

Transforming Education in Norfolk



**Transforming Education in Norfolk  
Annual Report and Consolidated Accounts for the  
Year Ended 31 August 2019**

**A company limited by guarantee, registered in England & Wales**

**Company number: 08070464**

**Charity registration number: 1148753**

## Transforming Education in Norfolk

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## Transforming Education in Norfolk

### **Statutory and Administrative Details**

#### **Members of the Board of Trustees**

Mrs S Guest (Chairman)  
Mr J Fry  
Mr C Maw  
Mr A Barnes (appointed 15/10/2018)  
Mrs J Leeder (appointed 15/10/2018)  
Mr S Griffiths (appointed on 17/12/2018)  
Mr R Proctor

#### **Registered Office**

c/o City College Norwich  
Ipswich Road  
Norwich  
NR2 2LJ

#### **Company Number**

08070464

#### **Charity Registration Number**

1148753

#### **Bankers**

Lloyds Bank PLC  
16 Gentleman's Walk  
Norwich  
NR2 1LZ

#### **Solicitors**

Mills & Reeve LLP  
1 St James Court  
Whitefriars  
Norwich  
NR3 1RU

#### **Independent Auditors**

KPMG LLP  
Dragonfly House  
2 Gilders Way  
Norwich  
NR3 1UB

## **Trustees' Report for the Year Ended 31 August 2019**

The Trustees present their report and the audited consolidated financial statements for Transforming Education in Norfolk Group entities for the year ended 31 August 2019.

The financial statements have been prepared in accordance with the requirements of the Companies Act 2006, the applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice ('SORP 2015') 'Accounting and Reporting by Charities', and the Charities Act 2011.

### **Structure, Governance and Management**

#### **Constitution**

TEN Group is established as a charitable company limited by guarantee, with its affairs governed by its Memorandum and Articles of Association dated 16 May 2012 and amendments thereto. TEN Group is registered in England and Wales, company number 08070464, and registered with the Charity Commission under charity number 1148753.

#### **Members' Liability**

The liability of the members in the event of the company being wound up is limited to a sum not exceeding £10.

#### **Trustees' Indemnity**

In accordance with the constitutional requirements of each entity, the TEN Group has put in place insurance for directors/governors/trustees and officers to be covered individually up to £5 million for:

- any personal liability for breach of trust or duty in their capacity as trustees or holding trustees;
- any negligence, default, breach of duty or breach of trust committed by them while acting as directors or officers of a charitable company, or of any company carrying out activities on behalf of the charity; (this includes "wrongful trading" where the business is carried out by a charitable company, or where the business is carried out by a company on behalf of the charity).

#### **Organisational Structure**

The parent company of the TEN Group is the registered charity, Transforming Education in Norfolk (TEN). TEN's Board of Trustees play a key role in setting the strategy for the Group and co-ordinates inter-institutional activities, standards and targets, as well as setting Group policies.

For 2018-19, the educational providers in the Group consisted of:

- City College Norwich (CCN), a further and higher education corporation, managed by a Board of Governors.
- Norfolk Academies, a multi academy trust (a company limited by guarantee) managed by a Board of Directors and responsible for Wayland Academy Norfolk (WAN), Fakenham Academy Norfolk (FAN), Attleborough Academy Norfolk (AAN) and Wayland Junior Academy Watton (WJAW). Individual academies each have a local Academy Council (AC) in place, which collectively act in an advisory capacity to the Norfolk Academies Board. However, following the year end, from 1 April 2020, WAN and WJAW transferred from Norfolk Academies to Inspiration Trust and Corvus Education Trust respectively.
- Norfolk University Technical College (UTCN), an academy trust (a company limited by guarantee), managed by a Board of Governors. From 1 September 2019, UTCN left the Group and became a stand-alone Trust.

In addition to the educational providers above, the Group consists of:

- Norfolk Educational Services Limited (NES), a company limited by shares, providing shared services within the Group, and managed by a Board of Directors.
- TEN Commercial Services Limited (TCS), a company limited by shares, providing services for customers outside of the group, and managed by a Board of Directors. TCS is currently not trading and is dormant.

## **Trustees' Report for the Year Ended 31 August 2019**

### **Structure, Governance and Management (cont)**

#### **Appointments**

The TEN Board is responsible for appointing the majority of directors/governors/trustees to the Boards of the individual entities within the Group. As part of its overall responsibility for the governance of the Group, the TEN Board aims to achieve an appropriate balance of skills, experience, independence and knowledge to enable directors/governors/trustees and their individual Boards to discharge their respective duties and responsibilities effectively.

In making appointments, the TEN Group seeks to embody diversity in its widest sense, strengthening decision making by bringing a broad range of backgrounds and perspectives to the governance of the Group.

Since 11 December 2017 the search function for all new members of individual Boards within the Group has been led by the individual Chairs of the entities within the Group. Formal approval for the appointments is subsequently made by the TEN Board.

All prospective new Board appointees were interviewed by (at least) the Chairman of the relevant individual Boards in the Group. Appointments to Boards follow carefully the formal requirements of constitutions (Articles of Association, or Instrument and Articles of Government in the case of CCN).

Once formally appointed, all new appointees are provided with an induction to their Board responsibilities and a familiarisation programme, including visits to sites and meetings with relevant members of management teams.

In addition to appointees, parent and staff members of Boards and Local Governing Bodies of academies are also elected, in accordance with any constitutional requirements of these entities.

#### **Declarations of Interest**

Following on from the statutory requirement to declare interest in proposed transactions or arrangements, a register of interests for every individual Board member of each entity in the Group is maintained and regularly updated. Each Board meeting agenda includes an item requiring individuals to declare any new interests relevant to the business being addressed by the Board.

### **Objectives and Activities**

#### **Objects and Aims**

TEN was established for the public benefit and for general charitable purposes according to the laws of England and Wales, and has the following objects:

- a) to advance, for the public benefit, education and training in Norfolk and elsewhere;
- b) to provide, for the public benefit, the best possible learning opportunities for students.

#### **Objectives and Activities**

The members of the TEN Group are focussed upon improving student success and share the same values of:

- placing the student at the centre of all that we do;
- driving up educational standards and outcomes for our students;
- enhancing the aspiration of our students;
- ensuring that our students are fully prepared for the future and next steps in their chosen careers;
- ensuring that we develop our students into individuals who are resilient and capable of responding to an uncertain future; and
- developing as learning institutions, sharing our best practice with one another and developing the Group so that it becomes more than just the sum of its parts.

### **Trustees' Report for the Year Ended 31 August 2019**

The TEN Group came together in 2012 as a family of organisations which have agreed to work together with aligned principles and common objectives. First among these is the determination to enhance the aspirations of our students, create learning opportunities which stretch students, drive up standards and offer the right preparation for progression either into further education or work.

We are determined to raise the aspirations and profile of our educational institutions and their performance (including OFSTED gradings) so that our young people are given the best chance to progress onto their next steps. We are focused on the quality improvement agenda for all of our organisations so that all of our students can succeed.

The Group's activities in 2018-19 were concentrated on maximising student outcomes, preparing for and following up on actions and recommendations from OFSTED visits, concluding the due diligence work for the merger of the Easton campus of Easton and Otley College with City College Norwich, undertaking a strategic review to conclude on the future of Norfolk Academies schools and ensuring the smooth transition of Norfolk University Technical College from the Group to become stand-alone. These activities continue alongside our objective of continuously seeking to maintain high standards of governance, risk management and internal control.

The TEN Group's strategy, which was previously agreed in 2015-16, was reviewed and updated by the TEN Board of Trustees during August 2018. The strategy, which is set within the context of TEN's charitable objects, was agreed and formally signed off by the TEN Board in October 2018. In addition, it was also agreed with the Department for Education (DfE).

The main outcome of the latest review of the TEN Group Strategy was the recommendation that Norfolk Academies schools' future interests were best served by considering a move away from the TEN Group and seeking a transfer to an appropriate MAT. The TEN Board's work during 2018-19 has therefore been primarily focused on assisting Norfolk Academies with this matter.

Aside from this specific strategic outcome, the core ambition in the Strategy remains to *raise aspirations*. This means ensuring that our staff challenge and stretch our students, widening their horizons and providing information, advice and guidance as to their opportunities for progression after life at school.

A summary of the year's performance against objectives arising from the strategy is included in the 'achievements and performance' section. The Trustees consider that the activities carried out meet the public benefit requirement of the charity:

- the 'benefit aspect' of the activities is demonstrated through the provision of Group standard setting, resourcing and activities benefitting the students throughout the entities in the Group;
- the 'public aspect' of the activities is demonstrated through (i) education provision is open for all to apply within the qualifying provisions of the funds provided and (ii) the engagement of the Group with the communities within which individual entities operate, and with various local, regional and national stakeholders.

## Trustees' Report for the Year Ended 31 August 2019

### Achievement and Performance

#### City College Norwich

The College has continued to perform well on many key performance measures during 2018/19 although a number of alterations to curriculum delivery arrangements have altered performance on key metrics. The College's self-assessment for 2018/19 retained a "good" overall effectiveness grade and has utilised the new Ofsted Education Inspection Framework (EIF) in reaching this judgment. The EIF alters the focus for self-assessment in a number of areas and the College has worked hard to apply the new framework retrospectively to the 2018/19 provision in order to develop an impactful Quality Improvement Plan. In May 2019, Ofsted visited the College to complete a monitoring visit primarily as a result of the merger with Paston College in December 2017. The purpose of the monitoring visit was to investigate the progress made in establishing shared systems, and in maintaining or improving the previously high standard of education on offer. The College achieved a "significant progress" judgement, (the highest possible rating) on 3 of the 4 themes that were reviewed, and a "reasonable progress" judgment on the 4<sup>th</sup>:

Theme	Judgement
What progress have leaders, managers and governors made in establishing a shared vision, mission and values, and in creating a culture of high expectations?	Significant progress
What progress have leaders made in maintaining and developing a curriculum that meets the needs and aspirations of the communities it serves, and to what extent has this curriculum been effectively implemented by managers and teachers?	Significant progress
What progress have leaders made in combining the good quality assurance arrangements of the precursor colleges into a coherent and effective model for the merged college, and to what extent has this ensured that the previous good standards of teaching, learning and assessment have been maintained?	Significant progress
What progress have managers and staff made in ensuring that all learners and apprentices are helped to develop their knowledge and understanding of living and working in modern Britain?	Reasonable Progress

Headline achievement rates for 16-18 year olds have decreased in 2018/19 to 82.1% but this was in part expected due to some planned curriculum changes. The growth of 2 year duration learning aims (mainly driven by A level reform) which rose from being 5% of our offer in 2017/18 to over 11% in 2018/19 also had a depressing effect on headline achievement rates with A Level achievement rates declining by 1.5%, despite strong high grade performance.

