

**BOLTON SIXTH FORM
COLLEGE**

**REPORT AND ACCOUNTS
FOR THE YEAR**

**1st AUGUST 2019 to
31st JULY 2020**

Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2019/20:

Stuart Merrills – Principal and CEO : Accounting Officer
Lesley Hart – Deputy Principal
Sandra McManus – Vice Principal
Sarah Ball – Assistant Principal

Board of Governors

A full list of Governors is given on page 12 of these financial statements.

Ms J France acted as Clerk to the Corporation throughout the period.

Professional Advisers

Financial statements auditors and reporting accountant:

Wylie & Bisset (Audit) Limited
168 Bath Street
Glasgow
G2 4TP

Bankers:

Barclays Bank Plc
1 Market Street
Victoria Square
Bolton
BL1 1BU

Solicitors

Eversheds LLP
70 Great Bridgewater Street
Manchester
M1 5ES

Members' report and financial statements

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Report of the Governing Body

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2020.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Bolton Sixth Form College. The college is an exempt charity for the purposes of Part 3 the Charities Act 2011.

The Legal name of the college is Bolton Sixth Form College, however, the college has rebranded and uses the name 'The Sixth Form Bolton' for marketing and schools liaison purposes to strengthen its identity.

Mission

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

'To provide educational excellence which releases potential and promotes individual achievement in an environment where diversity is valued and students and staff are supported, challenged and encouraged to reach for their personal best in everything they do'

Public Benefit

Bolton Sixth Form College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 12.

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

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent progression to higher education and employment
- Strong student support systems
- Links with employers, industry and commerce.

Implementation of Strategic Plan

The College adopted a Strategic Development Plan for the period 1 August 2019 to 31 July 2020. This strategic plan included property and financial plans. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year.

The College's continuing strategic objectives are to:

- Promote a culture of high aspiration and ambition and to work unceasingly to raise the quality of student outcomes
- Provide the highest quality academic and general vocational education which will inspire and enable students to reach their potential
- Encourage a passion for, and a pleasure in, learning by ensuring that the quality of teaching and support is of the highest quality is a top priority for all staff
- Constantly recognise that a motivated, highly skilled and engaged workforce is fundamental to long term, sustained excellence
- Ensure that the estate and all facilities meet the needs of the students in the immediate and foreseeable terms and that the financial position of the college enables the achievement of the strategic objectives above and reinvestment in the estate and resources

- To ensure that the College image, reputation and values are promoted and further enhanced through all marketing activity and communication and that recruitment targets are met,

The College's specific objectives for 2019/20 and achievement of those objectives is addressed below.

Financial Objectives

The College's financial objectives are:

- To achieve a performance ratio (EBITDA) of greater than 6%
- To maintain the financial viability of the college by maintaining cash days in hand of a minimum of 62
- Staffing costs as a % of income 76%
- A minimum current ratio of 2:1
- To generate sufficient levels of income to support the asset base of the College
- To fund continued capital investment.
- To maintain a minimum financial level of 'Good'

Curriculum Objectives

- Achieve a student body of*
1,600 ESFA funded full time equivalents 2019/20
1,740 ESFA funded full time equivalents 2020/21
- Overall achievement rates as follows*
2020 – 93%
2021 – 93%
- Quality* - To provide outstanding teaching and support to students. The College aims to achieve a grade for Overall Effectiveness and consequently all contributory criteria of 'Outstanding' in its self-assessment.
- To retain its core mission of offering predominantly advanced provision to full-time students aged 16-19 in a way which provides opportunities, which are denied by other providers by their selective practices at entry
- To offer opportunities at Level 2 to students who are able to benefit from this where capacity is available
- To be rigorous in its promotion of Equal Opportunities
- To ensure provision is of high quality
- To continue to respond to government initiatives to widen participation

The College narrowly met the student number target of 1,600 with 1,582 students enrolling. The staffing costs target was not met due to the increased Teachers' Pension Scheme Employer Contribution Rate. The College successfully met, and in some cases exceeded, all of its other key objectives in 2019/20.

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

Performance Indicators

Performance Indicator	Actual 2019/20	Target 2020/21
Funded Student Numbers	1582	1740
Performance Ratio (EBITDA)	9.41%	10.36%
Cash Days in Hand	115	67
Staffing as a % of Income	80%	75%
Current Ratio	3.2	9.2
Cash in the Bank	£2.1m	£1.3m
ESFA Annual Financial Health Score	Outstanding	Minimum Good
Borrowing as a % of Income	0%	23%

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.uk website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The College is assessed by the ESFA as having 'Outstanding' financial health grading. The current rating of Outstanding is considered an acceptable outcome.

Financial Position

Financial Results

The college generated a surplus before other gains and losses in the year of £81k (2018/19 – £50k), with a total comprehensive income of £(1,267)k, (2018/19 – £(877k)).

The College has accumulated reserves of £4,139k and cash and short term investment balances of £2,165k. The College has accumulated reserves and cash balances in order to create a contingency fund and to enable future capital developments.

