



# ANNUAL REPORT & ACCOUNTS

Year Ended 31 August 2017

## PORTLAND COLLEGE

Nottingham Road, Mansfield, Nottinghamshire NG18 4TJ  
(Registered Office and Principal Address)  
Telephone: 01623 499111  
A Company Limited by Guarantee  
No. 408340 (England & Wales)  
Registered Charity Number 214339

**Patron:** Her Majesty The Queen  
**President:** Mrs A Swan Parente DL  
**Vice-Presidents:**  
Mr K McDonald  
Mrs D McDonald  
Mr H P Matheson DL  
Professor C O'Brien OBE

## BOARD OF GOVERNORS & COMPANY DIRECTORS

**Chairman:** Mr T S Richmond OBETD DL  
**Vice Chairman:** Mr J Aleander  
Mr N E Aspley  
Mrs H K Atwal  
Mr K Dennis (Resigned 27.03.2017)  
Mr A P Earnshaw  
Mr P Emerson (appointed 30.01.2017)  
Mr D Fathers (appointed 30.01.2017)  
Dr D Green  
Mr G W Hulse OBE  
Mr M Khera  
Mr T Vasishtha  
Mr S Walsh

## KEY MANAGEMENT PERSONNEL:

### SENIOR MANAGEMENT TEAM

**Principal & Chief Executive Officer:** Dr M Dale  
**Vice Principal:** Mrs M Arrowsmith Kemp  
(Resigned 22.09.2017)  
**Assistant Principal Development:** Mr E Johnstone  
**Assistant Principal Corporate Services:** Mr I Cowin

## BANKERS:

**HSBC Bank plc**  
1 St. Peter's Street, Derby DE1 2AE

## SOLICITORS:

**Freeths LLP**  
Cardinal Square, 2nd Floor, West Point, 10 Nottingham Road,  
Derby DE1 3QT

## AUDITORS:

**PKF Cooper Parry Group Limited**  
No.8 Calthorpe Road, Edgbaston, Birmingham B15 1QT

## INVESTMENT ADVISORS:

**Lloyds Bank Private Banking Limited**  
3rd Floor, Clipper House, Chester Road,  
Manchester M32 8AF

## INSURANCE BROKERS:

**Hettle Andrews & Associates Limited**  
9th Floor, Eleven Brindleyplace, 2 Brunswick Square,  
Brindleyplace, Birmingham B1 2LP

## PENSION CONSULTANTS TO PORTLAND COLLEGE:

**Freeths LLP**  
Cardinal Square, 2nd Floor, West Point,  
10 Nottingham Road, Derby DE1 3QT

## PENSION CONSULTANTS TO PENSION TRUSTEES:

**Sacker & Partners LLP**  
20 Gresham Street, London EC2V 7JE

# PORTLAND COLLEGE

## REPORT OF THE DIRECTORS ON THE FINANCIAL STATEMENTS

The Directors (members of the Board of Governors) present their annual report and financial statements for the year ended 31st August 2017, which comply with the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity. The strategic report required under company law is included in the report and covers the sections of achievement and performance, financial review and plans for future periods.

Portland College has one wholly owned subsidiary: Portland College Enterprises Limited; its income, expenditure and Balance Sheet have been consolidated into the Portland College accounts, with explanatory notes.

### Reference and administrative details

Portland College is a company limited by guarantee and a registered charity. Its Registered Office is as shown on the front cover. The present Directors and any other Directors who served during the year are listed on the front cover, together with the Patron, President, Vice-Presidents, Principal & Chief Executive Officer and the College's external advisers.

### Structure, governance and management

#### Governing Document

Portland College was founded as a company limited by guarantee (Company number 408340) on 12th April 1946 and is governed in accordance with its Articles of Association. As a registered charity (charity number 214339) the College is also subject to the rules of the Charity Commission. The group results incorporate Portland College Enterprises Limited a company registered in England and Wales.

The College is controlled by a Board of Governors (the Directors under Company Law), who bring a broad range of expertise to the College and are appointed by the Members of the College at a General Meeting. Under Article 25, the Governing Body must comprise not fewer than 10 Ordinary Governors and (if and only if appointed as Governors) the President and Vice-Presidents of the College. An Ordinary Governor is appointed for a term of three years, and normally would serve no more than three consecutive terms. The Ex-Officio Members i.e., President and Vice-Presidents are appointed annually. On appointment, new Directors are given a personal induction to the College and an information pack familiarising them with the work of the College and their roles and responsibilities.

Details of governors, senior management personnel and professional advisors are shown on the front cover of this report. The salaries of senior personnel are set by the remuneration committee based on the Association of Colleges benchmarking reports.

In accordance with the Articles of Association, the Directors retire by rotation. The Board of Governors has an open recruitment policy.

#### Organisation

The Directors discharge their duties via Governing Body meetings, held at least four times per year and through a range of Committees which include: Audit Committee, Oversight of Standards Group, Oversight of Finance Group, Enterprise Board and Remuneration Committee. These committees, together with any other working parties that may at times be necessary, meet as and when required. The Principal & Chief Executive Officer is responsible to the Directors for the day-to-day running of the College and the execution of strategy and policies as decided by the Board of Governors.

#### Liability Insurance

During the year the College purchased Executive, Professional and Fidelity Liability Insurance, which covered the Directors and Officers of the College, at a cost of £1,908 (2016 - £1,720). In all cases the insurance indemnifies the College against losses incurred from wrongful acts that result in claims by third parties. In addition, the individual Directors or Officers are covered under the Executive Liability insurance policy against personal loss, as a result of claims made upon them for actions taken whilst acting in their capacity as Directors or Officers of the College.

## Employment Policies

It is the College's policy to have effective communication and consultation with its staff. We have a voluntary recognition agreement with the Trade Union Unison for all non-teaching staff up to, but not including, senior managers. Under the terms of this agreement, and our Staff Council Constitution, we consult on a variety of issues affecting terms and conditions of employment, which are regularly discussed, at least three times per annum at Staff Council. We also communicate via performance management tools such as appraisals and supervisions, team briefings, staff training days, a weekly news bulletin and the SMG's core message to all staff members. The College is fully committed to Equality, Diversity and Inclusion (EDI) and publishes and effectively monitors an annual Single Equality Scheme Action Plan. Portland College is an equal opportunities employer.

The College employed an average of 319 full-time equivalent people during the year, compared with 306 in 2015-16. The increase was due to higher learner and citizen numbers.

## Objectives and activities

Portland College is a vibrant, national college for people with a wide range of disabilities. It is one of the foremost Colleges of its type in the United Kingdom, providing good learning opportunities for over 300 learners and citizens aged from 16 upwards. The College's principal objectives, set out in Article 5 of its Articles of Association, are "For the public benefit to advance the education of and promote the relief of persons with disabilities by any and every means".