For 19+ provision, a small 2.8% decrease in overall achievement rates was driven by decreases in Functional Skills achievement rates and lower achievement in GCSE maths and English. Parts of our Adult provision remains key areas for focused attention.

In 2018/19 HE student achievements remain at satisfactory levels. Despite significant national attention being paid to "grade inflation" within the HE sector, the College has maintained a strong and acceptable level of students achieving the highest grades. The College has further developed its detailed analysis of the performance of different groups of students to target interventions and improve the outcomes of under-represented groups such as our BAME students.

Within Apprenticeship provision, 2018/19 has been a year of challenge leading to lower than targeted outcomes. Some factors including continued staff availability in key curriculum areas such as construction have negatively impacted on the timely achievement of apprentices. Outcomes are likely to be comparable with national average levels, but require continued focus in 2019/20 especially as we move to the new End Point Assessment methodology associated with Apprenticeship Standards.

The Norfolk Teacher Training Centre (NTTC) celebrated the successful completion of its largest ever cohort of students in 2018/19 when 42 students completed their training as secondary school teachers.

## **Trustees' Report for the Year Ended 31 August 2019**

### **Achievement and Performance (cont)**

#### **Norfolk Academies**

During 2018-19, the Norfolk Academies Board undertook a strategic review which concluded that the future of Norfolk Academies schools could best be secured through merger with another Multi-Academy Trust (MAT). Work to identify an appropriate MAT with which to merger continued through 2018-19. Refer to page 12 "Events Since August 2019 and Future Plans" for details of the conclusion of this review.

Furthermore, during the year Norfolk Academies undertook a service review - one outcome of this was a reduction in the level of services required from NES with effect from 1 September 2019. Notice was also given on Norfolk Academies contract with NES which would come into effect from November 2020.

In relation to academic performance and achievements, overall Norfolk Academies has made significant improvements in almost all areas at KS4 including Progress 8. For KS4, this is the best ever set of results for Norfolk Academies. Of particular note, are the following improvements:

- Progress 8;
- English progress;
- Maths progress;
- Ebacc Progress; and
- Disadvantaged Maths Progress

The Norfolk Academies Sixth Forms have shown a consistency over the last 3 years for all Attainment KPI measures. Progress at A Level and academic shows a steady 3 year improving trend. Attleborough Academy Norfolk and Fakenham Academy Norfolk have both improved on their 2018 results for Attainment and Progress. Overall Norfolk Academies has made improvements on 2018 with Fakenham Academy Norfolk in line with National Attainment.

Wayland Junior Academy (WJAW) are still below 2017-2018 Nationals in all KPI areas for both Attainment and Progress. Since the introduction of Scaled Scores WJAW has been below National with 2016-2017 showing a peak and improvements on 2015-2016, however 2017-2018 was a disappointment with results dropping back. Mathematics showed significant improvement in 2018-2019 by 18%.

Progress at Wayland Junior Academy was not sufficient to prevent an adverse Ofsted judgement in 2019, resulting in the school being placed in special measures. This judgement has resulted in the school being transferred to Corvus Education Trust on the 1 April 2020.

#### **Norfolk University Technical College (UTCN)**

This year has seen UTCN graded 'Good' across all areas in its OFSTED inspection of May 2019. The inspection praised both the academic successes and the personal development aspects of UTCN's work. In particular, the inspectors highlighted the employability aspects of its work: *'The careers education, information, advice and guidance provided to pupils is of a very high quality.'* Academic achievements were also praised: *'Pupils now make strong progress across a wide range of subjects.'*

Over the year 2018/2019, the number of students attending open events increased significantly. This culminated in the school role increasing to 339 students after the September 2019 intake, which is a substantial increase from the 262 students on roll earlier in the year. We attribute this to the 'Good' OFSTED grade and the growing awareness in the region of UTCN through the successes of its students. Subsequent to the year end, UTCN left the Group and became a stand-alone Trust.



## **Trustees' Report for the Year Ended 31 August 2019**

### **Norfolk University Technical College (UTCN) continued**

UTCN presented its fifth cohort of students for public examinations at both Key Stage 4 and 5 in the summer of 2019. GCSE and A Level results fell slightly on the prior year performance but engineering results remained strong:

- At Key Stage 4, Basics (GCSE passes at grades 9-5 in both English and Mathematics) was 38%, just slightly below the national average of 39%. Progress 8, based on starting points, was also positive at +0.03 and above the national average of 0.00; and
- At Key Stage 5, A-Level results were disappointing, however, engineering results continued to improve. A-level A\*-C is the academic area that is the focal point for 2020 results. The destinations achieved by Year 13 students remain excellent with the vast majority going on to Apprenticeships or University and no students leaving not in education, employment or training.

### **Norfolk Educational Services**

Notable achievements for the year included supporting City College with the pre-merger phases of the merger of City College Norwich with the Easton campus of Easton & Otley College. NES provided significant legal, financial, HR and IT support to this process and the merger has brought new colleagues/students/locations into the Group.

NES helped support the transfer of University Technical College Norfolk (UTCN) from the TEN Group to a stand-alone Academy Trust following the conclusion of UTCN's options appraisal process. For NES, this meant a full handover and transition of all services to UTCN with effect from the 1 September 2019.

NES assisted Norfolk Academies through a service review - this has led to Norfolk Academies reducing the services procured from NES with effect from 1 September 2019. Significant input from colleagues in NES was required during the latter part of the year to ensure a successful transition of services to the new providers.

Furthermore, NES assisted CCN with its successful Local Enterprise Partnership (LEP) bid for a new Digitech building. The overall build cost is £9.1m and NES has assisted in bidding for funding for £6.1m from the LEP. The NES Director of Estates continues to lead on this proposed build, which commences in January 2020, is due to be completed by Easter 2021 and operationally in use for the academic year from September 2021.

In relation to internal KPIs for 2018-19 the spring KPIs were scored 97% (prior year 88%) good or outstanding rating (i.e. a score of between 5 and 10 on a 10-point scale) and within this 38% (prior year 43%) scored outstanding (a score of 8 to 10 on a 10-point scale).

## **Trustees' Report for the Year Ended 31 August 2019**

### **Financial Review**

Results for the year ended 31 August 2019 are given in the Consolidated Statement of Financial Activities on page 18. The assets and liabilities as at 31 August 2019 are given in the Consolidated Balance Sheets on page 19. The Consolidated Statement of Cash Flows is shown on page 20.

### **Income**

The Group's total incoming resources were £55.3m for 2018-19 (£62.4m for 2017-18). The main movements in income during the year were:

- £2.1m reduction as prior year income included the accounting for the net assets of Paston Sixth Form College at point of merger; and
- A reduction of £4.5m, largely relating to grant income from the DfE/ESFA, as a result of City Academy Norwich (CAN) leaving the TEN Group during 2017-18. No income was therefore received relating to CAN in 2018-19.

Incoming resources for the TEN Charity amounted to £12k (2017-18 £13k).

### **Expenditure**

Total Group resources expended decreased from £61.6m to £60m. Within these totals, the direct costs of educational delivery were down £1.5m and the allocated support costs show a marginal increase on the prior year.

The main movements in expenditure during the year were:

- A reduction in expenditure of £4.4m as a result of CAN leaving the group during 2017-18 and therefore incurring no expenditure during 2018-19;
- A loss on disposal of £1.4m as a result of the surrender of the Fakenham site lease within Norfolk Academies; and
- An increase of £861k in staff costs within City College Norwich due to 2018-19 being the first full year of costs following the Paston merger as well as a small increase in staff numbers since the prior year and increases following a pay award.

Resources expended for the TEN Charity amounted to £15k (2017-18 £17k).

The net expenditure for the Group for the year, before transfers and other recognised gains and losses, was £4,705k (2017-18 net income £747k).

### **Other recognised gains / losses**

The actuarial loss arising from membership of the Local Government Pension Scheme (LGPS) was £15.2m (£9.5m gains in 2017-18). These losses, (prior year: gains), arise from changes in actuarial assumptions and market movements. The Group does not have the ability to control these factors.

### **Balance Sheet**

The Consolidated Group Balance Sheet had £13.1m of net assets at 31 August 2019 (£33.0m at 31 August 2018). The main reason for the decrease is the actuarial loss noted above.

The Balance Sheet included the following key balances:

- Tangible Assets of £52.8m (£55.2m 31 August 2018). This includes the educational estate for each of the entities in the Group (City College Norwich £28m, Norfolk Academies £18.5m, and the Norfolk UTC £6.3m). The main decrease in tangible assets is due to £2.4m depreciation charged in the year and £1.4m disposal as a result of the surrender of the leasehold site at Fakenham Academy.
- Cash balances of £9.3m (£10.0m 31 August 2018).
- FRS 102 defined benefit pension liability of £43.1m (£25.6m 31 August 2018).
- Creditors due after one year £1.7m (£2.0m 31 August 2018), This relates to a bank loan taken out by City College Norwich to fund energy saving capital enhancements at the College.

## **Trustees' Report for the Year Ended 31 August 2019**

### **Financial Review (cont)**

#### **Reserves**

The Consolidated Funds for the Group are as follows:

#### Restricted

- Fixed Asset Funds £42.9m (£45.4m 31 August 2018)
- General Funds £12.7m (£12.5m 31 August 2018)
- Pension Reserve £43.1m deficit (£25.6m deficit 31 August 2018)

#### Unrestricted

- General Funds £0.6m (£0.7m 31 August 2018)

A summary analysis of the main funds is shown in note 20.

The Fixed Asset Restricted Funds are the amounts invested in and required to be invested in fixed assets used by the Group. The main elements are City College Norwich £17.6m, Norfolk Academies £19m and UTC Norfolk £6.3m.

The General Restricted Funds are the reserves for the provision of education and are restricted in their use by each specific educational provider. The elements are City College Norwich £12.7m and Norfolk Academies £0.1m.

The Restricted Pension Fund deficit of £43.1m arises from ongoing membership of the Norfolk CC Local Government Pension Scheme (for eligible non-teaching staff). The main elements are City College Norwich £26.5m, Norfolk Academies £3.6m and NES £12.7m. The deficit is calculated by the appointed actuary to the scheme (Hymans Robertson LLP) and this will be funded from the General Restricted Funds of the relevant educational provider. The employer contributions (including any deficit funding) are calculated and advised by the actuary. See note 30 for further details on Pensions.