Tangible fixed asset additions during the year amounted to £2,950k and is split between the capital project (£2,837k) and the purchase of equipment (£113k).

The College has significant reliance on the education sector funding body for its principal funding source, largely from recurrent grants. In 2019/20 the FE funding bodies provided 98.5% of the College's total income.

Cash Flows

The net cash outflow was £2,590k (2018/19 £313k outflow), the net cash outflow resulted from the capital construction project.

Liquidity

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

Reserves Policy

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. The College does not have any restricted reserves and as at the balance sheet date the Income and Expenditure reserves stands at £4,139k (2019 £5,406k). It is the Corporation's intention to maintain reserves over the life of the Strategic Plan.

Current and Future Development and Performance

Financial Health

The College's financial health continues to be graded as Outstanding with healthy cash reserves which have enabled the College to manage a deficit on continuing operations without impacting on quality of provision and student outcomes.

The £6.2m capital project, which commenced in July 2019 and was due for completion in August 2020, has been delayed until March 2021, due wholly to the impact of COVID-19, this has placed considerable pressure on the college, however the college has continued to operate safely, implementing a successful COVID Health and Safety Plan.

Student Numbers

In 2019/20 the College has delivered activity that has produced £7,393k in funding body main allocation funding (2018/19 - £7,173k). The College had 1,582 funded and 0 unfunded students.

Student Achievements

The College met its student number target of 1,600 students with 1,697 students enrolling. The College's curriculum continues to develop in line with the broad strategic objectives and the College continues to develop provision specific to its place in the post 16 environment in Bolton.

Students continue to prosper at the College with achievement rates continuing to be above National Average. The achievements of 2019/20 are fully evaluated by the Corporation in the self assessment report. In summary these are:

- A Level pass rates were 100%
- Vocational level 3 pass rates were 98%
- Vocational level 2 pass rates were 93%

The overall college achievement rate was 91%.

Curriculum Developments

The College aims to provide a broad and inclusive curriculum designed to attract and engage students and to provide access to higher education and employment. The focus is at level 3, advanced level, the proportion being A-Level 49% and general vocational provision 51%.

The College will continue to develop and revise its curriculum offer in light of

- The impact of intended T Levels and subsequent position of current vocational programmes
- Labour Market Intelligence
- Trends in post-16 choices influenced by school curriculum offers, progress 8 measures and pre-16 IAG and DfE initiatives
- Post-18 landscape and the range of providers, pathways and variety of opportunities that would continue to lead to meaningful progressions
- Financial viability.

The enrichment programme, which gives students the opportunity to participate in sports and leisure activities, continues to be significantly developed.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2019 to 31 July 2020, the College paid 99.95% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Future Developments

The College will build on its strengths and continue its commitment to a multi-racial harmonious and high achieving environment. The major future developments for the College need to be placed in the context of provision in Bolton. The College remains committed to provision, which is predominantly at Level 3, reflecting the key role that it plays in offering opportunities to students, which are denied elsewhere.

The demographic position regarding the number of year 11 students leaving school in Bolton over the next five years clearly outlines that the demographic dip has ended and the cohort starts to rise sharply, by 2022/23 there will be an additional 451 students in Year 11. Bolton Sixth Form College currently attracts 41% eligible market share which has been growing over recent years as the College's reputation increases. We could expect this to have an impact of circa 100 more students per year, a significant factor to consider in future planning. This is in addition to a trend in increasing recruitment from a wider geographic area in direct relation to the rising reputation of the College.

Resources

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

Tangible resources include:

Financial

The College has £1,626k of net current assets (2019 - £3,856k).

People

The College employs 142 people, of whom 76 are teaching staff.

Reputation

The College has a good reputation locally and nationally, establishing itself as the only sixth form college in Bolton and the number one choice for post 16 education in Bolton. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect the College's assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

Based on the Strategic Plan, the Senior Management undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Senior Management Team will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College which is reviewed at least annually by the Risk and Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control.

1. Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2019/20, 99% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of the following issues which may impact on future funding:

- Uncertainty of the per capita funding rate beyond 2020/21
- Limitations by the Local Authority to fund High Needs Students
- Increased external competition from Free Schools, UTCs and School Academies opening post 16 provision

The risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focussed on those priority sectors which will continue to benefit from public funding
- Regular dialogue with funding bodies in due course.

2. Accommodation Strategy.

The College operates from a single campus in the town centre of Bolton however this campus is land locked and has limited scope for expansion. The campus does not have its own sports fields and sports hall.

The risk is mitigated in a number of ways:

- The college uses the excellent sports facilities owned by Bolton Lads and Girls Club which is a very short walking distance from the main campus building
- A £6.2m expansion project commenced in July 2019 with a completion date of August 2020, unfortunately the impact of the pandemic has resulted in a revised completion date of March 2021.

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS102. The latest pension scheme valuation was undertaken at 31 March 2019, which shows a surplus on an ongoing basis of £529,000 which is 102% funded.