The vision statement of the College is to provide the best learning experience, developing employability, independence and communication skills, for disabled people in the UK. The College will achieve this ambition by concentrating on its three strategic goals:

- An increased number of people benefitting from employability programmes, achieving and sustaining work (both waged and voluntary) or being enabled to access other provision.
- An increased number of beneficiaries will be able to access a wider, more diversified service offer and will achieve improved health and/or fitness through participation.
- An increased number of beneficiaries will be able to access a more diversified service offer and will achieve their core goals to lead a more independent life.

The College focuses on supporting student achievement and progression, collaborating and co-operating with others. In particular the College has striven to produce clear evidence that the quality of the provision made for its students demonstrates the college-wide philosophy that is right at the core of its strategic planning. The Directors confirm that during their consideration of the college-wide philosophy, due regard of Charity Commission guidance on public benefit has been taken account of and acted upon, where necessary.

The main activities undertaken by the College are student teaching, learning and assessment that was carried out in the Further Education team supported by the medical and therapy departments and residential care including day services and short breaks. The other activities in line with our Articles of Association objectives include an employment support programme and commercial activities including Portland Print, coffee shop and functions.

## Volunteers

Portland College values the contributions it receives from the many volunteers (50 registered during 2016-17) who are involved in the whole range of its activities including supporting learners in the classroom, community access trips and sporting clubs and tournaments. Some volunteers assist directly with fundraising.

## STRATEGIC REPORT

### Achievements and performance

#### Charitable Activities

The principal activity of Portland College is to provide the appropriate level of learning and teaching and care support for people with disabilities. Learners and citizens were funded principally by Local Authorities and the Education and Skills Funding Agency (ESFA) who cover the direct and support costs of the placement. The college fundraises to cover the cost of new facilities and equipment to enhance the experience and learning of learners and citizens.

Need, rather than ability to pay, is the key determinant of whether prospective learners access our learning and teaching programmes. The Directors are therefore fully satisfied that our activities meet the legal public benefit requirement.

#### Funding

The primary source of funding for Portland College are student fees and residential care fees. Student education and residential fees are funded via the ESFA and local authorities whilst residential and day service fees were received from Local Authority Social Care budgets.

#### Learning and teaching

During 2016-17 ESFA funded learner numbers have increased to 173 from 165 in the previous year and success rates for these learners on accredited qualifications continued to improve.

The focus for the year has been to continue to provide a good educational experience for learners and to improve data collection and analysis and the quality of teaching to meet that objective. Learner assessment, review and transitions into the community have always been a strength and we continue to work with funders to ensure that our provision is meeting their objectives in a cost efficient manner.

Portland has maintained good links with local employers and has continued to provide good quality work experiences for all our learners. In common with many other providers we continue to be challenged to transition our learners into employment after the programme.

Safeguarding arrangements are a strength of the College and we have implemented the government 'prevent' agenda effectively. Learners feel safe and staff are skilled in supporting learners who find transition into the college environment a challenge.

The hard work during the year was rewarded with a positive Ofsted shortly after year end which rates the college as 'good'.

#### Care

Citizens access our care provision in a range of ways through the Day Service, Short Breaks or an independent living programme. The numbers attending day services and short breaks have increased significantly over the last 12 months. Transitions on the independent living programmes were less positive than the previous years due to a shortage of suitable 'move on' accommodation locally. These services are accessed by over 200 citizens.

The service is widely considered to be caring and person centred although further work is required to ensure data and quality monitoring mirror the quality achieved in learning and teaching.

Discussions are ongoing with local authority funders with the aim of achieving fee levels to match the costs of running the service.

#### Fundraising

The Fundraising department raises funds via applications to Trusts, individuals, organisations and by organising a number of fund-raising events throughout the year. Charitable income including grants totalled £529k during 2016-17 (£123k in 2015-16). This increase in income stemmed primarily from Legacy income £327k (2014-15 - £17k). The legacy will facilitate continued work in employment support in the local area over the next three years.

## Financial review

### Group Operating Results

The net income for the year ended 31st August 2017 was £182k (2016 (£284k net expenditure)).

The Directors Memorandum Note on page 12 demonstrates that the College operated at a surplus of £1110k (2016 £721k) before the extraordinary expenditure of reorganisation and pension deficit repayment and the non-cash item of Depreciation. This, therefore, represents the College's EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) result for the year.

The college has continued to increase learner numbers and demand for day services and short breaks have also been strong. Residential citizen numbers have remained at similar levels to last year however it has been disappointing that we have not been able to transition more of our residents into more independent living elsewhere due to the shortage of suitable placements.

We achieved our budgeted net income due to the higher number of learners and day service citizens however the residential fees for citizens do not cover the cost of placement in some cases and we are in ongoing discussion with the funding authorities to resolve this problem.

National Living wage increases have impacted our costs and will continue to do so in future years. Agencies costs have also been higher than planned as we have experienced delays in recruiting to meet higher citizen and learner numbers.

Our work as part of the STEPs national employment consortium finished at the end of August as we were unable to successfully bid as part of the new tendering framework which was divided into larger national areas. We will continue to receive some income as this contract tails off in 2017-18 and will also be using legacy funds to launch a more local charitable funded service. We have also continued to diversify income streams.

### Reserves Policy

Reserves are those funds available to the College once it has met its commitments and covered planned expenditure. The Free Reserves retained as at 31st August 2017 were £2,180k (2016: £2,197k).

The Group/ College retain 'Free' Reserves at a level that would meet unforeseen shortfalls in short-term income streams. The basis of calculation of Free Reserves agreed by the Directors is income, which becomes available to spend at their discretion, but which is not yet spent, committed or designated (i.e. earmarked for a defined purpose). Thus, Free Reserves do not include Restricted or Designated Funds and are included within General College funds of £10,600k (note 17). The Designated Funds as at 31st August 2017 total £1,600k (£1,620k as at 31st August 2016) and are listed in Note 18a of the Financial Statements. They provision for on-going future liabilities (Defined Benefit Pension Scheme Liability - £600k), and provision for future projects (£1m). The Directors have approved a campus master plan which sets out a 10 year capital programme to further develop our woodland campus into the premier further education destination for disabled people in the UK

The level of the Free Reserves required is estimated by the Directors to represent approximately 25% of Student Fee Income, which is £2,175k as at 31st August 2017 (2015 £2,141k). The Directors undertake a formal review of the Reserves Policy every year and they are satisfied that the current level would meet College requirements.

### Investment Powers and Policy

The Directors regularly review the investment policy, which primarily aims to achieve growth in capital value from the College share portfolio via balanced levels of risk through both equity and fixed interest stocks. In addition, the Directors require the best use to be made of available cash resources through the prudent placement of fixed-term investments. Fixed-term UK bank deposits totalled £2,200k as at the Balance Sheet date (2016 £1,450k) and Cash at Bank on Deposit stood at £1,207k (2016 £1,704k). Total Cash and cash equivalents at bank increased by £251k during the year, mainly due to temporary working capital fluctuations. The value of the College's share portfolio rose from £261k on 31st August 2015 to £282k as at 31st August 2017.

The annual return on investments was £52k (2016 £28k).

