was recognised immediately as an expense when the College was committed to terminate the employment of an employee or to provide termination benefits.

Non-current Assets - Tangible fixed assets

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

Where parts of a fixed asset have different useful lives they are accounted for as separate items.

Land and buildings

Land and buildings inherited from the County Council in 1993 are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve.

Building improvements made since incorporation are included in the balance sheet at cost.

Freehold land is not depreciated as it is considered to have an infinite useful life.

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

- | | |
|-------------------------|----------|
| • buildings | 30 years |
| • building improvements | 10 years |

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

A review for impairment of a fixed asset was carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in comprehensive income.

On adoption of FRS102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996 as deemed costs but not to adopt a policy of revaluation of these properties in the future.

Subsequent Expenditure on Existing Fixed Assets

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

Equipment

Equipment costing less than £1,000 per item was written off to the income and expenditure account in the period of acquisition. All other equipment was capitalised at cost.

Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the College, and is now fully depreciated. All other equipment is depreciated on a straight line basis over 5 years.

When equipment was acquired with the aid of specific grants, it was capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account within creditors and released to the income and expenditure account over the expected useful economic life of the related equipment. The deferred income is allocated between creditors due within one year and those due after more than one year.

Leased Assets

Operating Lease costs are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

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

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

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

Cash and Cash equivalents

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value, normally with a maturity of less than 3 months.

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 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 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.

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.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Taxation

The College was 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 section 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

Critical accounting judgements and critical areas of judgement

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- The college merged with Activate Learning on 10th January 2019. For this reason, the financial statements have been prepared on a basis other than Going Concern.

Critical accounting estimates and assumptions

Tangible fixed assets

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

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, 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 9th January 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.

Bracknell and Wokingham College Notes to the Accounts (continued)

2 Funding Body Grants	2019 £'000	Restated 2018 £'000
Recurrent grants		
Education Skills Funding Agency - 16-18	2,161	4,832
Education Skills Funding Agency - Apprenticeships	627	1,273
Education Skills Funding Agency - Adult	333	1,054
Release of government capital grants	410	924
Total	3,531	8,083
3 Tuition fees and education contracts		
	2019 £'000	2018 £'000
SFA Co Funded Income	214	357
Adult and Community Learning Course Fees	62	214
Full Cost Fee Income	231	1,071
24+ Loan Income	36	207
Local Authority Education Contracts (High Needs / Community Learning)	125	822
Total	668	2,671
4 Other Grants and Contracts		
	2019 £'000	2018 £'000
Other grants and contracts	62	155
Total	62	155
5 Other Income		
	2019 £'000	2018 £'000
Other income generating activities	76	278
Total	76	278

Bracknell and Wokingham College Notes to the Accounts (continued)

6 Staff Costs and Key Management Personnel

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

	2019 No.	2018 No.
Teaching staff	82	86
Non-teaching staff	<u>100</u>	<u>106</u>
	<u>182</u>	<u>192</u>

Staff costs for the above persons

	2019 £'000	2018 £'000
Wages and salaries	2,428	6,024
Social security costs	187	495
Other pension costs (including FRS102 of £114k)	<u>578</u>	<u>1,624</u>
Payroll sub total	3,193	8,143
Restructuring Costs - contractual	<u>1</u>	<u>143</u>
	<u>3,194</u>	<u>8,286</u>

No salary sacrifice arrangements were in place during the year.

No amount due to key management personnel was waived in the period to 9th January 2019.

Restructuring costs were approved in line with the College's financial regulations.

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 Colleges Senior Leadership Team which comprises the Head of Campus, the Vice Principal for Curriculum and Quality, the Director of Finance and the Head of Human Resources. Staff costs include compensation paid to key management personnel for loss of office.