The Unrestricted General Funds are reserves that can be used for both capital and revenue expenditure i.e. they are not restricted in their use. The main element is Norfolk Academies £0.6m.

The entities within the Group are reliant on a number of income streams, including central government revenue grants (83% of total charitable activities income, comprising primarily General Annual Grant, FE 16-19 Grant, FE – ESFA Grant and FE – Higher Education Grant), tuition fees (12%) and other income (5%). In relation to Charitable Activities, expenditure is primarily staffing (70%), depreciation (4%), educational supplies, services and support costs (4%), catering/utilities/cleaning/rent/rates /insurance (5%), maintenance (2%), exam fees (3%), plus other (12%).

The main financial sensitivities in the Group are:

- the ongoing availability of Government grant funding;
- student numbers (linking to both grant funding and tuition fees);
- the ability to manage staff costs (balancing both teaching demand and support costs);
- maintaining and running the Group estate; and
- fluctuation in the membership costs of both the Teachers' Pension Scheme and the Norfolk CC Local Government Pension Scheme.

Reserves are held by each entity within the Group to manage financial sensitivities, including those set out above. The use of reserves is considered as part of the annual budgeting cycle and reserves are either planned to increase or to be used/appropriated depending upon the individual budgets that have been set. For 2019-20, City College Norwich, Norfolk Academies and Norfolk University Technical College set break-even budgets. Work remains ongoing to review forecasts and the level of reserves going forward.

### **Trustees' Report for the Year Ended 31 August 2019**

#### **Events Since August 2019 and Future Plans**

From 1 January 2020, Easton and Otley College merged with City College Norwich and Suffolk New College. The Easton campus merged with City College Norwich and the Otley campus merged with Suffolk New College.

Within Norfolk Academies, following Wayland Junior Academy being placed in special measures, it was determined that this school should be transferred to Corvus Education Trust during 2019-20. This transfer took place on the 1 April 2020. Furthermore, Norfolk Academies Board completed its strategic review and concluded that the future of the secondary schools is best secured through movement to other Multi-Academy Trusts – Wayland Academy was therefore transferred to Inspiration Trust on 1 April 2020 and Attleborough and Fakenham Academies will join Sapiientia Education Trust later in 2019-20.

Norfolk UTC left the group and became a stand-alone Trust from 1 September 2019 in preparation for joining Bohunt Education Trust (BET) on 1 September 2020.

All institutions in the Group are targeting improved academic outcomes for their respective students in 2019-20. In addition, as a result of the changes to the group in 2019-20, TEN Board will subsequently re-consider its group strategy and focus.

In addition, specific plans for each institution in the Group for 2019-20 include:

#### **City College Norwich**

- Managing the successful merger of the Easton Campus with City College Norwich and maximise the benefits of the merger on the planning and delivery of the curriculum
- Recruiting for and piloting the new Technical (“T”) levels qualifications which will commence in September 2020. Extensive work is underway to ensure this exciting curriculum development is carefully integrated into the existing course offer. In addition, the College has been asked to pilot the Transition Year offer at Level 2 as part of the wider government reforms of Technical education.
- Commencement of the first major capital project the College has undertaken in the last 4 years - the construction of the new DigiTech Factory building, designed to respond to the growing needs of the curriculum for digital resources. The building is due for completion in spring 2021.

#### **Norfolk Academies**

- Norfolk Academies schools have been/are being transferred to new Trusts during 2019-20. All parties involved will be working closely together to ensure a measured and managed transition.
- Continue the rigorous focus on ensuring progress and academic improvement.
- Managing ongoing financial challenges.

#### **NES**

- Supporting City College Norwich through merger of Easton and Otley College with both City College Norwich and Suffolk New College. Easton and Otley College will split for the merger with the Easton campus forming part of City College Norwich and Otley campus forming part of Suffolk New College.
- Continuing to support City College Norwich as a pilot site for the early adoption of T-Levels and the successful start to the build of the new DigiTech Factory building.
- Collaborating with Norfolk Academies to work towards the transfer of schools to their new Trusts during 2019-20, following which, services provided by NES to these academies will cease.

#### **Principal Risks and Uncertainties**

The TEN Board has an approved Risk Management Policy and the identification and evaluation of key risks that threaten achievement of the TEN Group's objectives are carried out under that Policy. Proportional steps are taken to mitigate the identified risks and a register of these risks including detail of the mitigating action taken, is maintained for the Group.

Each entity within the TEN Group holds and maintains their own Risk Register which incorporates the organisational risks within the entity. The Risk Register lists risks; assesses their impact on a five-point scale: minor, moderate, serious, major and severe; and assesses their likelihood on a five-point scale: unlikely, possible, likely, highly likely and almost certain. The Risk Management Policy sets out the TEN Group appetite for risk and the Risk Register format, including the scoring of impact for each TEN Group entity.

**Trustees' Report for the Year Ended 31 August 2019**

**Principal Risks and Uncertainties (cont)**

The Boards of individual entities are responsible for determining the nature and extent of the significant risks they are willing to take in achieving their strategic objectives, taking regard of the overarching risk appetite as set out by the TEN Board. The Boards are charged with establishing formal and transparent arrangements for considering how they should apply the risk management and internal control principles and monitoring the effectiveness of those systems (again, within the TEN Board set framework). The Risk Registers have been in place during 2018-19 and have been regularly monitored at meetings of the Board of Trustees of TEN as well as at meetings of the governing bodies of the individual Group entities.

The Board has assessed all major risks to which the Group is exposed, in particular those related to the operations and finances of the Group, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

The main current challenges facing the Group are:

- COVID-19 –The TEN Group continues to closely monitor and adhere to all guidance issued by the Government (including Public Health England), the Association of School and College Leaders and the Association of Colleges in relation to the daily operation of our Academy Schools and College campuses during the COVID-19 outbreak.  
Following the Prime Minister's announcements on the 18 March 2020 (Schools and College closures with effect from 20 March 2020 and until further notice) and on the 23 March 2020, the Group enacted the lockdown measures requested by central Government. All Academy Schools and the College have remained opened (as requested) for children of keyworkers and children/students who are vulnerable, and arrangements have been put in place to enable all other staff to work from home. Business continuity procedures have been enacted at all sites to ensure appropriate operational arrangements are put in place and at all times student and staff safety has been prioritised (including the adherence to social distancing guidance).  
The Group has actively participated in the county wide responses coordinated by Norfolk CC and also the national and regional responses by the NHS.  
The Group are aware of the immediate impact this pandemic is having on the educational experiences of our learners and all efforts are being focused on trying to minimise the disruption to learning. This includes increased use of technology to enable online remote learning. The impact of the cancellation of the national exam series for this academic year will be closely monitored by the Principals and Senior Leaders in our Group and again, our collective efforts will be to support learners through these unprecedented times.  
Financially, we are monitoring the impact of COVID-19 and will be guided by the policy announcements by the Department for Education and the ESFA. The Academy schools are funded almost 100% by central Government grant so the financial exposure is limited. Currently the main areas of sensitivity to the College finances are Apprenticeship income, Adult Education delivery and commercial income. Although we anticipate an impact of c£400k on the College finances in 19-20 because of the virus, the College holds sufficient cash reserves to assure Governors and Trustees that the College and the Group remains a going concern.
- Transition of Easton College into City College Norwich. The Easton campus merged with City College Norwich on 1 January 2020. Work will be ongoing throughout 2020-21 to successfully integrate Easton College with City College Norwich; and
- Management of the transfer of Norfolk Academies schools to other multi-academy trusts which is due to take place during 2019-20.

Approved by the Board of Trustees on 18 May 2020 and signed on its behalf by:



.....  
S Guest  
Chairman & Trustee  
18 May 2020

**Statement of Responsibilities of the Trustees of Transforming Education in Norfolk in Respect of the Trustees' Annual Report and the Financial Statements**

Under charity law, the trustees are responsible for preparing a Trustees' Annual Report and financial statements for each financial year which show a true and fair view of the state of affairs of the group and the charity and of the group's and the charity's excess of income over expenditure for that period. The trustees have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed and rules, subject to any material departures disclosed and explained in the financial statements;
- assess the group and the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the charity or to cease operations, or have no realistic alternative but to do so.

The trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Independent Auditor's Report to the Trustees of Transforming Education in Norfolk**

**Independent auditor's report to the Trustees of Transforming Education in Norfolk**

**Opinion**

We have audited the group and charity financial statements of Transforming Education in Norfolk ("the charity") for the year ended 31 August 2019 which comprise the Consolidated Statement of Financial Activities (including Group Income and Expenditure Account), Consolidated and Company Balance Sheets, Consolidated Statements of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charity's affairs as at 31 August 2019 and of the group's and charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

**Basis for opinion**

We have been appointed as auditor under section 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Going concern**

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the charity or to cease their operations, and as they have concluded that the group and charity's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the trustees' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and charity's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the charity will continue in operation.

**Independent Auditor's Report to the Members of Transforming Education in Norfolk (continued)**

**Other information**

The trustees are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

**Matters on which we are required to report by exception**

Under the Charities Act 2011 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

**Trustees' responsibilities**

As explained more fully in their statement set out on page 14, the trustees are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the charity or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).



**Independent Auditor's Report to the Members of Transforming Education in Norfolk  
(continued)**

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the charity's trustees as a body, in accordance with section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

S Beavis

**Stephanie Beavis**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
Dragonfly House  
2 Gilders Way  
Norwich  
Norfolk  
NR3 1UB

Date: 22 May 2020

*KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006*

**Consolidated Statement of Financial Activities (inc Group Income and Expenditure Account)**

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
<b>Income and endowments from:</b>					
Donations and capital grants	3	-	643	643	5,239
<i>Charitable Activities:</i>					
Funding for all educational operations	4	1,175	52,722	53,897	56,251
Other trading activities	5	760	-	760	877
Investments	6	30	-	30	12
<b>Total</b>		<b>1,965</b>	<b>53,365</b>	<b>55,330</b>	<b>62,379</b>
<b>Expenditure on:</b>					
Raising funds	7	642	-	642	707
Charitable activities	8	1,023	58,370	59,393	60,795
Other Resources Expended		-	-	-	130
<b>Total</b>		<b>1,665</b>	<b>58,370</b>	<b>60,035</b>	<b>61,632</b>
<b>Net income / (expenditure)</b>		<b>300</b>	<b>(5,005)</b>	<b>(4,705)</b>	<b>747</b>
<b>Transfers between funds</b>	20	<b>(421)</b>	<b>421</b>	<b>-</b>	<b>-</b>
<b>Net incoming resources before other recognised gains and losses</b>		<b>(121)</b>	<b>(4,584)</b>	<b>(4,705)</b>	<b>747</b>
<b>Other recognised gains / (losses):</b>					
Restricted Reserve movement		-	(1)	(1)	(2)
Actuarial (loss) / gain on defined benefit pension scheme		-	(15,240)	(15,240)	9,515
<b>Net movement in funds</b>		<b>(121)</b>	<b>(19,825)</b>	<b>(19,946)</b>	<b>10,260</b>
<b>Reconciliation of funds</b>					
Total funds brought forward at 1 September	20	736	32,312	33,048	22,788
<b>Total funds carried forward at 31 August</b>	<b>20</b>	<b>615</b>	<b>12,487</b>	<b>13,102</b>	<b>33,048</b>

The notes on pages 21 to 53 form part of these financial statements.