### **Fixed Assets**

Changes in Fixed Assets are shown in Note 10 to the Financial Statements. In the opinion of the Directors the market value of the freehold property may differ from the book value, but as there is no intention of disposing of any premises it is therefore not considered appropriate to quantify the difference.

### **Risk management**

A regular assessment of risk is carried out, covering financial and non-financial risks to which the College is exposed, with a particular emphasis on those risks which involve students. This assessment is formally reviewed on a bi-annual basis and action taken to mitigate the identified risks. High risk areas are reviewed at each meeting of the Board. The process of review is overseen by the Directors' Audit Committee.

The main area of risk for the organisation is considered to be the securing of fee levels from funding authorities for care and education to cover the cost of the placement in view of local authority funding constraints and the increases in the minimum wage.

### **Plans for future periods**

The Ofsted Inspection in October 2017 was good but confirmed that further development of work experience and transition of learners into sustained employment is a priority.

The structure of the care provision will be reviewed during 2017-18 and work to improve learning opportunities for those on the residential independent living programme, improve the use of data and quality and to conclude discussions with local authorities over funding levels are priorities.

The campus development master plan has been agreed in outline and further work to develop the plans in detail and to fund the priority developments will be a key task for 2017-18.

The financial stability of the organisation and systems to support managers and employees are critical. We plan to develop systems and processes to effectively monitor staff costs and our contracts with funders.

The diversification of income across the campus through commercial developments and partnership working will be a further priority.

## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report of the Directors, Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year; which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the Directors are required to::

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- there is no relevant audit information of which the charitable company's Auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors Report and Strategic Report Approved on:

**T S Richmond**  
(Director)



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PORTLAND COLLEGE

## Opinion

We have audited the financial statements of Portland College ("the company") and its subsidiaries ("the group") for the year ended 31 August 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Company Balance Sheets, the Cashflow Statement and the related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities SORP 2015.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable group's and company's affairs as at 31 August 2017 and of the incoming resources and application of resources, including its income and expenditure, for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

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

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

## Other information

The directors are responsible for the other information. The other information comprises the information included in the Report of the Governors, other than the financial statements and our audit report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

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

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governors.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the Statement of Governors' Responsibilities set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error; as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Simon Atkins FCA**

Senior Statutory Auditor for and on behalf of **PKF Cooper Parry Group Limited**

Chartered Accountants

Statutory Auditor

Sky View, Argosy Road, Castle Donington, Derby DE74 2SA

Date:

# PORTLAND COLLEGE

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31st AUGUST 2017

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	2016
<b>Income from</b>	1(d)				
Charitable Activities	2	8,792	-	8,792	8,445
Other Trading Activities	3	866	-	866	674
Donations, Legacies and Grants	4	40	489	529	123
Investment Income	5	52	-	52	28
Other Income		97	-	97	-
<b>Total Income</b>		<b>9,847</b>	<b>489</b>	<b>10,336</b>	<b>9,270</b>
<b>Expenditure on:</b>	1(e)				
Raising Funds		109	-	109	82
Charitable Activities	6(a)/(b)	9,023	250	9,273	8,837
Other Activities		795	-	795	656
<b>Total Expenditure</b>		<b>9,927</b>	<b>250</b>	<b>10,177</b>	<b>9,575</b>
Net Gains on Investments		23	-	23	21
<b>Net Income/(Expenditure) for the year</b>	8	<b>(57)</b>	<b>239</b>	<b>182</b>	<b>(284)</b>
Transfers Between Funds	18(b)	21	(21)	-	-
<b>Net Income/ (Expenditure) before Other Recognised Gains and Losses</b>		<b>(36)</b>	<b>218</b>	<b>182</b>	<b>(284)</b>
Other Recognised Gains and Losses					
Defined Benefit Pension Scheme Actuarial Loss/Gain	23	772	-	772	(1,807)
<b>Net Movement in Funds</b>		<b>736</b>	<b>218</b>	<b>954</b>	<b>(2,091)</b>
Reconciliation of Funds					
Fund Balances Brought Forward		9,497	329	9,826	11,917
<b>Fund Balances Carried Forward at End of Year</b>		<b>10,233</b>	<b>547</b>	<b>10,780</b>	<b>9,826</b>

# PORTLAND COLLEGE

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31st AUGUST 2017 (CONTINUED)

None of the Group's activities was acquired or discontinued during the past two financial periods.  
The notes on pages 16 to 31 form part of these Financial Statements.

### MEMORANDUM NOTE (this does not form part of the Audited Financial Statements)

Re-statement of 2015-16 revenue performance in EBITDA format:

	2016-17		2015-16	
	£'000	£'000	£'000	£'000
<b>Operating Surplus before Exceptional Items and Depreciation</b>		<b>1,110</b>		<b>721</b>
Less: Extraordinary Expenditure				
Re-organisation & Development Costs	-		(66)	
Deficit recovery for Defined Benefit Pension Scheme	(235)		(226)	
		<u>(235)</u>		<u>(292)</u>
<b>Surplus/(Deficit) before Non-Cash Items</b>		<b>875</b>		<b>429</b>
Depreciation	(747)		(820)	
FRS102 - Charge against Operating Surplus	54		107	
		<u>(693)</u>		<u>(713)</u>
<b>Net Income/ (Expenditure)</b>		<b>182</b>		<b>(284)</b>
<b>Before Other Recognised Gains and Losses</b>				

# PORTLAND COLLEGE

CONSOLIDATED BALANCE SHEET AS AT 31st AUGUST 2017

Company Registration Number 408340

	Note	31st August 2017 £'000	31st August 2016 £'000
<b>Fixed Assets</b>			
Tangible Assets	10(a)	8,490	8,543
Investments - Quoted	10(b)	282	261
Other Investments - Other than Loans	10(c)	-	-
Investments - Related Parties	10(d)	-	-
<b>Total Fixed Assets</b>		<b>8,772</b>	<b>8,804</b>
<b>Current Assets</b>			
Stocks	12	22	17
Debtors	13	1,798	1,533
Investments	14	2,200	1,450
Cash at Bank on Deposit		1,207	1,704
Cash at Bank and in Hand		68	70
		<b>5,295</b>	<b>4,774</b>
Creditors: Amounts falling due within one year	15	(1,250)	(889)
<b>Net Current Assets</b>		<b>4,045</b>	<b>3,885</b>
<b>Net Assets Excluding Pension Liability</b>		<b>12,817</b>	<b>12,689</b>
Defined Benefit Pension Scheme Liability	23	(2,037)	(2,863)
<b>Net Assets Including Pension Liability</b>	16	<b>10,780</b>	<b>9,826</b>
<b>The Funds of the Group</b>			
<b>Restricted Income Funds</b>	18	<b>547</b>	<b>329</b>
<b>Unrestricted Income Funds</b>			
General Group Funds	17	10,600	11,688
Designated Funds	18(a)	1,600	1,620
Unrealised Investment Revaluation Reserve	18(c)	70	52
<b>Unrestricted Income Funds Excluding Pension Liability</b>		<b>12,270</b>	<b>12,360</b>
Pension Reserve	23	(2,037)	(2,863)
<b>Total Unrestricted Funds</b>		<b>10,233</b>	<b>9,497</b>
<b>Total Group Funds</b>	17	<b>10,780</b>	<b>9,826</b>

The notes on pages 16 to 31 form part of these Financial Statements.