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

	2019 No.	2018 No.
The number of key management personnel including the Accounting Officer was:	<u>4</u>	<u>4</u>

Bracknell and Wokingham College Notes to the Accounts (continued)

6 Staff Costs (Continued)

Key management personnel

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

	2019 No.	2018 No.
£40,001 to £45,000 p.a.	1	1
£55,001 to £60,000 p.a.	2	0
£60,001 to £65,000 p.a.	0	2
£135,001 to £140,000 p.a.	0	1
	<u>3</u>	<u>4</u>

Key management personnel emoluments are made up as follows:

	2019 £'000	2018 £'000
Salaries	72	302
Employers National Insurance Contributions	8	37
	<u>80</u>	<u>339</u>
Pension contributions	14	58
Total emoluments	<u>94</u>	<u>397</u>

The above emoluments include amounts payable to the highest paid officer (who for the year ended 31st July 2018 was also the Accounting Officer) of:

	2019 £'000	2018 £'000
Salaries	25	137
Employers National Insurance Contributions	3	18
Benefits in kind	-	-
	<u>28</u>	<u>155</u>
Pension contributions	6	26
Total emoluments	<u>34</u>	<u>181</u>

Compensation for loss of office paid to former key management personnel

	2019 £	2018 £
Compensation paid to the former post-holder - contractual	-	33,974
Estimated value of other benefits,	-	31,823
	<u>-</u>	<u>65,797</u>

In 2017/18 one member of Key Management Personnel received compensation for loss of office.

The severance payment was approved by the College's Corporation.

In 2018/19 the office of Accounting Officer was held by an employee of Activate Learning and charged to the College as a service (£27,948).

The Accounting Officer and other staff members only received remuneration in respect of services they provide in their roles as staff under contracts of employment. They did not receive remuneration in respect of any governor role they fulfilled.

Members of the Corporation other than the Accounting Officer and the staff governors did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties (see Note 19).

Bracknell and Wokingham College Notes to the Accounts (continued)

7 Other Operating Expenses

	2019 £'000	2018 £'000
Teaching costs	171	388
Teaching Support	25	27
Other Support	30	50
Admin and Central Services	264	677
General Education	130	335
Premises (Running Expenses)	195	432
Premises (Rent and Leases)	39	72
Planned Maintenance	83	164
Catering	-	2
Total	937	2,147

(Deficit)/surplus before taxation is stated after charging/(crediting)

	2019 £'000	2018 £'000
Auditors' remuneration:		
- Financial statements audit	23	20
- Audit Assurance Work	-	12
 - Gain on disposal of Fixed Assets	-	(3,739)
- Hire of assets under operating leases	13	18

8 Interest Payable

	2019 £'000	2018 £'000
On bank loans, overdrafts and other loans:		
- Repayable within five years, by instalments	1	34
- Repayable wholly or partly in more than five years	1,372	294
	1,373	328
 On finance leases	5	17
Lennartz Interest	72	21
Pension finance costs (note 18)	127	316
Total	1,577	682

Bracknell and Wokingham College Notes to the Accounts (continued)

9 Tangible fixed assets

	Land and buildings Freehold £'000	Vehicles £'000	Equipment £'000	Total £'000
Cost or valuation				
At 1 August 2018	40,107	47	5,698	45,852
Additions	8	-	41	49
Disposals	-	-	(26)	(26)
At 9th January 2019	40,115	47	5,713	45,875
Depreciation				
At 1 August 2018	14,045	28	4,993	19,066
Charge for the period	536	3	160	699
Elimination in respect of disposals	-	-	(26)	(26)
At 9th January 2019	14,581	31	5,127	19,739
Net book value at 9th January 2019	25,534	16	586	26,136
Net book value at 31 July 2018	26,062	19	705	26,786

Land and buildings with a net book value of £17.433m (£17.844m in 2017/18) have been financed by exchequer funds through receipt of capital grants. Should these assets be sold the College may be liable, under the terms of the Financial Memorandum with the funding body, to surrender the proceeds.

The net book value of equipment includes an amount of £253,000 (£355,000 in 2017/18) in respect of assets held under finance leases. The depreciation charge on these assets to 9/01/2019 £39,000 (£164,000 in 2017/18).