**Consolidated and Company Balance Sheets**

	Notes	Group 2019 £000	Charity 2019 £000	Group 2018 £000	Charity 2018 £000
<b>Fixed Assets</b>					
Tangible Assets	13	52,835	-	55,154	-
Investments	14	2	-	2	-
<b>Total fixed assets</b>		<b>52,837</b>	<b>-</b>	<b>55,156</b>	<b>-</b>
<b>Current Assets</b>					
Stock	16	1	-	3	-
Debtors	17	3,096	1	2,996	3
Cash at bank and in hand		9,260	29	9,967	22
		12,357	30	12,966	25
Creditors: amounts falling due within one year	18	(5,406)	(23)	(5,736)	(15)
<b>Net current assets</b>		<b>6,951</b>	<b>7</b>	<b>7,230</b>	<b>10</b>
<b>Total assets less current liabilities</b>		<b>59,788</b>	<b>7</b>	<b>62,386</b>	<b>10</b>
Creditors: amounts falling due after more than one year	19	(1,715)	-	(1,962)	-
Provisions for liabilities	22	(1,847)	-	(1,814)	-
<b>Net assets excluding pension liability</b>		<b>56,226</b>	<b>7</b>	<b>58,610</b>	<b>10</b>
Defined benefit pension scheme liability	30	(43,124)	-	(25,562)	-
<b>Total net assets including pension liability</b>		<b>13,102</b>	<b>7</b>	<b>33,048</b>	<b>10</b>
<b>Restricted funds</b>					
- Fixed asset fund(s)	20	42,883	-	45,386	-
- General fund(s)	20	12,728	-	12,488	-
- Pension reserve	20	(43,124)	-	(25,562)	-
<b>Total restricted funds</b>		<b>12,487</b>	<b>-</b>	<b>32,312</b>	<b>-</b>
<b>Unrestricted funds</b>					
- General fund(s)	20	615	7	736	10
<b>Total unrestricted funds</b>		<b>615</b>	<b>7</b>	<b>736</b>	<b>10</b>
<b>Total funds</b>		<b>13,102</b>	<b>7</b>	<b>33,048</b>	<b>10</b>

The financial statements on pages 18 to 53 were approved by the Trustees, authorised for issue, and signed on 18 May 2020 on their behalf by:



Susan Guest - Chairman & Trustee

The notes on pages 21 to 53 form part of these financial statements.

**Consolidated Statement of Cash Flows for the year ended 31 August 2019**

	Notes	2019 £000	2018 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	25	196	(1,550)
Cash flows from investing activities	27	(585)	(181)
Cash flows from financing activities	26	(318)	(318)
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(707)</b>	<b>(2,049)</b>
Cash and cash equivalents at 1 September		9,967	12,016
<b>Cash and cash equivalents at 31 August</b>		<b>9,260</b>	<b>9,967</b>

The notes on pages 21 to 53 form part of these financial statements.

## **Notes to the Financial Statements for the year ended 31 August 2019**

### **1 - Principal Accounting Policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied in dealing with items which are considered material in relation to the consolidated financial statements unless otherwise stated.

#### **Basis of Preparation**

The financial statements of the Transforming Education in Norfolk, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102), the Charities Act 2011 and the Companies Act 2006.

No Statement of Financial Activities (SOFA) or Income and Expenditure Account of the charity has been presented as permitted by Section 408 of the Companies Act 2006.

#### **Basis of Accounting**

The consolidated financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

#### **Basis of Consolidation**

The TEN Charity (and Group) was incorporated on 16 May 2012 with a period end of 31 August. The founding Academies plus City College Norwich joined with effect from 1 September 2012. See note 15 for further information on the subsidiaries within the Group.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights or through the power of appointment of members to the individual organisations.

The results and cash flows of all the combining entities are brought into the consolidated financial statements in the year in which the combination occurred.

#### **Going Concern**

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

The operational and financial impact of COVID-19 on the Group is detailed on p13 of the Trustees Report 'Principal Risks and Uncertainties' and also in note 34 'Post Balance Sheet events'. Although there is a financial impact on the Group it is relatively limited due to the funding protections provided by the Education and Skills Funding Agency.

The Group currently has £9.3m of cash at bank and in hand. The Group also has currently £2.0m of loans outstanding with bankers. The terms of the agreements are up to 11 years. The Group's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

## **Notes to the Financial Statements for the year ended 31 August 2019 (continued)**

### **1 - Principal Accounting Policies (cont)**

#### **Incoming Resources**

All incoming resources are included in the Statement of Financial Activities when the Group is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Sponsorship income provided to the Group which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Income tax recoverable in relation to donation received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Funding body recurrent grants are recognised in line with best estimates for the period in which it is receivable and depend on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Financial Activities. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end. Employer responsive grant income is recognised based on a year-end reconciliation of income claimed and actual delivery with the Skills Funding Agency/EFA. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Other discrete Skills Funding Agency/EFA grants received during the year are taken to income as expenditure is incurred in line with the specific terms and conditions attached to each fund by the funding bodies.

The recurrent grant from HEFCE represents the funding allocation attributable to the current financial year and is credited direct to the Statement of Financial Activities.

Where the Group receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the Statement of Financial Activities on the grounds that the Group does not have direct control over the future economic benefits derived from these funds. The Group has applied this policy to certain funds received during the year from the Skills Funding Agency/EFA (see note 33).

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the Statement of Financial Activities in the period in which it is earned.

#### **Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

## **Notes to the Financial Statements for the year ended 31 August 2019 (continued)**

### **1 - Principal Accounting Policies (cont)**

#### **Expenditure on Raising Funds**

This includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

#### **Charitable Activities**

These are costs incurred on the Group's educational operations, including support costs and costs relating to the governance of the Group apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

#### **Pensions Benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 30, 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 scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to 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 Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations.

The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Further details of the pension schemes are given in note 30.

#### **Enhanced Pensions**

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

#### **Tangible Fixed Assets**

##### **Land and buildings**

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the Group of 50 years. Leasehold land and buildings are amortised over the period of the lease. The Group has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

## **Notes to the Financial Statements for the year ended 31 August 2019 (continued)**

### **1 - Principal Accounting Policies (cont)**

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

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

#### **Subsequent expenditure on existing fixed assets**

Where significant expenditure is incurred on tangible fixed assets it is charged to the Statement of Financial Activities in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the assets life beyond that conferred by repairs and maintenance

#### **Buildings owned by third parties**

Where land and buildings are used, but the legal rights are held by a third party, they are only capitalised if the Group has rights or access to on-going future economic benefit.

These assets are then depreciated over their expected useful economic life.

#### **Assets under construction**

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

#### **Equipment**

Equipment costing less than £1,000 per individual item (except for computer equipment) is written off to the Statement of Financial Activities in the period of acquisition. All other equipment is capitalised at cost.

Inherited equipment is depreciated on a straight-line basis over its remaining useful economic life. All other equipment is depreciated over its useful economic life as follows:

Cars	4 years
Minibus	7 years
Computer equipment	3 to 5 years
Furniture and fittings	5 years
Lab/kitchen equipment	10 years
Other equipment	5 years

#### **Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

### **Investments**

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.



## **Notes to the Financial Statements for the year ended 31 August 2019 (continued)**

### **1 - Principal Accounting Policies (cont)**

#### **Stocks**

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

#### **Foreign Currency Translation**

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

#### **Taxation**

The Group is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Group is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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 Group is partially exempt in respect to Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The Group's commercial subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

#### **Liquid Resources**

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

#### **Cash**

Cash for the purposes of the statement of cash flows comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand.

#### **Provisions**

Provisions are recognised when the TEN Group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

#### **Funds**

Restricted funds comprise funds subject to specific restrictions imposed by funders and grant paying bodies. These are primarily:

- Restricted General Fund – are the reserves for the provision of education and are restricted in their use by each specific educational provider.
- Restricted Pension Reserve – funds to balance the net FRS 102 LGPS pension liabilities in the Group.
- Restricted Asset Fund – are the amounts invested in and required to be invested in fixed assets used by the Group.

## **Notes to the Financial Statements for the year ended 31 August 2019 (continued)**

### **1 - Principal Accounting Policies (cont)**

Unrestricted funds are not restricted in their use and can be used to support both revenue and capital expenditure.

An analysis of Funds is shown in note 20 to the accounts

#### **Agency Arrangements**

The Group acts as an agent in the collection and payment of discretionary support. Related payments received from the main funding bodies and subsequent disbursements to students are excluded from the Statement of Financial Activities and are shown separately in note 33 except for the 5 per cent of the grant received which is available to the Group to cover administration costs relating to the grant (3% for the HE Learner Support funds). The Group employs 1.25 FTE members of staff dedicated to the administration of Learner Support Fund applications and payments.

#### **Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *Critical accounting estimates and assumptions*

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### *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 30, 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 in valuing the pensions' liability at 31 August 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.

##### *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. See also note 13 for further detail on the accounting for the leasehold at Paston College.

##### *Provision for irrecoverable debts*

At year end an annual review is completed for the recoverability of individual debtor balances. Our accounting policy is to provide for 100% of all non-student loan company debtor balances that are greater than 12 months. For student loan company balances greater than 12 months but post 2015, we provide generally at 5% and pre-2015 at 50% but in addition where there are indicators of non-recoverability we will provide on an individual basis. For debtor balances due less than one year, where there are indicators of non-recoverability we will provide on an individual basis.

##### *Critical areas of judgement*

There are no critical areas of judgement, other than actuarial valuation of the pension scheme exercised in the preparation of these financial statements.

**Notes to the Financial Statements for the year ended 31 August 2019 (continued)**

**2 - Accounting Periods**

The accounts are prepared for the 12 months to 31 August 2019 and the comparatives for the 12 months to 31 August 2018.

The largest subsidiary, City College Norwich, prepares its accounts to 31 July each year. The directors have reviewed the transactions and concluded that there were no material transactions that occurred for the period 1-31 August 2019, but note the following:

At 31 July the College did not provide for outstanding holiday pay as the holiday year is conterminous with the financial year. However for the purposes of consolidation we have recalculated the level of outstanding holiday pay as the 31 August and have included in the group accounts a debtor of £490k (2017-18: £490k), (shown in note 17-other debtors and note 9-staff costs). It is a net debtor as on average staff have taken more holiday than their accrued entitlement at that point in time.

Each year a review is completed of the movement in discount rate (used in valuing the LGPS liabilities) from the 31 July (City College Norwich year-end) to the 31 August (the Group year-end). In light of the decrease in discount rates and increasing inflation between 31 July 2019 and 31 August 2019, the LGPS defined pension scheme liability was revised and re-estimated at 31 August 2019. The impact of this change was an increase in the net LGPS liability of £2,325k. This was reflected in the consolidated balance sheet at 31 August 2019. There were no equivalent factors impacting on the valuation of the College net LGPS liability for the period 31 July 2018 to 31 August 2018, and therefore the net liability was not re-estimated. (see note 30).

There are no other material transactions that have occurred and the July 2018 and July 2019 statutory accounts have been used as the basis for consolidating the College's results.

TEN Commercial Services Ltd has been dormant for the period 1 September 2012 to 31 August 2019.

**3 - Donations and Capital Grants**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2019</b>	<b>Total 2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Capital grants for academies	-	210	210	1,054
FE capital grants	-	15	15	1,878
HE capital grants	-	31	31	205
Other government capital grants	-	364	364	(2)
Donation	-	23	23	19
	-	643	643	3,154
Transfer of Net Assets- Paston Sixth Form College *				
Fixed Assets- land & buildings (fair value adjustment)	-	-	-	1,122
Funds transferred from predecessor college	-	-	-	963
	-	643	643	5,239

\* On 1 December 2017 Paston Sixth Form College merged with City College Norwich following a recommendation arising from the National Area Review process.

Donation and capital income relating to the parent undertaking amounted to £Nil (2018: £Nil).

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

4 - Incoming Resources from Charitable Activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
<b>DfE / ESFA Grants</b>				
General Annual Grant (GAG)	-	13,044	13,044	16,269
FE - 16-19 ESFA Grant	-	22,299	22,299	21,066
FE - ESFA Grant	-	5,688	5,688	5,090
FE - Higher Education Grant	-	434	434	805
Start-Up Grants	-	-	-	20
Other DfE / ESFA Grants	-	3,291	3,291	3,214
	-	44,756	44,756	46,464
<b>Other Government Grants</b>				
Local Authority Grants	-	428	428	403
	-	428	428	403
<b>Total Government Grants</b>	-	45,184	45,184	46,867
<b>Other income</b>				
Other income from the educational operations	1,175	548	1,723	2,363
Tuition Fees and Education Contracts	-	6,247	6,247	6,653
Other Education Grant Income	-	293	293	134
Teaching-related Income	-	225	225	234
	1,175	7,538	8,713	9,384
<b>Total incoming resources from charitable activities</b>	<b>1,175</b>	<b>52,722</b>	<b>53,897</b>	<b>56,251</b>

Charitable activities relating to the parent undertaking amounted to £Nil (2018: £Nil).

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

5 - Other Trading Activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Catering income	25	-	25	42
Hire of facilities	87	-	87	226
Other income	648	-	648	598
Profit on sale of fixed assets	-	-	-	11
	<b>760</b>	<b>-</b>	<b>760</b>	<b>877</b>

Activities for generating funds relating to the parent undertaking amounted to £12k (2018: £13k).

6 - Investments

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Interest receivable	30	-	30	12
	<b>30</b>	<b>-</b>	<b>30</b>	<b>12</b>

Investment income relating to the parent undertaking amounted to £Nil (2018: £Nil).

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

7 - Expenditure

	Notes	Non-Pay Expenditure			Total 2019 £000	Total 2018 £000
		Staff Costs £000	Premises £000	Other Costs £000		
Expenditure on raising funds						
- City College Norwich, TEN and NES		424	1	88	513	512
- Academies		55	57	17	129	195
		<u>479</u>	<u>58</u>	<u>105</u>	<u>642</u>	<u>707</u>
City College Norwich, TEN and NES educational operations						
- Direct Costs		21,292	-	4,274	25,566	24,188
- Allocated Support Costs		7,039	3,812	4,548	15,399	15,534
Academies educational operations *						
- Direct Costs		10,269	-	1,168	11,437	14,262
- Allocated Support Costs		2,278	3,529	1,184	6,991	6,811
		<u>40,878</u>	<u>7,341</u>	<u>11,174</u>	<u>59,393</u>	<u>60,795</u>
Other resources expended		-	-	-	-	130
		<u><b>41,357</b></u>	<u><b>7,399</b></u>	<u><b>11,297</b></u>	<u><b>60,035</b></u>	<u><b>61,632</b></u>

Support costs have been allocated across activities based on time spent by the central departments in supporting the various activities of the charity.

Resources expended on the parent undertaking amounted to £15k (2018: £17k).

Direct costs on Academies educational operations has decreased by £2,825k, principally as a result of City Academy Norwich (CAN) leaving the TEN Group during 2017-18. Direct cost expenditure incurred by CAN in 2017-18 up to the point the Academy left the group, amounted to £3,152k and allocated support costs amounted to £1,209k (total CAN expenditure £4,361k). No costs related to CAN were incurred during 2018-19.

The 'Other resources expended' relates to the net assets of City Academy Norwich as at 31 July 2018. See note 13 for further information.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

8 - Charitable Activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
<b>Direct Costs</b>				
Teaching and educational support staff costs	11	31,550	31,561	32,488
Educational supplies	4	1,180	1,184	1,243
Examination fees	-	1,629	1,629	1,674
Staff development	-	145	145	200
Educational services and support	-	1,430	1,430	1,575
Educational visits	-	465	465	694
Student costs	2	341	343	312
Other direct costs	-	246	246	264
	17	36,986	37,003	38,450
<b>Allocated Support Costs</b>				
Support staff costs	596	9,229	9,825	10,005
Recruitment and support	-	262	262	327
Maintenance of premises and equipment	9	1,362	1,371	1,236
Utilities	-	1,074	1,074	1,046
Cleaning	-	1,077	1,077	1,110
Rent and rates	-	755	755	744
Insurance	-	240	240	253
Bought-in services and professional fees	37	575	612	595
Catering	353	291	644	768
Bank interest and charges	-	98	98	104
Security and transport	-	113	113	130
Pension interest	-	733	733	867
Depreciation	-	2,383	2,383	2,703
Other support costs	4	3,555	3,559	2,271
Governance costs	7	145	152	186
	1,006	21,384	22,390	22,345
<b>Totals</b>	<b>1,023</b>	<b>58,370</b>	<b>59,393</b>	<b>60,795</b>

\* Including £5k for TEN charity external audit (2018: £5k).

<b>Incoming / outgoing resources for the year include:</b>	<b>Total 2019 £000</b>	<b>Total 2018 £000</b>
Operating Leases	671	341
Fees payable to auditor		
- external – audit *	68	68
- external - other	4	10
- internal - audit	33	33
(Loss)/Profit on disposal of fixed assets	(1,424)	11

See note 13, on page 35 for further details relating to the 2018-19 loss on disposal of fixed assets.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

9 - Staff Costs

Staff costs during the period were:	2019 £000	2018 £000
Wages and salaries	30,628	32,188
Social Security costs	2,770	2,911
Pension costs	7,316	7,255
	<u>40,714</u>	<u>42,354</u>
Supply teacher costs	543	598
Supply non-teaching costs	2	38
Compensation payments	98	(7)
	<u>41,357</u>	<u>42,983</u>

The average number of persons (including senior management team) employed by the group during the year expressed as full-time equivalents was as follows:

	2019 No.	2018 No.
Teachers	445	464
Administration and support	536	577
Management	26	37
	<u>1,007</u>	<u>1,078</u>

The number of employees whose emoluments fell within the following bands was:	2019 No.	2018 No.
£60,001 to £70,000	8	11
£70,001 to £80,000	3	2
£80,001 to £90,000	2	3
£90,001 to £100,000	1	-
£100,001 to £110,000	1	4
£110,001 to £120,000	1	1
£120,001 to £130,000	-	-
£130,001 to £140,000	-	1
£140,001 to £150,000	-	-
£150,001 to £160,000	1	-
£230,001 to £240,000 *	-	1
	<u>17</u>	<u>23</u>

The employee emoluments above are based on a full-time equivalent annualised salary.

\* Actual pay 2019: £nil, (2018: £77k)

All employees, other than the Group CEO, shown in the bandings above are accruing benefits in defined benefit pension schemes (TPS and LGPS).



**Notes to the Financial Statements for the year ended 31 August 2019 (continued)**

**10 - Officers' Remuneration and Expenses**

2018-19

Trustees are not remunerated for their duties as trustee.  
Expenses paid to the Trustees were nil in 2018-19

2017-18

Trustees are not remunerated for their duties as trustee.

One of the Trustees (R Palmer) was remunerated as Chief Executive Officer of the TEN Group. The value of this remuneration was within the following range:

	£000		
2017-18	70-80	0.8FTE	Left 31/12/17

Furthermore, R Palmer, as Chief Executive of the TEN Group, was reimbursed for travel and subsistence expenses in his role as Chief Executive not as a Trustee.

**11 - Taxation**

The charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Charitable Gains Act 1992.

The charity has subsidiary companies which are subject to corporation tax in the same way as any other commercial organisation.

At 31 August 2019 NES had an accounting loss of £538,416 as the FRS 102 charge to the Profit and Loss account exceeded the employer contributions paid in the year by £33,000 and the pension asset reduced by £508,000. The resulting charge is not deductible for tax purposes and results in a taxable surplus of £2,584.

**12 - Officers' Insurance**

In accordance with normal commercial practice the Group has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5m on any one claim. The cost for the year was £17k (2018: £12k).

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

13 - Tangible Fixed Assets

**Group**

	Freehold Property £000	Long Leasehold Land & Buildings £000	Fixtures, Fittings & Equipment £000	Assets Under Construction £000	Total £000
<b>Cost</b>					
At 1 September 2018	50,962	22,890	15,957	-	89,809
Additions	25	405	717	342	1,489
Disposals	-	(1,841)	(19)	-	(1,860)
At 31st August 2019	50,987	21,454	16,655	342	89,438
<b>Depreciation</b>					
At 1 September 2018	(18,217)	(3,487)	(12,951)	-	(34,655)
Charged in the year	(853)	(547)	(983)	-	(2,383)
Eliminated in respect of disposals	-	417	18	-	435
At 31st August 2019	(19,070)	(3,617)	(13,916)	-	(36,603)
<b>Net Book Values</b>					
<b>At 31st August 2018</b>	<b>31,917</b>	<b>17,837</b>	<b>2,739</b>	<b>342</b>	<b>52,835</b>
At 31 August 2018	32,745	19,403	3,006	-	55,154
<b>Tangible Fixed Assets Net Book Value by Subsidiary:</b>					
City College Norwich	25,816	-	1,867	342	28,025
Norfolk Academies	-	17,837	670	-	18,507
UTC Norfolk	6,101	-	202	-	6,303
	<b>31,917</b>	<b>17,837</b>	<b>2,739</b>	<b>342</b>	<b>52,835</b>

The parent company did not have any tangible fixed assets as at 31 August 2019 nor 31 August 2018.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

13 - Tangible Fixed Assets (cont)

**City College Norwich**

Inherited land and buildings included within freehold property above were valued in 1993 by Tim Matthews Associates (a firm of independent chartered surveyors), the value of the land-only element of this inherited land being £4,570k.

**Paston, North Walsham**

Following the merger with Paston Sixth Form College on the 1 December 2017 the following tangible fixed assets were transferred:

**Lawns site** - Freehold for the Lawns site with net book value of £2,709k transferred as at 1 December 2017. On transfer the Lawns site was independently valued by Arnolds Keys. This identified an increase (upwards fair value adjustment) of £1,121k to the Lawns freehold, (revised total fair value of £3,830k).

Equipment – equipment with a net book value of £47k transferred as at 1 December 2017. No fair value adjustment was required for this equipment.

**Griffons site** - in addition to the transfer of the freehold to the Lawns site a lease was signed on 1 December 2017 between The Official Custodian for Charities on Behalf of the Paston Foundation (Landlord) and Norwich City College of Further & Higher Education (Tenant) in relation to the Griffon Campus, North Walsham. The term of the lease is 20 years from 1 December 2017 (with the first break point at 10 years) and is based on a peppercorn rental. Permitted use of the premises is “as a college of general further education, identified as Paston College, with the main purpose and significant majority of provision for 16-19 year old full time students”. Based on the short term nature of the lease, the permitted use, and that the freehold is retained by the landlord, the Griffons site is not accounted for in the books of City College Norwich.

**Norfolk Academies**

Upon conversion to an Academy Trust, long leasehold land and buildings were transferred from the predecessor state-maintained school on a depreciated replacement cost basis. The land and buildings have been valued in 2013-14 by Arnold Keys LLP for Fakenham Academy £6,860k, Attleborough Academy £7,541k and Wayland Junior Academy £1,592k, and in 2012-13 for Wayland Academy £4,584k.

During 2018/19, following the completion of Fakenham Academy’s move to one site, the long leasehold for the unused site at Wells Road was surrendered back to Norfolk County Council, the freeholder of the site, on 1 March 2019. The transaction has been accounted for as a disposal in the above table – the net book value of the site written out of the accounts amounted to £1,424k. This loss on disposal is shown as a support cost within note 8 Charitable Activities.

14 - Investments

	2019		2018	
	Group £000	Charity £	Group £000	Charity £
Investments in subsidiaries	-	50	-	50
Investment - other	2	-	2	-
	<u>2</u>	<u>50</u>	<u>2</u>	<u>50</u>

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

15 - Subsidiaries

The charity accounts for the following entities as subsidiaries:

Entity Name	Entity Type	Charitable Status	Principal Activities	Means of Control	Investment Cost	Net Assets	Comprehensive Income / (Expenditure)
					£	£000	£000
<b>City College Norwich</b>	Corporation	Exempt charity	Higher and Further education	Majority appointing authority	-	1,979	(9,132)
<b>Norfolk Academies</b>	Private company limited by guarantee	Exempt charity	Secondary education	Majority appointing authority	-	15,670	(4,004)
<b>Norfolk UTC</b>	Private company limited by guarantee	Exempt charity	Secondary & Further education	Majority appointing authority	-	5,970	(776)
<b>Norfolk Educational Services Ltd</b>	Private company limited by shares		Support and management services	100% of shares capital held within the group	49	(10,524)	(6,031)
<b>TEN Commercial Services Ltd</b>	Private company limited by shares		Non-trading	100% shares owned	1	-	-
<b>TOTAL</b>					<b>50</b>	<b>13,095</b>	<b>(19,943)</b>

The (deficit) / surplus disclosed in the parent entity accounts is (£3k) (2018: (£4k)), the net assets is £7k (2018: £10k).

The statutory accounts of all the above entities are available upon request from the Governance Office, c/o City College Norwich, Ipswich Road, Norwich NR2 2LJ.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

15 – Subsidiaries (continued)

In the Trustees' opinion, City College Norwich's financial position materially affects that of the Group. Its assets and liabilities at 31 July before any consolidation adjustments can be summarised as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Tangible assets	28,025	28,516
Investments	2	2
Debtors	2,513	2,182
Cash at bank and in hand	7,053	6,939
Creditors: amounts falling due within one year	(3,699)	(3,955)
Creditors: amounts falling due after more than one year	(1,715)	(1,962)
Provisions for liabilities	(3,692)	(3,639)
Net pension liability	(26,508)	(16,972)
<b>Net assets</b>	<b>1,979</b>	<b>11,111</b>
Pension Reserve	(26,508)	(16,972)
Fixed Asset Funds	17,602	17,683
Restricted Reserves	10,885	10,400
<b>Total Funds</b>	<b>1,979</b>	<b>11,111</b>

16 - Stock

	<b>2019</b>		<b>2018</b>	
	<b>Group</b>	<b>Charity</b>	<b>Group</b>	<b>Charity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Other	1	-	3	-
	<b>1</b>	<b>-</b>	<b>3</b>	<b>-</b>

17 - Debtors

	<b>2019</b>		<b>2018</b>	
	<b>Group</b>	<b>Charity</b>	<b>Group</b>	<b>Charity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade debtors	503	-	488	-
Amounts owed by subsidiary undertaking	-	1	-	3
Amount owed by Funding Bodies	491	-	536	-
Other taxation and social security	180	-	286	-
Other debtors	497	-	493	-
Accrued income	670	-	382	-
Prepayments	755	-	811	-
	<b>3,096</b>	<b>1</b>	<b>2,996</b>	<b>3</b>

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

18 - Creditors: Amounts Falling Due Within One Year

	2019		2018	
	Group £000	Charity £000	Group £000	Charity £000
Salix loans	60	-	60	-
Bank loans	186	-	180	-
Trade creditors	707	-	1,152	-
Other taxes and social security	667	-	675	1
Other creditors	772	-	894	-
Accruals and deferred income	2,497	23	2,152	14
Corporation tax	-	-	1	-
Amount owed to Funding Bodies	517	-	622	-
	<b>5,406</b>	<b>23</b>	<b>5,736</b>	<b>15</b>

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

19 - Creditors: Amounts Falling Due After More Than One Year

	2019		2018	
	Group	Charity	Group	Charity
	£000	£000	£000	£000
Salix loan	-	-	60	-
Bank loans	1,715	-	1,902	-
	<b>1,715</b>	<b>-</b>	<b>1,962</b>	<b>-</b>

The Salix loans are interest free and repayable over 4 years with biannual repayments.

The unsecured EIB loan was initially for £2,850k with 58 quarterly repayments over 14.5 years.

Interest will be calculated on the balance of the loan for each applicable interest period at the aggregate rate of 3.862%, and capital repayments commenced from September 2013.

	2019		2018	
	Group	Charity	Group	Charity
	£000	£000	£000	£000
<b>Analysis of the Bank loan:</b>				
In one year or less	186	-	180	-
Between one and two years	194	-	187	-
Between two and five years	1,521	-	1,715	-
In five years or more	-	-	-	-
	<b>1,901</b>	<b>-</b>	<b>2,082</b>	<b>-</b>

	2019		2018	
	Group	Charity	Group	Charity
	£000	£000	£000	£000
<b>Analysis of the Salix loan:</b>				
In one year or less	60	-	60	-
Between one and two years	-	-	60	-
Between two and five years	-	-	-	-
In five years or more	-	-	-	-
	<b>60</b>	<b>-</b>	<b>120</b>	<b>-</b>

	2019		2018	
	Group	Charity	Group	Charity
	£000	£000	£000	£000
<b>Analysis of the amounts due to the Funding Body</b>				
Falling due within 1 year	517	-	622	-
Falling due between 1 and 2 years	-	-	-	-
Falling due between 2 and 5 years	-	-	-	-
Falling due outside 5 years	-	-	-	-
	<b>517</b>	<b>-</b>	<b>622</b>	<b>-</b>

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

20 - Funds

	Balance at 1 Sept 2018 £000	Incoming Resources £000	Resources Expended £000	Transfer in/out £000	Gains / (Losses) £000	Balance at 31 August 2019 £000
<b>Restricted general funds</b>						
<u>City College Norwich</u>						
General Funds	12,225	38,124	(37,004)	(614)	(1)	12,730
<u>Norfolk Academies</u>						
General Annual Grant (GAG)	75	11,363	(11,584)	146	-	-
Pupil Premium	19	509	(516)	(1)	-	11
General Funds	131	668	(678)	(15)	-	106
<u>Norfolk UTC</u>						
General Annual Grant (GAG)	139	1,681	(1,826)	6	-	-
Pupil Premium	-	32	(32)	-	-	-
General Funds	-	338	(338)	-	-	-
<u>TEN/NES/TCS</u>						
General Funds	(101)	-	(35)	17	-	(119)
	12,488	52,715	(52,013)	(461)	(1)	12,728
<b>NES Pension Reserve</b>						
City College Norwich	(1,825)	-	(20)	-	-	(1,845)
Norfolk Academies	(915)	-	508	-	-	(407)
Norfolk UTC	-	-	-	-	-	-
NES	2,740	20	(508)	-	-	2,252
	-	20	(20)	-	-	-
<b>LGPS Pension Reserve</b>						
City College Norwich	(16,972)	-	(1,346)	-	(8,190)	(26,508)
Norfolk Academies	(1,422)	-	(796)	-	(1,384)	(3,602)
Norfolk UTC	(36)	-	(147)	-	(174)	(357)
NES	(7,132)	-	(33)	-	(5,492)	(12,657)
	(25,562)	-	(2,322)	-	(15,240)	(43,124)
	(13,074)	52,735	(54,355)	(461)	(15,241)	(30,396)
<b>Restricted fixed asset funds</b>						
City College Norwich	17,683	410	(1,359)	868	-	17,602
Norfolk Academies	21,065	189	2,306	14	-	18,962
Norfolk UTC	6,638	31	350	-	-	6,319
	45,386	630	(4,015)	882	-	42,883
<b>Total restricted funds</b>	32,312	53,365	(58,370)	421	(15,241)	12,487



Notes to the Financial Statements for the year ended 31 August 2019 (continued)

20 – Funds (continued)

	Balance at 1 Sept 2018	Incoming Resources	Resources Expended	Transfer in/out	Gains / (Losses)	Balance at 31 August 2019
<b>Unrestricted funds</b>						
City College Norwich	-	1,352	(1,098)	(254)	-	-
Norfolk Academies	721	500	(477)	(144)	-	600
Norfolk UTC	5	34	(25)	(6)	-	8
TEN/NES/TCS	10	79	(65)	(17)	-	7
<b>Total unrestricted funds</b>	<b>736</b>	<b>1,965</b>	<b>(1,665)</b>	<b>(421)</b>	<b>-</b>	<b>615</b>
<b>Total funds</b>	<b>33,048</b>	<b>55,330</b>	<b>(60,035)</b>	<b>-</b>	<b>(15,241)</b>	<b>13,102</b>

The parent charity's gross income for the year was £12k and its expenditure was £15k.

The transfer between Restricted General Funds and Unrestricted Funds into the Restricted Fixed Asset Funds, is with respect to the depreciation charges on assets previously funded out of capital grants.

21 - Analysis of Net Assets Between Funds

Fund balances at 31 August 2019 are represented by:

Group	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2019 £000	Total Funds 2018 £000
Tangible Fixed Assets	-	10,425	42,412	52,837	55,156
Current Assets	654	11,232	471	12,357	12,966
Current Liabilities	(39)	(5,367)	-	(5,406)	(5,736)
Long Term Liabilities	-	(1,715)	-	(1,715)	(1,962)
Provisions for Liabilities	-	(1,847)	-	(1,847)	(1,814)
Pension Scheme Liability	-	(43,124)	-	(43,124)	(25,562)
<b>Total net assets</b>	<b>615</b>	<b>(30,396)</b>	<b>42,883</b>	<b>13,102</b>	<b>33,048</b>

The parent charity had £7k net assets as at 31 August 2019 (31 August 2018: £10k).

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

22 - Provisions for Liabilities

Group	Enhanced Pension £000	Other Provisions £000	Total £000
At 1 September 2018	1,814	-	1,814
Expenditure in the period	(149)	-	(149)
Transfer from unrestricted funds	182	-	182
At 31 August 2019	1,847	-	1,847

There were no provisions for liabilities within the parent undertaking as at 31 August 2019 or 31 August 2018.

23 - Capital Commitments

	2019		2018	
	Group £000	Charity £000	Group £000	Charity £000
Contracted for, but not provided for in the financial statements	261	-	206	-
Commitments authorised but not contracted for *	4,905	-	510	-

\* The increase in these commitments is due to the construction of the new the new DigiTech Factory building, which is due to commence in Spring 2020.

24 - Commitments Under Operating Leases

At 31 August 2019 the Group total future minimum lease payments under non-cancellable operating leases was as follows:

	2019		2018	
	Group £000	Charity £000	Group £000	Charity £000
<u>Land &amp; Buildings</u>				
Amounts due within one year	225	-	206	-
Amounts due between one and five years	870	-	931	-
Amounts due after five years	524	-	741	-
	1,619	-	1,878	-
<u>Other</u>				
Amounts due within one year	86	-	108	-
Amounts due between one and five years	226	-	75	-
Amounts due after five years	-	-	-	-
	312	-	183	-

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

25 - Notes to the Consolidated Statement of Cash Flows

	2019	2018
	£000	£000
<b>Reconciliation of net income / (expenditure) to net cash flow from operating activities</b>		
Net income / (expenditure)	(4,705)	747
Adjusted for:		
Depreciation (note 13)	2,383	2,703
Assets transferred on conversion including pension liability (excluding cash) (note 3)	-	(3,525)
(Profit) / loss on disposal of fixed asset	1,424	(11)
Capital grants from DfE and other capital income	(635)	(1,202)
Interest receivable (note 6)	(30)	(11)
Interest payable	77	84
Tax paid / received	(1)	(1)
Taxation	-	1
Defined benefit pension scheme cost less contributions payable	972	1,521
Defined benefit pension scheme finance cost / (income)	733	867
Defined benefit pension scheme – costs of business combinations – TUPE staff	617	-
(Increase) / decrease in stock	2	5
(Increase) / decrease in debtors	(99)	24
Increase / (decrease) in creditors due within one year	(574)	(2,396)
Increase / (decrease) in creditors due after one year	-	-
(Decrease)/increase in provisions	33	(354)
Decrease in restricted reserve	(1)	(2)
<b>Net cash provided by operating activities</b>	<b>196</b>	<b>(1,550)</b>

26 - Cash Flows from Financing Activities

Repayments of borrowing	(241)	(234)
Interest paid	(77)	(84)
<b>Net cash provided by financing activities</b>	<b>(318)</b>	<b>(318)</b>

27 - Cash Flows from Investing Activities

Interest received	30	11
Purchase of tangible fixed assets	(1,251)	(1,405)
Capital grants from DfE / ESFA	625	1,150
Capital funding received from sponsors and others	10	52
Receipts from sale of tangible fixed assets	1	11
<b>Net cash used in investing activities</b>	<b>(585)</b>	<b>(181)</b>

**Notes to the Financial Statements for the year ended 31 August 2019 (continued)**

**28 - Contingent Liabilities**

The charity had no contingent liabilities as at 31 August 2019.

**29 - Members' Liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

## Notes to the Financial Statements for the year ended 31 August 2019 (continued)

### 30 - Pension and Similar Obligations

The Group's employees belong to two principal pension schemes; the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Norfolk County Council. Both are defined-benefits schemes.

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 2016. The triennial valuation for the LGPS was performed as at 31 March 2019 however the results of this were not issued until November 2019. The pension costs below are therefore based upon the results of the triennial valuation performed on 31 March 2016.

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

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

#### Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2016 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) in April 2019. The key results of the valuation are:

- Employer contribution rates will increase from 1 September 2019 to 23.68% of pensionable pay (prior to this the rate is 16.48% of pensionable pay, which was set by the 2012 valuation). This rate will be payable until 31 March 2023, the date of the next valuation;
- Total scheme liabilities for service to the effective date of £218.1 billion, and notional assets of £196.1 billion, giving a notional past service deficit of £22 billion;
- An employer cost cap of 15.1% of pensionable pay.
- The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

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

<https://www.teacherspensions.co.uk/news/employers/2019/04/valuation-report-release.aspx>

**Notes to the Financial Statements for the year ended 31 August 2019 (continued)**

**30 – Pension and Similar Obligations (cont)**

**Scheme Changes**

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

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

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

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015. The pension contributions paid to TPS in the year amounted to £2,647k (2018: £2,738k).

**FRS 102 (28)**

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds.

The total employer contributions made for the period ended 31 August 2019 were £2,877k (2018: £2,900k).

The employer contribution rates for April 2019 to March 2020 are:

	<b>Employer Contribution Rate</b> %	<b>Annual Deficit Lump</b> <b>Sum £k</b>
City College Norwich	19.8	320.4
Norfolk Educational Services	19.8	282.8
Norfolk Academies	22.1	-
Wayland Academy Norfolk	22.1	5.2
Fakenham Academy Norfolk	21.2	0.2
Attleborough Academy Norfolk	21.3	-
Wayland Junior Academy Watton	20.7	0.9
University Technical College Norfolk	18.1	-

For employees 5.5 - 12.5% (national employee contribution tiers).

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that in the event of academy closure, outstanding Local Government Pension Scheme Liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

The LGPS that the Group participates in is a funded defined-benefit pension scheme administered by Norfolk County Council.

Notes to the Financial Statements for the year ended 31 August 2019 (cont)

30 – Pension and Similar Obligations (cont)

Local Government Pension Scheme (cont)

Total pension costs for the year	2019 £000	2019 £000	2018 £000	2018 £000
Teachers' Pension Scheme: contributions paid		2,647		2,738
Local Government Pension Scheme:				
Contributions paid	2,877		2,900	
FRS 102 charge	972		1,521	
Pension costs of business combinations – TUPE staff	617		-	
Charge to the I&E (staff costs)		4,466		4,421
		7,113		7,159
LGPS revision in year		21		-
		7,134		7,159
Enhanced pension provision		182		96
<b>Total pension costs for the year</b>		<b>7,316</b>		<b>7,255</b>

Principal Actuarial Assumptions - Academies and NES

	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	2.6%	2.6%
Rate of increase for pensions in payment / inflation	2.3%	2.3%
Discount rate for liabilities	1.9%	2.8%
Inflation assumption (CPI)	2.3%	2.3%

Commutation of pensions to lump sums.