These accounts were approved and authorised for issue by The Board of Directors and signed on its behalf by:

T S Richmond  
Director

A P Earnshaw  
Director

Date:

# PORTLAND COLLEGE

CHARITY BALANCE SHEET AS AT 31st AUGUST 2017

Company Registration Number 408340

	Note	31st August 2017 £'000	31st August 2016 £'000
<b>Fixed Assets</b>			
Tangible Assets	10(a)	8,490	8,543
Investments - Quoted	10(b)	282	261
Other Investments - Other than Loans	10(c)	-	-
Investments - Subsidiary and Associate Undertaking	10(d)	-	-
<b>Total Fixed Assets</b>		<b>8,772</b>	<b>8,804</b>
<b>Current Assets</b>			
Stocks	12	16	12
Debtors	13	1,850	1,586
Investments	14	2,200	1,450
Cash at Bank on Deposit		1,208	1,705
Cash at Bank and in Hand		7	6
		<b>5,281</b>	<b>4,759</b>
Creditors: Amounts falling due within one year	15	(1,236)	(874)
<b>Net Current Assets</b>		<b>4,045</b>	<b>3,885</b>
<b>Net Assets Excluding Pension Liability</b>		<b>12,817</b>	<b>12,689</b>
Defined Benefit Pension Scheme Liability	23	(2,037)	(2,863)
<b>Net Assets Including Pension Liability</b>	16	<b>10,780</b>	<b>9,826</b>
The Funds of the Charity			
<b>Restricted Income Funds</b>	18	<b>547</b>	<b>329</b>
<b>Unrestricted Income Funds</b>			
General College Fund	17	10,600	10,688
Designated Funds	18(a)	1,600	1,620
Unrealised Investment Revaluation Reserve	18(c)	70	52
<b>Unrestricted Income Funds Excluding Pension Liability</b>		<b>12,270</b>	<b>12,360</b>
Pension Reserve	23	(2,037)	(2,863)
<b>Total Unrestricted Funds</b>		<b>10,233</b>	<b>9,497</b>
<b>Total Charity Funds</b>	17	<b>10,780</b>	<b>9,826</b>

The notes on pages 16 to 31 form part of these Financial Statements.

These accounts were approved and authorised for issue by The Board of Directors and signed on its behalf by:

T S Richmond  
Director

A P Earnshaw  
Director

Date:

# PORTLAND COLLEGE

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st AUGUST 2017

	Note	2017 £'000	2016 £'000
<b>Net Cash Used In Operating Activities</b>	21	851	(292)
<b>Cash Flow From Investing Activities</b>			
Purchase of Property, Plant and Equipment		(731)	(227)
Proceeds From the Sale of Property, Plant and Equipment		79	-
Purchase of Investments		(26)	(68)
Proceeds from Sale of Investments		26	73
Investment Income		52	28
<b>Net Cash Used in Investing Activities</b>		251	(486)
<b>Change in Cash and Cash Equivalents in the Reporting Period</b>		251	(486)
<b>Cash and Cash Equivalents at 1 September 2016</b>		3,224	3,710
<b>Cash and Cash Equivalents at 31 August 2017</b>		3,475	3,224
<b>Cash and Cash Equivalents Consists of:</b>			
Cash in Hand, at Bank		1,275	1,774
Current Asset Investments	14	2,200	1,450
<b>Cash and Cash Equivalents at 31 August 2017</b>		3,475	3,224

# PORTLAND COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st AUGUST 2017

### I. ACCOUNTING POLICIES

#### (a) General information and basis of preparation

The group financial statements have been prepared on a going concern basis under the historical cost convention, modified to incorporate the inclusion of Fixed Asset Investments at gain value. They are prepared in Sterling which is the functional currency of the College and rounded to the nearest £000. They comply with the requirements of the Companies Act 2006 and the provisions of 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) issued on 16 July 2014. The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the College and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis. The results of the associated undertaking are excluded from the consolidation on the basis that it is immaterial.

Advantage has been taken of exemptions given under section 408 of the Companies Act 2006 not to present a separate SOFA for Portland College.

Portland College meets the definition of a public benefit entity under FRS 102; assets and liabilities are initially stated at historical cost or transition value unless otherwise stated in the relevant accounting policy note(s).

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Results of Portland College - Total incoming resources for the year ended 31st August 2017 for Portland College (the Charity) amounted to £10,117k (2016 - £9,031k). Net incoming resources for the year produced a surplus of £953k (2016 - deficit £306k).

#### (b) Going Concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

#### (c) Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.



### I. ACCOUNTING POLICIES (Continued)

#### (d) Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Report.

Where practicable, gifts in kind donated for distribution to the beneficiaries of the charity are included in stock and donations in the financial statements upon receipt. If it is impracticable to assess the fair value at receipt or if the costs to undertake such a valuation outweigh any benefits, then the fair value is recognised as a component of donations when it is distributed and an equivalent amount recognised as charitable expenditure.

Gifts in kind donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. Where estimating the fair value is practicable upon receipt it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impracticable to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Fixed asset gifts in kind are recognised when receivable and are included at fair value. They are not deferred over the life of the asset.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

The charity receives government grants in respect of Education and Skills Funding Agency (EFSA). Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income is earned through holding assets for investment purposes such as shares. It includes dividends & interest. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend income is recognised as the charity's right to receive payment is established.

#### (e) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes the costs of commercial trading;
- Expenditure on charitable activities includes the cost of educational activities undertaken to further the purposes of the charity and their associated support costs; and
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

### I. ACCOUNTING POLICIES (Continued)

#### (f) Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 6(b), along with the bases on which support costs have been allocated.

#### (g) Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Donated stocks are fair valued as described in (d) above

#### (h) Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Defined Contribution Scheme - The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable in accordance with the rules of the scheme.

Defined Benefit Scheme - The charity operates a defined benefit plan for the benefit of its employees. A liability for the charity's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period as is charged to cost headings on a pro rata basis based on full time equivalent employees. The total cost is recognised in unrestricted funds. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date. Details of the College's defined benefit scheme are shown in notes 22 and 23.

#### (i) Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains / (losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment. Investments in subsidiaries / joint ventures / associates are measured at cost less impairment.

Current asset investments are short term highly liquid investments and are held at fair value. These include cash on deposit and cash equivalents with a maturity of less than one year.

#### (j) Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold Buildings		10 to 40 years (note (i))
Furniture and Equipment	- Computers	5 years
	- IT Network	7 years
	- Production/Technical Equipment	5 years
	- Other	10 years
Transport		5 years

Notes:

(i) Freehold Buildings - Note that freehold buildings also includes the cost of building improvements and refurbishment projects. The life expectancy of each building is assessed individually.

(ii) Items costing less than £500 are written off as expenditure in the year of purchase.

#### (k) Operating Leases

Rentals payable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

#### (l) Tax

The charity 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.

Portland College Enterprises Limited is liable for Corporation Tax and the liability is based on the result for the year as adjusted for disallowable items. However an agreement is in place whereby all profits are donated to the College.

# PORTLAND COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st AUGUST 2017

	2017 £'000	2016 £'000
<b>2. INCOME FROM CHARITABLE ACTIVITIES</b>		
Educational fees	4,404	4,130
Residential fees	4,297	4,285
Other fees	91	30
	<b>8,792</b>	<b>8,445</b>

All of the above income was distributable to unrestricted funds in both years

### 3. INCOME FROM OTHER TRADING ACTIVITIES

Portland Print	161	176
Other Trading Income	705	498
	<b>866</b>	<b>674</b>

All of the above income was distributable to unrestricted funds in both years

### 4. INCOME FROM DONATIONS, LEGACIES AND GRANTS

Legacies	327	17
Grants	55	64
Donations	147	42
	<b>529</b>	<b>123</b>

Donations in excess of £2K were received from Charles Littlewood Hill Trust, Sir John Eastwood Foundation, Garfield Weston Foundation, ERASMUS, The Hobson Charity, Lord's Taverners, MKG Food Products Ltd, Linney, PKF Cooper Parry, Hucknall Rotary Club, Charles Wolfson Charitable Trust, Jones 1986 Charitable Trust, CAF, Karten and Mr Waterfield legacy.

Of the above income of £529K, £40K (2016: £51K) was attributable to unrestricted funds and £489K (2016: £72K) was attributable to restricted funds.

	2017 £'000	2016 £'000
<b>5. INVESTMENT INCOME</b>		
Bank Interest	50	23
UK Listed Investments	2	5
	<b>52</b>	<b>28</b>

All of the above income was distributable to unrestricted funds in both years

# PORTLAND COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st AUGUST 2017

## 6a. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Activities undertaken directly £'000	Support Costs £'000	Total £'000
Education	2,815	1,462	4,277
Care and Support	3,432	1,564	4,996
	<b>6,247</b>	<b>3,026</b>	<b>9,273</b>

£250k (2016 - £97k) of the above costs were attributable to restricted funds. £9,023k (2016 - £8,701k) of the above costs were attributable to unrestricted funds.

## 6b. ALLOCATION OF SUPPORT COSTS

Support Cost	Basis of allocation	Education £'000	Care & Support £'000	Activities & Raising Funds £'000	Total £'000
Learner Support Costs	Area/Usage	559	641	43	1,243
Corporate Services	FTEs	542	558	49	1,149
Depreciation	Asset location	361	365	22	748
		<b>1,462</b>	<b>1,564</b>	<b>114</b>	<b>3,140</b>

## 7. GOVERNANCE COSTS-INCLUDED WITHIN SUPPORT COSTS

	2017 £'000	2016 £'000
Auditors Remuneration - Current Year	24	24
Auditors Remuneration - Under Accrual	-	9
Other Professional Costs	29	10
	<b>53</b>	<b>43</b>

## 8. NET INCOME/ (EXPENDITURE) is stated after charging:-

	2017 £'000	2016 £'000
<b>Auditors Remuneration</b>		
Auditors Remuneration - Audit	24	24
Less: Allowance included within Donations & Gifts	(7)	(7)
	<b>17</b>	<b>17</b>
Auditors Remuneration - Other Services		
Audit of the Charity's Subsidiary pursuant to legislation	2	2
Other services relating to taxation	1	2
All other services	-	1
	<b>20</b>	<b>22</b>

### Operating Leases

Operating Leases - all with less than 1 Year remaining	-	-
Operating Leases - 2 - 5 Years remaining	17	17
	<b>17</b>	<b>17</b>
<b>Rental Agreements</b>	<b>5</b>	<b>10</b>

The above operating leases and rental agreements all relate to equipment.

# PORTLAND COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st AUGUST 2017

### 9. EMPLOYEE INFORMATION

The average number of people employed and full time equivalents (FTE) during the year was as follows:

	2017 Number	2017 FTE	2016 Number	2016 FTE
Education	142	115	125	103
Care & Support	160	138	175	149
General Learner Support	43	40	31	29
Corporate Services	17	16	15	15
Trading Activities	8	7	7	7
Fundraising	4	3	3	3
	<b>374</b>	<b>319</b>	<b>356</b>	<b>306</b>

In addition a total of 50 (2016: 81) Volunteers made a contribution to the College in a variety of ways.

#### Employment Costs for the year were:

	2017 £'000	2016 £'000
Wages and Salaries	6,960	6,298
Employer's National Insurance Contributions	430	395
Employer's Pension Contributions	274	272
Life Assurance Contributions	28	27
Health Benefit Plan	-	-
	<b>7,692</b>	<b>6,992</b>

The College consider its key management personnel to comprise the Senior Management Team (as detailed on the front cover). The total employment benefits including employer pension contributions of the key management personnel were £302k (2016: £297k). One employee had employee benefits in the range of £90k-£100k (2016: one).

#### The Board of Governors

The Governors are entitled to reclaim travel expenses incurred in the course of their duties. During the year three (2016 - three) Governors received reimbursement of expenses totalling £1,007 (2016 - £859), of which £nil (2016 - £nil) was Gift Aided back to the College.

# PORTLAND COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st AUGUST 2017

### 10. FIXED ASSETS

#### (a) Tangible Assets Group & Charity

	Freehold Land & Buildings £'000	Furniture & Equipment £'000	Transport £'000	Total £'000
<b>Cost</b>				
At 1st September 2016	17,262	3,372	195	20,829
Additions	483	200	48	731
Disposals	(76)	(270)	-	(346)
<b>At 31st August 2017</b>	<b>17,669</b>	<b>3,302</b>	<b>243</b>	<b>21,214</b>
<b>Depreciation</b>				
At 1st September 2016	9,276	2,815	195	12,286
Charge for Year	570	175	2	747
Eliminated on Disposal	(39)	(270)	-	(309)
<b>At 31st August 2017</b>	<b>9,807</b>	<b>2,720</b>	<b>197</b>	<b>12,724</b>
<b>Net Book Value</b>				
At 1st September 2016	7,986	557	0	8,543
<b>At 31st August 2017</b>	<b>7,862</b>	<b>582</b>	<b>46</b>	<b>8,490</b>

The National Lottery Charities Board was granted a legal charge over the 'Birches' building (previously known as the Information and Communication Technology Learning Centre) in relation to the £500k grant that it provided to the College. The legal charge is granted for a period of 80 years from the receipt of payment on 26 May 2006.

# PORTLAND COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st AUGUST 2017

### 10. FIXED ASSETS (Continued)

#### (b) Investments Group & Charity

	Quoted Investments £'000	Cash £'000	Totals £'000
Market Value at 1st September 2016	261	0	261
Additions	25	1	26
Disposals	(26)	-	(26)
Revaluation	21	-	21
<b>At 31st August 2017 (see notes below)</b>	<b>281</b>	<b>1</b>	<b>282</b>
Cost at 1st September 2016	209	0	209
<b>Cost at 31st August 2017</b>	<b>210</b>	<b>1</b>	<b>211</b>

#### Notes

i. Quoted Investments Comprise:	£'000	%
UK Unit Trusts	63	22.4
Property Funds	13	4.6
Corporate Bonds	55	19.6
Cash Benchmarked	5	1.8
Mixed Asset Funds	51	18.1
International Equity	94	33.5
	<b>281</b>	<b>100.0</b>

#### ii. Individual Investments exceeding 5% of Portfolio:

MM International Equity Fund Q Net Inc	70	24.9
Asset Allocator Q Inc	51	18.1
MM UK Equity Inc Fund Q Net Inc	28	10.0
PIMCO GIS Global - Investment Grade Credit Instl	25	8.9
Aberdeen Enhanced EquityFund Q Net Inc	19	6.8
MM UK Equity Inc Fund Q Net Inc	16	5.7

No restrictions are placed upon the realisation of the above investments.

iii. 48% of the Portfolio is covered by Investments which are held in the UK. Cash held as part of the investment portfolio will be reinvested in further UK quoted investments.

iv. During the period ended 31 August 2017, Lloyds TSB Private Banking Limited held title to the above investments and this company acted as a nominee of the College.

# PORTLAND COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st AUGUST 2017

### 10. FIXED ASSETS (Continued)

#### (c) Investments

	2017 £'000	2016 £'000
Other Investments - Other than loans due to mature within 3-5 years	-	-

#### (d) Investments

Charity	Shares in Group Undertakings £
Holding in subsidiary: 100 Ordinary shares of £1 each [note 11]	
Cost or valuation at 1st September 2016 and 31st August 2017	100
<b>Cost or valuation at 1 September 2016 and 31 August 2017</b>	<b>100</b>
Shares in Associated Undertakings	£
Holding in associated undertaking: 2 Ordinary shares of £1 each [note 26]	
Cost or valuation at 31st August 2017	2

### 11. SUBSIDIARY UNDERTAKING

The charity owns the whole of the issued ordinary share capital of Portland College Enterprises Limited, a company registered in England and Wales. The subsidiary is used for non-primary purpose trading activities and commenced trading on 01 September 2009. All activities have been consolidated on a line by line basis in the SOFA. The subsidiary achieved a total net profit of £33 which was gifted to the charity. A summary of the results of the subsidiary is shown below:

	2017 £'000	2016 £'000
Turnover	255	238
Cost of Sales	(193)	(187)
<b>Gross Profit</b>	<b>62</b>	<b>51</b>
Administrative Expenses	(62)	(51)
<b>Net Profit</b>	<b>-</b>	<b>-</b>
The aggregate of the assets, liabilities and funds was:		
Assets	85	72
Liabilities	(85)	(72)
<b>Total Capital and Reserves</b>	<b>-</b>	<b>-</b>

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>12. STOCKS</b>				
Raw Materials and Consumables	14	10	13	10
Finished goods and goods for re-sale	8	7	3	2
	<b>22</b>	<b>17</b>	<b>16</b>	<b>12</b>
<b>13. DEBTORS</b>				
Trade Debtors	814	497	787	473
Other Debtors	919	977	932	998
Prepayments	65	59	63	59
Due from Group Companies	-	-	68	56
	<b>1,798</b>	<b>1,533</b>	<b>1,850</b>	<b>1,586</b>

Other Debtors includes £233k (2016 - £754k) for Student Fees not yet invoiced.

### 14. INVESTMENTS - CURRENT ASSETS

Unquoted - Fixed Term UK Bank Deposits	2,200	1,450	2,200	1,450
----------------------------------------	-------	-------	-------	-------

Of the above deposits, £1,750k is due to mature within 6 months of the Balance Sheet date.



# PORTLAND COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st AUGUST 2017

### 15. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade Creditors	169	228	166	224
Other Taxation and Social Security	104	110	103	106
Other Creditors	640	416	630	411
Accruals	337	135	335	133
Due to Group Companies	-	-	2	0
	<b>1,250</b>	<b>889</b>	<b>1,236</b>	<b>874</b>

Other Creditors include £365k (2016 - £241k) for Student Fees paid in advance.

### 16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

#### Group & Charity

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Fund Balances at 31st August 2017 are represented by:			
Tangible Fixed Assets	8,452	38	8,490
Investments	282	-	282
Current Assets	4,786	509	5,295
Creditors: Current Liabilities	(1,250)	-	(1,250)
Pension Reserve	(2,037)	-	(2,037)
	<b>10,233</b>	<b>547</b>	<b>10,780</b>

Unrealised profit included above on Investment Assets [note 18c]	70	-	70
------------------------------------------------------------------	----	---	----

### 17. COLLEGE FUND AND RESERVES

#### Group & Charity

	2017 £'000	2016 £'000
<b>Unrestricted Funds [note 18a]</b>		
General College Funds - excluding Designated Funds and Pension Liability	10,600	10,688
Designated Funds [note 18a]	1,600	1,620
<b>General College Funds - excluding Pension Liability</b>	<b>12,200</b>	<b>12,308</b>
Pension Reserve [note 23]	(2,037)	(2,863)
<b>General College Funds - including Pension Liability [note 18a]</b>	<b>10,163</b>	<b>9,445</b>
Unrealised Investment Revaluation Reserve [note 18c]	70	52
<b>Unrestricted income fund</b>	<b>10,233</b>	<b>9,497</b>
Restricted Funds [note 18b]	547	329
<b>Total Funds and Reserves</b>	<b>10,780</b>	<b>9,826</b>