Bracknell and Wokingham College Notes to the Accounts (continued)

10 Trade and Other receivables

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade receivables	184	138
Prepayments and accrued income	344	245
Other Debtors - Barclays Security Realisation Account	618	1,900
Total	1,146	2,283

The College holds a £618,000 cash account with Barclays Bank. This cash is a portion of the capital receipt from the sale of its Wick Hill site in April 2018. The College agreed to use these funds to provide cash security for Barclays Bank against its 22 year fixed rate loan, in replacement for the charge that the bank previously held against that site. The reduction since 2018 is as a result of a Corporation decision to break the fixed rate on the long term loan and repay £1.253m of break costs prior to the merger with Activate Learning.

11 Creditors: amounts falling due within one year

	2019 £'000	Restated 2018 £'000
Bank loans and overdrafts	481	300
Obligations under finance leases	115	134
Payments received in advance	843	400
Trade Payables	94	11
Other taxation and social security	10	120
Accruals and deferred income	73	285
Deferred Income - Government Capital Grants	924	924
Other Creditors	534	334
Amount owed to funding body	298	395
Lennartz Creditor	633	326
Total	4,005	3,229

12 Creditors: amounts falling due after one year

	2019 £'000	Restated 2018 £'000
Bank loans	4,048	4,157
Obligations under finance leases	107	151
Deferred Income - Government Capital Grants	16,509	16,919
Lennartz Creditor	-	235
Total	20,664	21,462

Bracknell and Wokingham College Notes to the Accounts (continued)

13 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2019 £'000	2018 £'000
In one year or less	481	300
Between one and two years	226	220
Between two and five years	758	739
In five years or more	3,064	3,198
Total	4,529	4,457

All the facilities described below were held with Barclays Bank Plc.

Bank Overdraft (up to £2m) was repayable on written demand and charged at 2.25% above base rate.

22 year bank loan at 1.5% above LIBOR, repayable by installments falling due between September 1st 2010 and September 1st 2032 totaling £5.6m.

5 year variable interest bank loan at 2.5% above base rate, repayable by installments falling due between April 1st 2014 and 31st March 2019 totaling £0.654m.

Barclays Bank Plc held a Legal Charge on the College's Church Road and Waingels sites against the liabilities described above. The carrying value of the Church Road Site at 9th January 2019 was £24.555m.

Barclays Bank Plc also held a £618,000 cash security realisation account.

(b) Finance leases

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

	2019 £'000	2018 £'000
In one year or less	115	134
Between two and five years	107	151
Total	222	285

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

Bracknell and Wokingham College Notes to the Accounts (continued)

14 Provisions

	Defined benefit Obligations £'000	Total £'000
At 1 August 2018	10,607	10,607
Expenditure in the period	(262)	(262)
Transferred from income and expenditure account	516	516
	<u>10,861</u>	<u>10,861</u>
At 9th January 2019	<u>10,861</u>	<u>10,861</u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 18.

15 Cash and Cash Equivalents

	At 1 August 2018 £'000	Cash flows £'000	At 9th Jan 2019 £'000
Cash and cash equivalents	63	(63)	-
Overdrafts	-	(232)	(232)
Total	<u>63</u>	<u>(295)</u>	<u>(232)</u>

16 Commitments under operating Leases

At the period end the college had the following total minimum payments under non-cancellable operating leases.

	2019 £'000	2018 £'000
Not Later than one year	14	12
Later than one year and not later than five years	8	10
Total	<u>22</u>	<u>22</u>

17 Events after the reporting period

At 00:01 on 10th January 2019 Bracknell and Wokingham College Corporation dissolved and its property rights and liabilities transferred immediately to Activate Learning in accordance with section 27B of the Further and Higher Education Act 1992.

Bracknell and Wokingham College Notes to the Accounts (continued)

18 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Royal County of Berkshire Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by The Royal Borough of Windsor and Maidenhead. Both are multi-employer defined-benefit plans.