An allowance is included for future retirement benefits to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Principal Actuarial Assumptions - City College Norwich

	At 31 July 2019	At 31 July 2018
Rate of increase in salaries	2.7%	2.7%
Rate of increase for pensions in payment / inflation	2.4%	2.4%
Discount rate for liabilities	2.1%	2.8%
Inflation assumption (CPI)	2.4%	2.4%

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

30 - Pension and Similar Obligations (cont)

Local Government Pension Scheme (cont)

Principal Actuarial Assumptions – City College Norwich (cont)

An allowance is included for future retirement benefits to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	At 31 August 2019 years	At 31 August 2018 years
Retiring today		
Males	21.1	22.1
Females	23.5	24.4
Retiring in 20 years		
Males	22.4	24.1
Females	25.0	26.4

The group's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2019 £000	Fair value at 31 August 2018 £000
Equities	38,661	37,056
Bonds	27,494	23,890
Property	8,815	8,604
Cash	2,859	2,151
<b>Total market value of assets</b>	77,829	71,701
Present value of scheme liabilities		
- funded	(120,846)	(97,157)
- unfunded	(107)	(106)
<b>Deficit in the scheme</b>	<b>(43,124)</b>	<b>(25,562)</b>



Notes to the Financial Statements for the year ended 31 August 2019 (continued)

30 - Pension and Similar Obligations (cont)

Local Government Pension Scheme (cont)

Amount recognised in the statement of financial activities	2019 £000	2018 £000
Current service cost (net of employee contributions)	4,216	4,836
Past service cost	249	51
Curtailement and settlements	(616)	(632)
Transfer in staff from group entity	-	26
Effect of business combination & disposal	-	140
Effect of business combination & disposal - CAN (see notes 7 and 13)	-	(286)
Effect of business combination & disposal – TUPE staff	617	-
Net interest cost	733	867
<b>Total operating charge</b>	<b>5,199</b>	<b>5,002</b>

Analysis of total recognised gains and losses	2019 £000	2018 £000
Actuarial (loss) / gain recognised in the SOFA	(12,915)	9,396
Actuarial loss recognised in the SOFA - CCN adjustment	(2,325)	-
Actuarial impact of Paston staff transferring from NES	-	119
	<b>(15,240)</b>	<b>9,515</b>

The actuarial gains and losses for the current year are recognised in the statement of financial activities.

	2019 £000	2018 £000
Deficit in scheme at beginning of the year	(25,562)	(32,432)
Current employer service charge	(4,216)	(4,836)
Employer contributions	2,867	2,891
Past service cost	(249)	(52)
Contribution in respect of unfunded benefits	10	9
Curtailments and settlements	616	633
Transfer in staff from group entity	-	(26)
Effect of business combination and disposal	-	146
Effect of business combination and disposal – TUPE staff	(617)	-
Net return on assets	(733)	(867)
Actuarial (loss) / gain	(12,915)	9,396
Effect of business combination and disposal- Paston	-	(424)
Actuarial (loss) - CCN revision	(2,325)	-
<b>Deficit in scheme at end of the year</b>	<b>(43,124)</b>	<b>(25,562)</b>

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

30 - Pension and Similar Obligations (cont)

<b>Movements in the present value of defined benefit obligation were as follows:</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Liabilities at start of period	97,263	98,073
Transfer in staff from group entity	-	43
Current service cost	4,216	4,836
Past service cost	249	52
Curtailments and settlements	(2,086)	(1,660)
Interest cost	2,768	2,587
Employee contributions	727	764
Benefits paid	(1,596)	(1,514)
Unfunded benefits paid	(10)	(9)
Effect of Business combination & disposal	-	781
Effect of Business combination & disposal – TUPE staff	2,086	
Actuarial (gain) / loss	15,452	(6,690)
Actuarial (gain) / loss - CCN revision	1,884	-
<b>Closing Defined Benefit Liability</b>	<b>120,953</b>	<b>97,263</b>

<b>Movements in the fair value of group's share of scheme assets:</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Assets at start of period	71,701	65,641
Transfer in staff from group entity	-	17
Interest income	2,035	1,720
Return on plan assets (excluding net interest on the net defined pension liability)	2,537	2,706
Actuarial gain / (loss) - CCN revision	(441)	-
Employer contributions	2,867	2,891
Employee contributions	727	764
Contribution in respect of unfunded benefits	10	9
Unfunded benefits paid	(10)	(9)
Curtailments and benefits paid	(1,470)	(1,027)
Benefits paid	(1,596)	(1,514)
Effects of business combination and disposal	-	503
Effects of business combination and disposal – TUPE staff	1,469	-
<b>Closing Fair Value of Employer Assets</b>	<b>77,829</b>	<b>71,701</b>

The estimated value of employer contributions for the year ended 31 August 2019 is £2,930k.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

31 - Related Party Transactions

Owing to the nature of the charities operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the College / Academies financial regulations and normal procurement procedures relating to connected and related party transactions.

Transactions identified in 2018/19 and 2017/18 requiring disclosure are (all amounts are shown in £'000):

Name of Related Party	Relationship	Transactions Description	Amounts 2018/19	Balance Outstanding at Period End 2019	Amounts 2017/18	Balance Outstanding at Period End 2018
M & A Partners	Connected business (1)	Corporation tax computations, conference facilities hire	4	-	4	-
Norfolk & Norwich University Hospital	Connected business (1)	Occupational health care service, tuition fees	59	23	44	10
The Forum Trust	Connected business (1, 2,3,4)	Rental of premises & associated costs	64	8	59	(10)
R Palmer	Trustee	Remunerated as Group CEO	-	-	See emoluments in disclosure in note 11.	
Norfolk CC Pension Fund	Charity SORP standard related party - Provision of LGPS		See disclosure in note 30.			
Teachers' Pension Scheme	Charity SORP standard related party - Provision of TPS		See disclosure in note 30.			

(\*Amounts include salary plus employer National Insurance and pension contributions where applicable.)

Amounts include accounting adjustments (accruals / prepayments), Amounts shown in brackets are income / debtors).

1 - J Fry is a Consultant with M&A Partners LLP, Chair of The Forum Trust and (up to 31 May 2019) Chair of the Board at Norfolk & Norwich University Hospital.

2 - C Maw is a Trustee of The Forum Trust.

3 - R Palmer was a Director of The Forum Trust (resigned from the TEN Board in 2017-18).

4 - S Guest is a Trustee of The Forum Trust

**Notes to the Financial Statements for the year ended 31 August 2019 (continued)**

**32 - Contingent Liabilities**

The Group (including the charity) had no contingent liabilities as at 31 August 2019 (31 August 2018: nil).

**33 - Amounts Disbursed as Agent**

The following relates to the group only as there were no amounts disbursed as agent by the parent undertaking.

**Learner Support Funds**

<b>Group</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Funding Council grants - hardship support	946	888
Disbursed to students	(862)	(900)
Capital items for students	(12)	(11)
Admin fee	(37)	(32)
Amount consolidated in financial statements	(77)	(40)
<b>Balance unspent at 31 July, included in creditors</b>	<b>(42)</b>	<b>(95)</b>

Funding Council grants are available solely for students. In the majority of instances, the Group only acts as a paying agent. In these circumstances, the grants and related disbursements have therefore been excluded from the Statement of Financial Activities, other than when the College or Academies have directly incurred expenditure itself.

**34 – Post Balance Sheet Events**

The TEN Group enacted the lock down measures requested by central Government as a result of the coronavirus (COVID-19) outbreak and following the Prime Minister’s announcements on:

- 18 March 2020 - Schools and College closures with effect from 20 March 2020 and until further notice; and
- 23 March 2020 - Three week public stay at home restrictions.

All Academy Schools and the College have remained open for children of keyworkers and children/students who are vulnerable, and arrangements have been put in place to enable all other staff to work from home.

No adjustments have been made to the Groups consolidated financial statements for 2018-19 as a result of the emergence and spread of the COVID-19 virus as this did not exist at the Balance Sheet date of 31 August 2019. It has however had a significant impact operationally and financially during 2019-20 to date:

**Operational**

- Teaching for all Further and Higher Education students across all sites is continuing via online delivery methods including Blackboard Collaborate and Moodle (virtual classrooms/learning environments), Microsoft Teams and online tutorials. Through Blackboard, individual course homepages provide details of work set for a particular course. Regular contact with students is being maintained via email to provide support and feedback.
- For students at Attleborough Academy Norfolk and Fakenham Academy Norfolk online learning is being provided and those students without online access are continuing to receive fortnightly work packs. The process of ordering laptops for disadvantaged Y10 students from the new Government scheme has started.

## Transforming Education in Norfolk

- Principals and staff are focussed on supporting learners impacted by the cancellation of all national exams and assessments this summer. New arrangements will be put in place within the College and Schools to provide all relevant examination boards with the information they require to enable national assessment and to release finalised grades/results to students.
- The College has been contacting its apprentices and employers to provide the appropriate support to both dependent on individual circumstances, aiming to ensure that all apprentices are continuing their learning and develop their skills during this period, (and in particular where apprentices have been furloughed).
- The College and Academy Sixth Forms are continuing to accept applications for September 2020, but are in the process of determining alternative arrangements to face-to-face interviews.

### Investment

- Planning, contract award and mobilisation phases of the new Digitech building at City College Norwich are continuing. The College remains in active discussion with the contractor, the LEP, local planning authorities about how to progress this build project during these unprecedented times.

### Financial

- At the time of authorisation of these financial statements, it is not clear what impact the current freeze in the UK property market may have on the valuation of the Group's land and buildings assets. The Groups' assets are held at cost (land) or on the basis of depreciated replacement cost (buildings). As such this should limit the exposure to impairment in asset values. In line with our normal procedures we will undertake an asset impairment as part of next financial year end.
- The decline and volatility in the global financial markets is likely to have had a negative impact on the valuation of the Group's net defined pension liability, (£43.1m as at 31 August 2019). At the date of authorisation of these consolidated financial statements, no formal valuation has been performed to enable the impact to be quantified. Any actuarial loss would be accounted for against the Restricted Pensions Reserve of each of the relevant educational providers in the group. This would not have an immediate direct effect on cash flow as employer contributions are certified every three years by the actuary.
- The College and the Academies continue to receive a majority of their funding from the Education and Skills Funding Agency. This has provided a good level of financial protection during COVID-19.
- The College is anticipating a net loss of income in 2019/20 of £0.4m due to COVID-19 (forecast income drop of £1.2m offset by £0.8m of savings) across the following areas:
  - Apprenticeships – A number of our local employers have requested a break in learning for our apprenticeships, this includes the NHS.
  - Commercial Services – following the closure of all commercial and leisure learning activities, we estimate a loss in revenues.
  - Savings – are anticipated through the lockdown period as a result of our sites remaining only partially open and through saving some of the variable costs associated with the commercial services income.

This net loss of income is significant but not material to the College's financial position.

- The College remains in active discussion with Lloyds bank in relation to the covenants that City College Norwich holds with Lloyds. The College continues to forecast compliance with all banking covenants and holding good levels of cash reserves.

We are currently liaising with AOC and monitoring funding guidance from the ESFA to understand what range of future financial support will be made available to the College and the Academies over this period.