# PORTLAND COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st AUGUST 2017

### 18. FUND RECONCILIATION

Group & Charity

	Note	Balance 1st September 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Gains/ (Losses) £'000	Balance 31st August 2017 £'000
<b>a) Unrestricted Funds</b>							
Unrestricted		10,688	9,847	(9,978)	41	2	10,600
Designated:							
Capital Commitments (other than from restricted funds)		20	-		(20)	-	-
Future Projects:							
Defined Benefit Pension Scheme Liability		600	-	-		-	600
Campus Development Plan		1,000	-	-		-	1,000
<b>Total Unrestricted Funds</b>		<b>12,308</b>	<b>9,847</b>	<b>(9,978)</b>	<b>21</b>	<b>2</b>	<b>12,200</b>
<b>b) Restricted Funds</b>							
Specific Grants and Donations:							
EFA School Condition Allocation	i.	-	55	(55)	-	-	-
Sports Complex	ii.	29	-	-			29
Multi Use Games Area (MUGA)	iii.	129	-	(129)	-	-	-
Ian Karten Trust	iv.	10	23	(10)	-	-	23
Minibus			45	(30)	-	-	15
Outram Street Project	vi.		345				345
Other Donations:							
Legacy - Communications		66	-	(26)	-	-	406
Equipment - Various		-	21	-	(21)	-	-
Scholarship Fund	v.	95	-	-	-	-	95
<b>Total Restricted Funds</b>		<b>329</b>	<b>489</b>	<b>(250)</b>	<b>(21)</b>	<b>-</b>	<b>547</b>
<p>Restricted Fund balances are only shown where there are either a) specific clauses within the basis of agreement on which the donation or grant was received; or b) where a building project is under construction, in this case specific grants/donations will not be transferred to unrestricted funds until the building is completed. In all other cases it is taken that the purchase of the specified item meets any restriction placed on the funds by the donor.</p> <p>i. ESFA School Condition Allocation - the grant was received to support upkeep of College buildings and equipment.            ii. The Sports Complex is a proposed capital project, which remains under consideration by the College Governors.            iii. Multi Use Games Area - Grants and donations received to establish a robust sports field that is available to our learners and outside groups.            iv. Ian Karten Trust - the grant was provided to cover the implementation of mobile learning projects. There is a 5 year reducing balance restriction on this grant.            v. Scholarship Fund - cash funds are held for the specific purpose of supporting students.            vi. Outram Street project relates to a legacy of cash and a building to provide employment support and advice in Sutton in Ashfield. this will commence 2018.</p>							
<b>c) Unrealised Investment Revaluation Reserve</b>						£'000	£'000
Balance at 1st September 2016							52
Revaluation during period						21	
Revaluation on disposal of investments						(3)	
							18
<b>Balance at 31st August 2017</b>							<b>70</b>

# PORTLAND COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st AUGUST 2017

### 18. FUND RECONCILIATION (continued)

Group & Charity

	Note	Balance 1st September 2015 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Gains/ (Losses) £'000	Balance 31st August 2016 £'000
<b>d) Unrestricted Funds</b>							
Unrestricted		11,409	9,198	(9,566)	(352)	(1)	10,688
Designated:							
Capital Commitments (other than from restricted funds)		13	-	(13)	20	-	20
Future Projects:							
Defined Benefit Pension Scheme Liability		500	-	-	100	-	600
Proposed Sports Centre		400	-	-	(400)	-	0
Laurels - Supported Living		350	-	-	(350)	-	0
Campus Development Plan		0	-	-	1,000	-	1,000
<b>Total Unrestricted Funds</b>		<b>12,672</b>	<b>9,198</b>	<b>(9,579)</b>	<b>18</b>	<b>(1)</b>	<b>12,308</b>
<b>e) Restricted Funds</b>							
Specific Grants and Donations:							
EFA School Condition Allocation	i.	-	54	(54)	-	-	-
Sports Complex	ii.	29	-	-	-	-	29
Multi Use Games Area (MUGA)	iii.	134	-	(5)	-	-	129
Ian Karten Trust	iv.	15	-	(5)	-	-	10
Other Donations:							
Legacy - Communications		99	-	(33)	-	-	66
Equipment - Various		0	18	-	(18)	-	-
Scholarship Fund	v.	95	-	-	-	-	95
<b>Total Restricted Funds</b>		<b>372</b>	<b>72</b>	<b>(97)</b>	<b>(18)</b>	<b>-</b>	<b>329</b>

Restricted Fund balances are only shown where there are either a) specific clauses within the basis of agreement on which the donation or grant was received; or b) where a building project is under construction, in this case specific grants/donations will not be transferred to unrestricted funds until the building is completed. In all other cases it is taken that the purchase of the specified item meets any restriction placed on the funds by the donor.

i. EFA School Condition Allocation - the grant was received to support upkeep of College buildings and equipment.

ii. The Sports Complex is a proposed capital project, which remains under consideration by the College Governors.

iii. Multi Use Games Area - Grants and donations received to establish a robust sports field that is available to our learners and outside groups.

iv. Ian Karten Trust - the grant was provided to cover the implementation of mobile learning projects. There is a 5 year reducing balance restriction on this grant.

v. Scholarship Fund - cash funds are held for the specific purpose of supporting students.

<b>f) Unrealised Investment Revaluation Reserve</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1st September 2015		36
Revaluation during period	22	
Revaluation on disposal of investments	(6)	
		16
<b>Balance at 31st August 2016</b>		<b>52</b>

# PORTLAND COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st AUGUST 2017

### 19. CAPITAL COMMITMENTS

Group & Charity

	2017 £'000	2016 £'000
Capital Expenditure committed to but not provided for in these financial statements:		
Multi Use Games Area (MUGA) - from restricted funds	-	135
Litespeed Web Server & Fortimail	-	20
	<b>0</b>	<b>155</b>

### 20. FINANCIAL COMMITMENTS

Group & Charity

At 31 August 2017 the Group had total commitments under operating leases expiring as follows:

		Equipment	
		2017 £'000	2016 £'000
Expiring:	Within one year	-	-
	With two to five years	40	57
	Over five years	-	-

### 21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £'000	2016 £'000
Net Income/Expenditure before Investment Gains and Losses	182	(284)
Depreciation	747	820
Interest Received	(52)	(28)
Unrealised Investment Gains and Losses	(21)	(22)
(Gains)/Loss on Disposal of Fixed Assets	(42)	10
Post Employment Benefits Less Payments	(54)	(107)
(Increase) in Stock	(5)	-
(Increase) in Debtors	(265)	(610)
(Decrease)/Increase in creditors	361	(271)
Transfer of Investment to Liquid Resources		200
<b>Net Cash provided by / (Used) in Operating Activities</b>	<b>851</b>	<b>(292)</b>

# PORTLAND COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st AUGUST 2017

### 22. PENSION & OTHER POST-RETIREMENT BENEFITS

Group & Charity

All pension commitments for the Group are held within the charity.

The College closed its Defined Benefit Scheme to new Members with effect from 01 January 1997 and so the use of the projected unit valuation method required by FRS102 means that the current service cost (as a proportion of Defined Benefit Member's earnings) is likely to increase as Members approach retirement. The assets of the Scheme are held separately from those of the College, being invested with Prudential Assurance.

In accordance with FRS102, the regular service cost of providing retirement benefits to employees during the period is charged to the statement of financial activities, along with a credit representing the expected return on the assets of the scheme during the period, and a charge representing the expected increase in the liabilities of the scheme during the period. The difference between the market value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the balance sheet. Differences between actual and expected returns on assets during the period are recognised in the Statement of Financial Activities, together with the differences arising from changes in assumptions.

The most recent actuarial report which was produced with the effective date of 31 December 2015, showed a deficit valuation of £1,067k and funding level of 88%. It was agreed between the College and the Trustees of the Scheme to aim to remove the funding shortfall, as it existed at 31 December 2015. Consequently the College is contributing £175k per annum. This arrangement will be reviewed by the College and Trustees in the light of the next triennial valuation in 2018.

The College provides auto-enrolment membership of its defined contribution pension scheme to all new and existing employees. This Scheme is currently operated by Friends Life. The College will contribute an equal percentage of salary, in accordance with the employee's chosen option, up to a maximum of 6%. Contributions of £156k were made to this Scheme during the year ended 31 August 2017 (2016 - £145k). As an alternative to its own pension schemes the College contributes to other specific defined benefit schemes for certain tutors and those employed by outside agencies. The cost of those contributions during the year was £102k (2016 - £107k). Liabilities owed to these schemes at year end were £11k.

Death-in-Service Benefits are provided for all staff. The cost of the Life Assurance contributions to the College for the year was £28k (2016 - £27k).

### 23. FRS102 VALUATION OF DEFINED BENEFIT PENSION SCHEME

Group & Charity

An Actuarial report has been produced as at 31 August 2016 in accordance with FRS102, the details of which are set out below.

The Company sponsors the Portland College Pension Scheme, a funded defined benefit pension scheme in the UK. The scheme is set up on a tax relieved basis as a separate trust independent of the Company and is supervised by independent trustees. The trustees are responsible for ensuring that the correct benefits are paid, that the scheme is appropriately funded and that scheme assets are appropriately invested.

Active members of the scheme pay contributions at the rate of 8% of salary and the Company pays the balance of the cost as determined by regular actuarial valuations. The Trustees are required to use prudent assumptions to value the liabilities and costs of the scheme whereas the accounting assumptions must be best estimates

The actuarial valuation of the Scheme as at 31 December 2015 revealed a funding shortfall of £1,067,000. Subsequently, an annual update, as at 31 December 2016, revealed a funding shortfall of £1,758,000. To eliminate the funding shortfall revealed at the 31 December 2016 annual update, the Trustees and the Employer agreed to pay additional contributions in the Scheme at the rate of £175,000 per annum, for a period of 7 years and 7 months.

The results of the actuarial valuation as at 31 December 2015 have been projected to 31 August 2017 using the assumptions set out below. The figures in the following disclosures were measured using the Projected Unit Method.

	2017	2016
	%	%
Liability Discount Rate	2.7	2.3
Inflation	3.4	2.9
Salary Increases	1.7	1.2
Increases to Deferred Pensions before Retirement	2.7	2.2
Increases to Pensions in Payment (5% or RPI if less)	3.3	2.9
Increases to Pensions in Payment (3.5% or RPI if less)	2.9	2.6

The mortality assumptions for the scheme liabilities at 31 August 2016 were based on the SAPS S1PXA, CMI\_2011 projections with long term improvements of 1.5% pre retirement and 1% post retirement, and have continued to be used as at 31 August 2017.

# PORTLAND COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st AUGUST 2017

### 23. FRS102 VALUATION OF DEFINED BENEFIT PENSION SCHEME (continued)

The assets in the scheme and the expected return were:

	Value of assets at 31 August 2017 £'000	Value of assets at 31 August 2016 £'000
Cash Accumulation Policy	7,341	6,587
Secured Pensions in Payment	1,468	1,535
Cash in Trustee Bank Account	-	-
<b>Total Market Value of Assets</b>	<b>8,809</b>	<b>8,122</b>
Present Value of Scheme Liabilities	(10,846)	(10,985)
<b>Deficit in the Scheme</b>	<b>(2,037)</b>	<b>(2,863)</b>

#### Actual Return on Scheme Assets

	2016 £'000	2015 £'000
Expected Return on Scheme Assets	693	(30)
Gain/(Loss) on Scheme Assets	-	-
<b>Actual Return on Scheme Assets</b>	<b>693</b>	<b>(30)</b>

#### Analysis of the Amount Debited to operating Net Income/Expenditure

Current Service Cost	22	71
Expected Return on Scheme Assets	94	30
Interest Cost	64	42

#### Net Charge to Statement of Financial Activities (SOFA)

<b>180</b>	<b>143</b>
------------	------------

#### Analysis of Amounts Recognised in Other Recognised Gains and Losses (ORGL)

Actual Return Less Expected Return on Assets	693	0
Experience (Losses)/Gains Arising on the Scheme Liabilities	79	(1,807)
<b>Actual (Loss)/Gain Recognised in ORGL</b>	<b>772</b>	<b>(1,807)</b>
<b>Cumulative Actuarial Loss Recognised in ORGL</b>	<b>(3,227)</b>	<b>(3,999)</b>

#### Movement in Liabilities During the Year

Scheme Liabilities at Beginning of Year	10,985	9,167
-----------------------------------------	--------	-------

Movement in year:

Current Service Cost	22	29
Interest Cost	249	351
Employee's Contributions	8	16
Benefits Paid	(339)	(385)
Actuarial Loss/(Gain)	(79)	1,807

#### Scheme Liabilities at End of Year

<b>10,846</b>	<b>10,985</b>
---------------	---------------

# PORTLAND COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st AUGUST 2017

### 23. FRS102 VALUATION OF DEFINED BENEFIT PENSION SCHEME (continued)

Movement in Assets During the Year:	2017 £'000	2016 £'000
Scheme Assets at Beginning of Year	8,122	8,004
Movement in year:		
Expected Return on Scheme Assets	693	(30)
Employer Contributions	234	250
Employee Contributions	8	16
Benefits Paid	(339)	(385)
Administration expenses	(94)	(42)
Interest income	185	309
Actuarial Gain/(Loss)	-	-
<b>Scheme Assets at End of Year</b>	<b>8,809</b>	<b>8,122</b>
History of Amounts for Current and Previous Accounting Period:	2017 £'000	2016 £'000
Scheme Liabilities Amount	(10,846)	(10,985)
Scheme Assets Amount	8,809	8,122
<b>Deficit Amount</b>	<b>(2,037)</b>	<b>(2,863)</b>
Experience Adjustments on Scheme Liabilities		
Amount	772	(1,807)
% of Scheme Assets	8.8%	(22.2%)
Experience Adjustments on Scheme Assets		
Amount	-	-
% of Scheme Assets	0.0%	0.0%
Total Amount Recognised in Other Recognised Gains and Losses		
Amount	772	(1,807)
% of Scheme Assets	7.1%	(16.5%)

### 24. LEGAL STATUS OF THE CHARITY

The College is a Company Limited by Guarantee and without share capital incorporated in the United Kingdom. The liability of Members is limited to £10 each in the unlikely event of the Company being 'wound-up'.

### 25. ULTIMATE CONTROLLING PARTY

The Directors consider that there is no ultimate controlling party.

### 26. RELATED PARTY TRANSACTIONS

The Charity has an interest in an associated undertaking, Steps to Employment Limited, a company providing specialist training and rehabilitation for disabled people helping them return to sustainable employment.

The Charity owns 33.3% of the company's issued share capital and provided a contribution of £11k to the company which is repayable on demand and included within debtors.

During the year the Charity charged Steps to Employment Limited £273k (2015 - £226k) of which expenses and payroll costs recharged were £116k, service charge and outcome related payments were £157k.