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

Total pension cost for the period	2019		2018	
	£'000	£'000	£'000	£'000
Teachers Pension Scheme: contributions paid		202		515
Local Government Pension Scheme:				
- Contributions paid	262		657	
- FRS 102 (28) charge	114		452	
Charge to the Statement of Comprehensive Income		376		1,109
Total Pension Cost for the period		578		1,624

Contributions amounting to £38,020 (2018: £127,672) were payable to the schemes and are included in creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

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

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

Bracknell and Wokingham College Notes to the Accounts (continued)

18 Defined benefit obligations (continued)

Valuation of the Teachers' Pension Scheme

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

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191.5 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay;
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fees), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2017 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS to 9th January 2019 amounted to £203,000 (2018: £515,000)

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

Bracknell and Wokingham College Notes to the Accounts (continued)

18 Defined benefit obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by The Royal Borough of Windsor and Maidenhead. The total contribution made to 9th January 2019 was £322,000, of which employer's contributions totalled £262,000 and employees' contributions totalled £60,000. The agreed contribution rates for 2018/19 are; 26.3% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 9th January 2019 by a qualified independent actuary.

	At 9th January 2019	At 31 July 2018
Rate of increase in salaries	3.95%	3.85%
Future pensions increases	2.45%	2.35%
Discount rate for scheme liabilities	2.75%	2.65%
Inflation assumption (CPI)	2.45%	2.35%

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

	At 9th January 2019 years	At 31st July 2018 years
<i>Retiring today</i>		
Males	23.1	23.1
Females	25.2	25.2
<i>Retiring in 20 years</i>		
Males	25.4	25.3
Females	27.6	27.5

Bracknell and Wokingham College Notes to the Accounts (continued)

18 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	Fair Value at 9th Jan 2019	Fair Value at 31 July 2018
	£'000	£'000
Equities	5,662	5,582
Cash	1,786	1,764
Bonds	1,812	1,776
Property	1,654	1,638
Target Return Portfolio	490	478
Longevity Insurance	(366)	(361)
Commodities	227	215
Infrastructure	810	792
Total market value of assets	12,075	11,884
Actual return on plan assets	128	818

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

	2019	2018
	£'000	£'000
Fair value of plan assets	12,075	11,884
Present value of plan liabilities	(22,936)	(22,491)
Net pensions Liability	(10,861)	(10,607)

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

	2019	2018
	£'000	£'000
Amounts included in staff costs		
Current service cost	376	1042
Past Service Cost	-	67
	376	1,109

Interest Payable

Expected return on pension scheme assets	(138)	(284)
Administration Costs	5	10
Interest on pension liabilities	260	590
	127	316

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	(10)	534
Other actuarial losses	-	411
Changes in assumptions underlying the present value of plan liabilities	(3)	873
	(13)	1,818

Bracknell and Wokingham College Notes to the Accounts (continued)

18 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movement in net defined liability during the period	2019 £'000	2018 £'000
Deficit in scheme at 1 August	(10,607)	(11,657)
Movement in year:		
Current service cost	(376)	(1,109)
Employer contributions	262	657
Net interest on the defined (liability)/asset	(127)	(316)
Actuarial gain or loss	(13)	1,818
Net defined liability at period end	(10,861)	(10,607)

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations	2019 £'000	2018 £'000
Defined benefit obligations at start of period	22,491	22,047
Current Service cost	376	1,042
Interest cost	260	590
Changes in financial assumptions	3	(873)
Estimated benefits paid	(254)	(546)
Past Service costs, including curtailments	-	67
Contributions by Scheme participants	60	164
Defined benefit obligations at end of period	22,936	22,491

Reconciliation of Assets	2019 £'000	2018 £'000
Fair value of plan assets at start of period	11,884	10,390
Interest on plan assets	138	284
Return on plan assets	(10)	534
Other actuarial gains losses	-	411
Administration Costs	(5)	(10)
Employer contributions	262	657
Contributions by Scheme participants	60	164
Estimated benefits paid	(254)	(546)
Assets at end of period	12,075	11,884

Bracknell and Wokingham College Notes to the Accounts (continued)

19 Related party transactions

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

The college is carrying a creditor of £27,948 with Activate Learning.