This reduces the risk in comparison to the FRS102 reported figures, and the College is mitigating the remaining risk through its holding and close management of cash reserves. The results of the latest pension scheme valuation undertaken at 31 March 2019 dictate the level of employer contribution required in the 3 years to 31 March 2022, while future financial planning includes prudent assumptions regarding future contribution rates.

4. Failure to maintain the financial viability of the College

The College's current financial health is classified as "Outstanding" as described above. Notwithstanding this, the continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies

Stakeholder Relationships.

In line with other colleges, Bolton Sixth Form College has many stakeholders. These include:

- Students
- Parents
- Education sector funding bodies
- Sixth Form Commissioner
- Staff
- Local employers
- Local authorities
- Local schools
- The local community
- Other FE institutions
- Trade unions
- Professional bodies

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet Site, Staff/Student/Parent Portals, Written Communication, Telephone Conversations and Meetings.

Equality and Diversity

Equality

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will continue to be resourced, implemented and monitored on a planned basis. The College's Equality Policy is published on the College's Intranet site.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, providing identical opportunities to those of non-disabled employees.

Disability Statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

- There is a list of specialist equipment and assistive technology which the college can make available for use by staff and students
- The admissions policy for all students is described in the College prospectus. Appeals against a decision not to offer a place are dealt with under the complaints policy
- The College has made significant investment in the appointment of specialist teachers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of support for students who have learning difficulties and/or disabilities
- Counselling and welfare services are described in the College Student Handbook.

Disclosure of Information to Auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditor is unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditor is aware of that information.

Approved by order of the members of the Corporation on 26th January 2021 and signed on its behalf by:



Mr N Horsfall
Chairman

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2019 to 31st July 2020 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- I. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- II. In full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
- III. Having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.

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

In the opinion of the Governors, the College complies with all the provisions of the Code and it has complied throughout the year ended 31 July 2020. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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

The Corporation

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

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees served	Attendance
Mr S Merrills	1.6.17			Principal	Finance & Personnel, Curriculum & Quality, Student Affairs	100
Mr M Cox	10.7.18	4 Years		External	Risk & Audit, Curriculum & Quality	100
Ms C Davies	21.9.17	4 Years		External	Risk & Audit	75
Mr N Horsfall	10.7.18	4 Years		External	Chair - Finance & Personnel, Student Affairs	100
Mr M Rigby	30.9.20	4 Years		External	Chair – Audit	75
Mr B Shama	30.9.20	4 Years		External	Chair - Curriculum & Quality, Finance & Personnel	75
Mrs E Walker	31.3.16	4 Years	31.3.20	External	Audit Student Affairs	75
Dr B Iddon	2.4.19	4 Years	23.9.20	External	Chair - Curriculum & Quality, Finance & Personnel, Student Affairs	100
Mr L Savage	10.12.15	4 Years	10.12.19	External	Curriculum & Quality	100
Ms A Webster	27.09.19	4 Years		External	Curriculum & Quality, Student Affairs	100
Mr A Hughes	21.9.17	4 Years		External	Finance & Personnel	75
Mrs C Swarbrick	15.3.17	4 Years		External	Curriculum & Quality	75
Ms B Ismail	15.3.17	4 Years		External	Audit	75
Mrs A Oakley	30.09.20	4 Years		External	Curriculum & Quality, Student Affairs	100
Mrs N Singleton	15.3.17	4 Years		Parent	Curriculum & Quality, Student Affairs	100
Mrs H Taylor	1.9.16	4 Years	31.8.20	Staff	Audit, Student Affairs	100
Mr N Farrell	1.8.18	4 Years		Staff	Audit & Risk Student Affairs	100
Mrs K Anderson	30.9.20	4 Years		Staff	Curriculum & Quality, Student Affairs	100

Ms J France acts as Clerk to the Corporation.

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and Personnel, Curriculum and Quality, Student Affairs and Audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the clerk to the Corporation at:

Bolton Sixth Form College
Town Centre Campus
Deane Road
Bolton
BL3 5BG

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

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

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

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years.

Remuneration Committee

Throughout the year ending 31 July 2020, the College's Remuneration Committee comprised four members. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the year ended 31 July 2020 are set out in note 5 to the financial statements.

Audit Committee

The audit committee comprises four members of the Corporation (excluding the Accounting Officer and Chair). The committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a bi-annual basis and provides a forum for reporting by the College's external auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The Audit Committee monitors the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and reports their findings to the Governing Corporation.

Management is responsible for the implementation of agreed recommendations and undertake periodic follow up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of external auditors and their remuneration for both audit and non-audit work.

To ensure the College has an adequate and effective framework for governance, risk management and control and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets", the College has a very detailed Risk Register which it uses to identify and monitor key risks and the systems in place to control these risks. The Risk Register is presented to each Full Governing Corporation Meeting and is also reviewed at least once each half term by the Senior Management Team.

Internal Control

Scope of responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day to day responsibility to the Principal, as Accounting Officer for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or break-downs in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bolton Sixth Form College for the year ended 31 July 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation
- Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined capital investment control guidelines
- The adoption of formal project management disciplines, where appropriate.

Bolton Sixth Form College has not appointed an internal audit service for the year ended 31 July 2020. For that year, the College Management and Governors have assessed the internal controls and have devised an annual internal control review plan which is informed by an analysis of the risks to which the College is exposed. The analysis of risks and the internal control review plans are endorsed by the Corporation on the recommendation of the Audit Committee.

Review of effectiveness

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

- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- Comments made by the College's financial statements auditors and regularity auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its September 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the Senior Management Team and taking account of events since 31 July 2020.

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

Going Concern

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

Approved by order of the members of the Corporation on 26th January 2021 and signed on its behalf by:



Mr N Horsfall
Chairman



Mr S Merrills
Principal

Statement of Regularity, Propriety and Compliance

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

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, the Corporation believes it is able to identify any material or irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's grant funding agreement and contracts with the ESFA, or any other public funder.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.

Approved by order of the members of the Corporation on 26th January 2021 and signed on its behalf by:



Mr N Horsfall
Chairman



Mr S Merrills
Principal

Statement of the Responsibilities of the Members of the Corporation

The members of the Corporation of the College are required to present audited financial statements for each financial year.

Within the terms and conditions of the College's grant funding agreements and contracts with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education and with the ESFA College Accounts Direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements the Corporation is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- prepare financial statements on the going concern basis unless it is inappropriate to assume the College will continue in operation.

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

The Corporation is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It has general responsibility for taking such steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA grant funding agreement and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure that they are used properly. In addition, members of the Corporation are responsible for securing the economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 26th January 2021 and signed on its behalf by:



Mr N Horsfall
Chair

Independent auditor's report to the Corporation of Bolton Sixth Form College

Opinion

We have audited the financial statements of Bolton Sixth Form College ("the College") for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the college's affairs as at 31 July 2020, and of its income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information. 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.

Matters on which we are required to report by exception

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

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

Responsibilities of the Corporation

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

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to audit and express an opinion the financial statements in accordance with applicable law and with International Standards on Auditing (UK) ("ISAs (UK)"). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

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

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Financial Memorandum published by Education and Skills Funding Agency.

Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for any other purpose or for or to any other person, for our audit work, for this report, or for the opinions we have formed.



Wylie & Bisset (Audit) Ltd
Chartered Accountants
168 Bath Street
Glasgow
G2 4TP

Date: 26 January 2021

Reporting Accountant's Assurance Report on Regularity

To: The Corporation of Bolton Sixth Form College and Secretary of State for Education acting through the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 6 October 2020 and further to the requirements and conditions of funding in ESFA grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Bolton Sixth Form College during the period 1 August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of Bolton Sixth Form College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued jointly by the ESFA. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the college's statement of comprehensive Income.

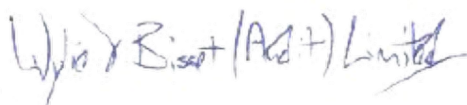
The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of the Code.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Wylie & Bisset (Audit) Ltd
Chartered Accountants
168 Bath Street
Glasgow
G2 4TP

Date: 26 January 2021

Statement of Comprehensive Income

	Notes	2020 £'000s	2019 £'000s
Income			
Funding Body Grants	2	7,887	7,493
Other Operating Income	3	19	22
Investment Income	4	14	17
		-----	-----
Total Income		7,920	7,532
		-----	-----
Expenditure			
Staff Costs	5	6,128	5,698
Other Operating Expenses	6	1,027	1,062
Depreciation	9	606	653
Interest and other finance costs	7	79	71
		-----	-----
Total Expenditure		7,840	7,484
		-----	-----
Surplus/(Deficit) on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax		80	48
Profit on Disposal of Fixed Assets	9	1	2
		-----	-----
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and exceptional items but before tax		81	50
Taxation	8	0	0
		-----	-----
Surplus/(Deficit) for the year		81	50
Actuarial (loss)/gain in respect of pension schemes	16	(1,348)	(927)
		-----	-----
Total Comprehensive Income for the year		(1,267)	(877)
		-----	-----

The statement of comprehensive income is in respect of continuing activities.

STATEMENT OF CHANGES IN RESERVES

	Income and Expenditure Account	Restricted Reserves	Total
	£'000s	£'000s	£'000s
Balance at 1 August 2018	6,283	0	6,283
Deficit from the income and expenditure account	(877)	0	(877)
Other comprehensive income	0	0	0
Transfers between revaluation and income and expenditure reserves	0	0	0
	-----	-----	-----
Balance at 31 July 2019	5,406	0	5,406
	-----	-----	-----
Deficit from the income and expenditure account	(1,267)	0	(1,267)
Other comprehensive income	0	0	0
Transfers between revaluation and income and expenditure reserves	0	0	0
	-----	-----	-----
Balance at 31 July 2020	4,139	0	4,139
	-----	-----	-----

BALANCE SHEET AS AT 31 July 2020

	Notes	2020 £'000s	2019 £'000s
Non Current Assets			
Tangible Fixed assets	9	19,563	17,219
		-----	-----
		19,563	17,219
Current Assets			
Trade and other receivables	10	191	174
Cash at bank and in hand		2,165	4,755
		-----	-----
		2,356	4,929
Less: Creditors - amounts falling due within one year	11	730	1,073
		-----	-----
Net current assets		1,626	3,856
		-----	-----
Total assets less current liabilities		21,189	21,075
		-----	-----
Creditors - amounts falling due after more than one year	12	11,144	11,408
Provisions			
Defined benefit obligations	16	5,337	3,661
Other provisions	13	569	600
		-----	-----
Total net assets		4,139	5,406
		-----	-----
Unrestricted Reserves			
Income and Expenditure Account		4,139	5,406
		-----	-----
		4,139	5,406
		-----	-----

The Financial Statements on pages 22 to 41 were approved by the Corporation on 26th January 2021 and were signed on its behalf by:

Mr N Horsfall
Chairman



Mr S Merrills
Principal



CASH FLOW STATEMENT

	Note	2020 £'000s	2019 £'000s
Cash flow from operating activities			
Surplus/(Deficit) for the year		81	50
Adjustment for non-cash items			
Depreciation		606	653
Decrease in stocks		0	1
(Increase)/Decrease in debtors		(17)	(7)
(Decrease)/Increase in creditors due within one year		(343)	(86)
(Decrease) in creditors due after one year		(264)	(178)
(Decrease)/Increase in provisions		(31)	(29)
Pension costs less contributions payable		328	335
Adjustment for investing or financing activities			
Interest receivable		(14)	(17)
Interest payable		0	0
(Profit) on Disposal of tangible fixed assets		(1)	(2)
Net cash flow from operating activities		<u>345</u>	<u>720</u>
Cash flows from investing activities			
Proceeds from sale of fixed assets		1	2
Investment income		14	17
Payments made to acquire fixed assets		(2,950)	(426)
		<u>(2,935)</u>	<u>(407)</u>
Cash flow from financing activities			
Interest paid		0	0
Repayment of amounts borrowed		0	0
		<u>(2,590)</u>	<u>0</u>
Decrease in cash and cash equivalents in the year		<u>(2,590)</u>	<u>313</u>
Cash and cash equivalents at beginning of year	14	4,755	4,442
Cash and cash equivalents at end of the year	14	2,165	4,755

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of Preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2019/20* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102)*”. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Basis of Accounting

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

Going Concern

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

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

Recognition of Income

Revenue Grant Funding

The recurrent grant from the ESFA is that receivable as determined by the results of the funding audit undertaken. The recurrent grant from the ESFA represents the funding allocation attributable to the current financial year and is credited to the statement of comprehensive Income account.

Capital Grant Funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS102.

Other Grant Income

Other discrete ESFA funds 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 ESFA.

Where the College receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the statement of comprehensive Income account on the grounds that the College does not have direct control over the future economic benefits derived from these funds. The college has applied this policy to certain funds received during the year from the ESFA (see note 19).

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

NOTES TO THE FINANCIAL STATEMENTS (continued)*Investment Income*

All income from short-term deposits is credited to the statement of comprehensive Income account in the period in which it is earned.

Accounting for Post-Employment Benefits

Post-employment benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Greater Manchester Pension Scheme (GMPS). These are defined benefit schemes, which are externally funded and contracted out of the State Second Pension.

Contributions to the schemes are charged to the statement of comprehensive Income account so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension is a substantially level percentage of current and future pensionable payroll.

The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method for the GMPF and quinquennial valuations using prospective benefit method for the TPS.

Short term Employment Benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the college 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 college's statement of comprehensive Income account 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 spreadsheet provided by the funding bodies.

Non-current Assets - Tangible Fixed Assets**(a) Land and Buildings**

Long Leasehold land is not depreciated. Long Leasehold buildings are depreciated over their expected useful life to the College of between 15 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the statement of comprehensive Income account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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.

On adoption of FRS102, the College followed the transitional provision to retain the book value of land and buildings, which were valued in 2010, but not to adopt a policy of revaluations of these properties in the future.

NOTES TO THE FINANCIAL STATEMENTS (continued)*Subsequent expenditure on existing fixed assets*

Where significant expenditure is incurred on tangible fixed assets it is charged to the statement of comprehensive Income account 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
- Assets 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

(b) Furniture and Equipment

Equipment costing less than £300 per individual item is written off to the Statement of comprehensive Income Account in the period of acquisition. All other furniture and equipment is capitalised at costs and written off to the Statement of comprehensive Income Account over its useful economic life as follows:

Computer Equipment	3 years
IT Network Equipment	5 years
Electrical Equipment	3 years
Furniture and other Equipment	7 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy. The related grant is credited to a deferred capital grant account and released to the Statement of comprehensive Income Account over the expected useful economic life of the related equipment.

(c) Leased Assets

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements, which transfer to the College substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The relevant assets are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term of the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funding in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Assets, which are held under hire purchase contracts, which have the characteristics of finance leases, are depreciated over their useful lives.

(d) Assets Under Construction

Assets under construction are accounted for at cost, based on the value of the architects' certificates and other direct costs, incurred to July 2020. They are not depreciated until they are brought into use.

NOTES TO THE FINANCIAL STATEMENTS (continued)**Stocks**

Stocks are included in the Balance Sheet at the lower of cost or net realisable value.

Cash

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College receives no similar exemption in respect of value added tax. For this reason the College is unable to recover input VAT it suffers on goods and services purchased. Overhead expenditure is therefore shown inclusive of VAT.

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Agency Arrangements

The College acts as an agent in the collection and payment of discretionary bursary funds. Related payments received from the main funding body and subsequent disbursements to students are excluded from the statement of comprehensive Income account and are shown separately in note 19, except for the 5% of the grant received, which is available to the College to cover administration costs relating to the grant. The College employs 5 members of staff who contribute significantly to the administration of Bursary Fund applications and payments.

Judgements in applying accounting policies and key sources of estimation uncertainty

- 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 reassessing assets lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as the remaining life of the assets and projected disposal values.

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, 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 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. FUNDING BODY GRANTS

	2020 £'000s	2019 £'000s
ESFA Recurrent Grant	7,393	7,173
Release of deferred capital grant in respect of disposals		
• Equipment	0	0
• Land and Buildings	0	0
Release of deferred capital grant		
• Equipment	30	41
• Land and Buildings	279	279
Teacher Pension Scheme contribution grant	185	0
	-----	-----
	7,887	7,493
	-----	-----

3. OTHER OPERATING INCOME

	2020 £'000s	2019 £'000s
Other Income	19	22

4. INVESTMENT INCOME

	2020 £'000s	2019 £'000s
Other interest receivable	14	17

5. STAFF NUMBERS AND COSTS

The average number of persons (including senior post holders) employed by the College during the period, expressed as full-time equivalents, was:

	2020 No.	2019 No.
Teaching Staff	76	74
Other Staff	66	67
	-----	-----
	142	141
	-----	-----

Staff costs for the above persons:

	2020 £'000s	2019 £'000s
Wages and salaries	4,542	4,317
Social security costs	397	408
Other pension costs	1,182	957
Redundancy Costs	7	16
	-----	-----
	6,128	5,698
	-----	-----

NOTES TO THE FINANCIAL STATEMENTS (continued)**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Team which comprises the Principal, Deputy Principal, Vice Principal and Assistant Principal.

Staff costs include compensation paid to key management personnel for loss of office.

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

	2020 No.	2019 No.
The number of key management personnel including the Accounting Officer was:	4	4

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

	2020 Number of Key Management Personnel	2019 Number of Key Management Personnel
£55,000 - £60,000	1	1
£60,001 - £65,000	0	0
£65,001 - £70,000	0	0
£70,001 - £75,000	0	0
£75,001 - £80,000	1	1
£80,001 - £85,000	1	1
£85,001 - £90,000	0	0
£90,001 - £95,000	0	0
£95,001 - £100,000	0	1
£100,001 - £105,000	1	0

There were no Other Staff who received emoluments, excluding Pension Contribution above £60,000 per year.

Key management personnel emoluments are made up as follows:

	2020	2019
	£	£
Salaries	318,196	312,352
Benefits in kind	0	0
Pension contributions	71,881	53,977
	-----	-----
Total emoluments	390,077	366,329
	-----	-----

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2020 £	2019 £
Salary	100,475	98,625
Benefits in kind	0	0
Pension contributions	23,121	16,197

The pension contributions of the Principal and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and the Greater Manchester Pension Fund and are paid at the same rate as for other employees.

The remuneration package of Key management staff, including the Principal, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal reports to the Chair of the Governing Corporation, who undertakes an annual review of his performance against the college's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Principal pay and remuneration expressed as a multiple

	2020	2019
Principal's basic salary as a multiple of the median of all staff	3.0	3.2
Principal's total remuneration as a multiple of the median of all staff	3.3	3.7

The members of the Corporation other than the Principal and staff members, did not receive any payments from the College during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. OTHER OPERATING EXPENSES

	2020 £'000s	2019 £'000s
Teaching Costs	186	148
Administration & Central Services	568	636
Premises Costs	273	277
	-----	-----
	1,027	1,062
	-----	-----

Included in other Operating Expenses are:-

	2020 £'000s	2019 £'000s
Auditors' remuneration – external audit	15	14
Operating Lease – Hire of Photocopiers	10	22

The Auditors remuneration is exclusive of VAT.

7. INTEREST AND OTHER FINANCE COSTS

	2020 £'000s	2019 £'000s
On bank loans, overdrafts and other loans: repayable within 5 years, not by instalments	0	0
	-----	-----
	0	0
Pension Finance Costs	79	71
	-----	-----
Total Interest and Other Finance Costs	79	71
	-----	-----

8. TAXATION

The corporation does not believe the College was liable for any Corporation Tax arising out of its activities during the period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. TANGIBLE FIXED ASSETS

	Assets Under Construction Buildings £'000s	Leasehold Land and Buildings £'000s	Equipment £'000s	Total £'000s
Cost or Valuation				
At 1 August 2019	292	19,726	2,127	22,145
Additions	2,837	0	113	2,950
Transfers	0	0	0	0
Disposals	0	0	(38)	(38)
	-----	-----	-----	-----
At 31 July 2020	3,129	19,726	2,202	25,057
	-----	-----	-----	-----
Depreciation				
At 1 August 2019	0	3,348	1,578	4,926
Charge for period	0	399	207	606
Eliminated in respect of disposals	0	0	(38)	(38)
	-----	-----	-----	-----
At 31 July 2020	0	3,747	1,747	5,494
	-----	-----	-----	-----
Net Book Value				
	-----	-----	-----	-----
At 31 July 2020	3,129	15,979	455	19,563
	-----	-----	-----	-----
At 31 July 2019	292	16,378	549	17,219
	-----	-----	-----	-----

Fixed assets include land and buildings with a net book value of £15.9m which have been partially funded by a grant from the Education Skills Funding Agency. Should these assets be sold, the College may be liable, under the terms of the financial memorandum with the Council, to surrender the proceeds.

Long leasehold land and buildings includes the following properties: Town Centre Campus – 999 year lease – started September 2010

10. TRADE AND OTHER RECEIVABLES

	2020 £'000s	2019 £'000s
Amounts falling due within one year:		
Trade receivables	7	5
Prepayments and accrued income	184	169
Other Debtors	0	0
	-----	-----
	191	174
	-----	-----

There were no amounts due in more than one year at 31 July.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000s	2019 £'000s
Bank Loan and Overdrafts	0	0
Trade creditors	68	83
Accruals	224	501
Other creditors	133	179
Deferred income – government capital grants	305	310
Deferred income – other	0	0
	-----	-----
Total	730	1,073
	-----	-----

12. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2020 £'000s	2019 £'000s
Bank Loan	0	0
Deferred income – government capital grants	11,144	11,408
	-----	-----
Total	11,144	11,408
	-----	-----

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Defined Benefit Obligation £'000s	Enhanced £'000s	Total £'000s
At 1 August 2019	3,661	600	4,261
Expenditure for the period	0	(58)	(58)
Transferred from Income and Expenditure Account	1,676	27	1,703
	-----	-----	-----
At 31 July 2020	5,337	569	5,906
	-----	-----	-----

Defined Benefit Obligations relate to the liabilities under the College's membership of the Greater Manchester Pension Fund. Further details are given in Note 16.

The enhanced pension provision relates to the cost of staff who have already left the College's employment, this provision has been recalculated in accordance with guidance issued by the funding bodies.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. CASH AND CASH EQUIVALENTS

	At 31 July 2019	Cashflows £'000s	At 31 July 2020 £'000s
	£'000s		
Cash in hand	4,755	(2,590)	2,165
	-----	-----	-----
Total	4,755	(2,590)	2,165
	-----	-----	-----

15. CAPITAL AND OTHER COMMITMENTS

	At 31 July 2020	At 31 July 2019
	£'000s	£'000s
Commitments contracted for at 31 July	2,198	3,821

Capital commitments are in respect of the contracted costs to complete the construction of the extension due for completion March 2021.

16. DEFINED BENEFIT OBLIGATIONS

College employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS).

The total pension cost for the year

	2019/20 £'000	2018/19 £'000
Teachers Pension Scheme : contributions paid	628	415
Greater Manchester Pension Scheme : Contributions paid	276	249
FRS 102 (28) charge	249	264
	-----	-----
Charge to the Statement of Comprehensive Income	525	513
Enhanced pension charge to Statement of Comprehensive Income	27	29
	-----	-----
Total Pension Cost for the Year within staff costs	1,180	957
	-----	-----

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. These regulations apply to teachers in schools, college and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pensions Budgeting and Valuation Account

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

Accordingly, the college has taken advantage of the exemption in FRS102 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.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions in payment and the estimated costs of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation employer contribution rates were set at 23.68% of pensional pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension contribution grant to cover the additional costs during the 2019-20 academic year.

The next valuation is expected to take effect in 2023.

A full copy of the valuation report and supporting documentation can be found by following this link to [the Teachers' Pension Scheme website](#)

The pension costs paid to the TPS in the year amounted to £629,075 (2019 - £414,683)

Greater Manchester Pension Scheme

The scheme available to support staff is the Greater Manchester Pension Fund (GMPF). The GMPF is a defined benefit scheme, the assets of the scheme being held in separate funds administered by Tameside Borough Council. The agreed employer contribution rate was 23.4% and will remain at this rate up to 31 March 2022. The tiered employee contribution rate ranges from 5.5% to 12.5%.

The pension cost is assessed every three years in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the scheme was at 31 March 2019. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Principal Actuarial Assumptions

The following information is based on a full actuarial valuation of the fund at 31 July 2020 by a qualified independent actuary.

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	2.9%	3.2%
Future pension increases	2.1%	2.4%
Discount rate for scheme liabilities	1.4%	2.8%
Inflation assumption (CPI)	2.1%	2.1%
Commutation of pensions to lump sums	55%	55%

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

	At 31 July 2020 years	At 31 July 2019 years
Retiring today		
Males	20.5	21.5
Females	23.1	24.1
Retiring in 20 years		
Males	22.0	23.7
Females	25.0	26.2

The College's share of the assets in the plan at the balance sheet date and the expected rates of return were:

	Long-term rate of return expected at 31 July 2020	Fair Value at 31 July 2020 £'000	Long-term rate of return expected at 31 July 2019	Fair Value at 31 July 2019 £'000
Equity instruments	2.0%	5,075	2.4%	5,214
Debt instruments	2.0%	1,363	2.4%	1,058
Property	2.0%	530	2.4%	605
Cash	2.0%	606	2.4%	680
		-----		-----
Total fair value of plan assets		7,574		7,557
		-----		-----
Weighted average expected long-term rate of return	2.0%		2.4%	
Actual return on plan assets		(318)		211

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	At 31 July 2020 £'000	At 31 July 2019 £'000
Fair value of plan assets	7,574	7,557
Present value of plan liabilities	(12,773)	(11,078)
Present value of unfunded liabilities	(138)	(140)
	-----	-----
Net pensions liability	(5,337)	(3,661)
	-----	-----

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

	At 31 July 2020 £'000	At 31 July 2019 £'000
Amounts included in staff costs		
Current service cost	(522)	(442)
Past service costs	(0)	(78)
	-----	-----
Total	(522)	(520)
	-----	-----
Amounts included in investment income		
Net interest income	(79)	(71)
	-----	-----

	At 31 July 2020 £'000	At 31 July 2019 £'000
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	(318)	211
Experience losses arising on defined benefit obligations	335	(6)
Changes in assumptions underlying the present value of plan liabilities	(1,082)	(1,723)
Changes in demographic assumptions	(283)	591
	-----	-----
Amount recognised in Other Comprehensive Income	(1,348)	(927)
	-----	-----

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	At 31 July 2020 £'000	At 31 July 2019 £'000
Movement in net defined benefit (liability)/asset during year		
Net defined (liability) in scheme at 1 August	(3,661)	(2,399)
Movement in year:		
Current service cost	(522)	(442)
Employer contributions	273	256
Past service cost	0	(78)
Net interest on the defined (liability)/asset	(79)	(71)
Actuarial gain or loss	(1,348)	(927)
	-----	-----
Net defined benefit (liability) at 31 July	(5,337)	(3,661)
	-----	-----
Asset and Liability Reconciliation		
	At 31 July 2020 £'000	At 31 July 2019 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	11,218	9,388
Current service cost	522	442
Interest cost	240	269
Contributions by Scheme participants	81	82
Experience gains and losses on defined benefit obligations	(335)	6
Changes in financial assumptions	1,082	1,723
Changes in demographic assumptions	283	(591)
Estimated benefits paid	(180)	(179)
Past Service cost	0	78
Curtailments and settlements	0	0
	-----	-----
Defined benefit obligations at end of period	12,911	11,218
	-----	-----
	At 31 July 2020 £'000	At 31 July 2019 £'000
Changes in fair value of plan assets		
Fair value of plan assets at start of period	7,557	6,989
Interest on plan assets	161	198
Return on plan assets	(318)	211
Employer contributions	273	256
Contributions by scheme participants	81	82
Estimated benefits paid	(180)	(179)
	-----	-----
Fair value of plan assets at end of period	7,574	7,557
	-----	-----

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. FINANCIAL COMMITMENTS

At 31 July, the College had annual commitments under non-cancellable operating leases as follows:

	2020 Land & Buildings	2020 Other	2019 Land & Buildings	2019 Other
	£'000s	£'000s	£'000s	£'000s
Expiring within one year	0	10	0	10
Expiring between two and five years inclusive	0	11	0	12
Expiring in over five years	0	0	0	0
	---	---	---	---
	0	21	0	22
	---	---	---	---

18. RELATED PARTY TRANSACTIONS

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

During 2019/20 the College has been a member of the Greater Manchester Colleges Group. This organisation contains member Colleges from the Greater Manchester Local Authority area and its remit is to secure value-for-money on procurement for the member Colleges. During the period 1 August 2019 to 31 July 2020 Tameside College acted as a paying agent for this organisation.

Transactions with the ESFA are detailed in notes 2, 11 and 12.

19. AMOUNTS DISBURSED AS AGENT

BURSARY / LEARNER SUPPORT FUNDS

	2020 £'000s	2019 £'000s
Funding body grants:		
Bursary support	515	458
Discretionary learner support	12	23
	---	---
	527	481
Disbursed to Students	(468)	(341)
Administration Fees	(12)	(12)
	-----	-----
Balance Unspent at 31 July	47	128
	-----	-----

Funding body grants are available solely for students, the college acts only as paying out agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income