The total expenses paid to or on behalf of the Governors to 9th January 2019 was £0 (£99 in 2018/19). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor and other meetings in their official capacity. No Governor has received any remuneration or waived payments from the College during the year (£0 in 2018/19).

20 Amounts disbursed as agent

	2019 £'000	2018 £'000
Learner support funds		
Funding body grants – bursary support	92	166
Total Income	92	166
Disbursed to students	(29)	(97)
Administration costs	-	(4)
Clawback of Advanced Learner Loan Bursary Fund	(39)	-
Advanced Learner Loan Area Uplift	(27)	-
Total Expenditure	(95)	(101)
Movement in Year	(3)	65
Balance Brought Forward	217	152
Balance unspent at period end	214	217

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

21 Financial Instruments

	2019 £'000	2018 £'000
Financial Assets		
Financial assets measured at amortised cost	1,042	2,183
	1,042	2,183
Financial Liabilities		
Financial liabilities measured at amortised cost	5,642	5,767
	5,642	5,767

Financial assets measured at amortised cost comprise trade debtors, accrued income and cash held by Barclays bank as Security against the fixed rate loan.

Financial liabilities measured at amortised cost comprise trade creditors accruals, amounts owed to the funding body, bank loans and finance leases.

Bracknell and Wokingham College Notes to the Accounts (continued)

22 Prior Year Adjustments

An accounting error was identified in the current period in respect of the accounting for the release of income from the deferred capital grant. The release of deferred capital grant in the year ended 31 July 2018 was overstated by £67k and deferred capital grant creditor as at 31 July 2018 was understated by £1,041k.

Consolidated statement of comprehensive income and expenditure (extract)	2018	2018	2018
	Originally presented £'000	Adjustment to prior year £'000	As restated £'000
Income			
Funding body grants	8,150	(67)	8,083
Total income	11,254	(67)	11,187
Total comprehensive income	4,143	(67)	4,076

Balance sheet (extract)	2018	2018	2018
	Originally presented £'000	Adjustment to prior year £'000	As restated £'000
Creditors: amounts falling due within one year	(3,296)	67	(3,229)
Net current liabilities	(950)	67	(883)
Total assets less liabilities			
Creditors: amounts falling due after more than one year	(20,354)	(1,108)	(21,462)
Total net liabilities	(5,125)	(1,041)	(6,166)

The adjustments are as follows:

A - Correction of the release of deferred capital grants. The release of deferred capital grants in the statement of comprehensive income was overstated by £67k.

B - Adjustment required to the deferred capital grant to align with the net book value of the related assets and correction of the ageing.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF ACTIVATE LEARNING IN RESPECT OF BRACKNELL & WOKINGHAM COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 8 April 2019 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Bracknell & Wokingham College during the period 1 August 2018 to 9 January 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 9 January 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the "ACoP") issued by the ESFA. 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 ESFA has other assurance arrangements in place.

We are independent of the Bracknell & Wokingham College in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion

Responsibilities of the Corporation of Activate Learning in respect of Bracknell & Wokingham College for regularity

The Corporation of Activate Learning in respect of Bracknell & Wokingham College is responsible, under the grant funding agreements and contracts with the ESFA and 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. The Corporation of Activate Learning in respect of Bracknell & Wokingham College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

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 ACoP.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 9 January 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to the Corporation of Activate Learning in respect of Bracknell & Wokingham College and the Secretary of State for Education acting through the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Activate Learning in respect of Bracknell & Wokingham College and the Secretary of State for Education acting through the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of Activate Learning in respect of Bracknell & Wokingham College and the Secretary of State for Education acting through the ESFA for our work, for this report, or for the conclusion we have formed.

RSM UK AUDIT LLP
Chartered Accountants
25 Farringdon Street
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Date: