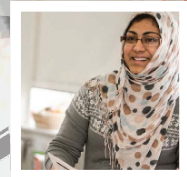
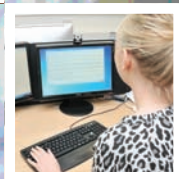
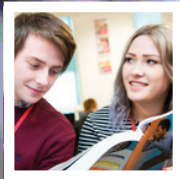


# financial report

31 JULY 2015



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# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

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## **OPERATING AND FINANCIAL REVIEW**

### **Nature, Objectives and Strategies**

The members present their report and the audited financial statements for the year ended 31 July 2015.

### **Legal Status**

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

### **Public Benefit**

Barnsley College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1 September 2013, is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE corporations in England. The members of the corporation, who are trustees of the charity are disclosed on page 18 and 19.

In setting and reviewing the college's strategic objectives, the corporation 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 employment record for students
- strong student support systems
- links with employers, industry and commerce.

### **College Vision 2014-15**

The College's 2014-15 vision was to be a World Class Tertiary College.

### **College Strategic Priorities 2014-15**

As part of the College's normal strategic planning process, the College's Strategic Priorities were reviewed and updated.

Top Strategic Priorities:

- Deliver significant improvement in value added through assessment, feedback and target setting
- An outstanding Sixth Form College that is a first choice A level provider
- Develop outstanding learning inside and outside formal classrooms and workshops using ILT
- Significantly improve English and maths
- Growth in high level STEM and construction courses
- Respond to changes in apprenticeship funding and deliver significant growth
- Develop excellent careers and IAG services

Other areas of focus or development:

- Deliver qualification success rates in the top 5% of colleges
- Increase student progression to higher education and employment destinations
- Build an outstanding reputation
- Deliver our budget and carefully manage cash flow, loans and capital spend

### OPERATING AND FINANCIAL REVIEW (continued)

- Employ and train highly skilled and flexible staff
- Collaborate with partners to meet the needs of learners and employers
- Place user views at the heart of decision making
- Significantly grow HE student numbers
- Develop 'Learning Companies' that support apprenticeships and work placements
- Increase student work placements and work experience as part of study programmes
- Develop and grow new Warehousing & Logistics provision
- Develop the next generation of outstanding managers
- Develop a learning culture through 'Project Connect' and provide new 'Self Organised Learning Environments' across the college
- Deliver a successful International strategy
- Support the Wellspring Trust to grow in Barnsley and the surrounding area

### Overall Performance

#### An Outstanding Tertiary College

The College was most recently inspected by Ofsted in November 2010 and achieved the overall grade of outstanding (Grade 1). Ofsted Inspectors identified that:

*"Leadership and management are outstanding. The Principal and governors provide strong and effective leadership, which places learners at the heart of the College's work, and have a relentless drive towards excellence".*



Performance in 2014-15 has continued to improve - the College continues to self-assess its performance as outstanding.

#### Committed to the Sector, Recognised for Performance

Barnsley College has 10 case studies on LSIS's Excellence Gateway. These cover a range of activities including Governance, Leadership and Management, and developing successful strategic partnerships.

Barnsley College links with educational institutions are now world-wide. There have been training visits for staff from catering Nigeria and work in China on the development of delivering A-level provision. New partnership links are currently under development in Saudi Arabia.



#### Delivering Outstanding Results

Success rates for young people are high and have improved and remain above the national averages.

Following changes in government policy there is now an increased focus on measures other than success rates. These include:

- Stakeholder satisfaction
- Progress in mathematics and English
- Securing positive progression/destinations when the learner leaves College

Learner and employer surveys continue to show high levels of satisfaction with the College. A change in College policy has resulted in more learners studying and achieving in both English and mathematics.

A greater emphasis on destination as more learners are either securing employment or progressing into Higher Education. Dedicated provision for those seeking employment has resulted in the development of programmes, working in partnership with local employers, that provide successful completers with job interviews. New apprenticeship frameworks continue to be developed to create new pathways into employment with training.

## **OPERATING AND FINANCIAL REVIEW (continued)**

### **College Strategic Priorities 2014-15 Update**

This section of the Financial Statements summarises the College's progress against its key strategic priorities.

#### **Deliver significant improvement in value added through assessment, feedback and target setting**

The Vice Principal Quality & Adults has a strategic responsibility for the improvement of value-added across the College

The Director of Quality is responsible for leading the drive to improve value-added across vocational provision.

In the Sixth Form College the Director of Quality & Standards (SFC) is responsible for driving value-added improvements. The Director of Quality & Standards (SFC) will meet regularly with all AS/A2 course leaders to monitor value-added progress. All level three course leaders (vocational and A-level) are responsible for improving value-added on the courses they are responsible for. All these course leaders have a value-added target as part of appraisal. This target is monitored in year as part of the appraisal process.

Each area has a value-added champion. These are the experts and take a lead across the department in target setting as it is important that all staff teaching on level three programmes understand value-added. Having a local expert provides staff with easy access to training and support as and when required.

It is important that teachers can set stretching targets for learners. If staff do not understand how value-added is measured then there can be no guarantee that targets will be challenging. All course leaders have received training in value-added such that they can set targets that will challenge learners and increase the likelihood of positive value-added.

Learner 'qualifications on entry' are captured and validated on entry. MIS reports have been produced to identify learners without qualifications on entry. All learners' entry qualifications have been captured accurately and in a timely manner. This has resulted in improved target setting in a timely manner, a major improvement from 2013-14.

Learner assessment/assignment grades upon completion are entered into ProMonitor using the mark book. This allows progress for both groups and individual learners to be monitored.

For vocational areas, all level 3 graded qualifications now use the mark book within ProMonitor to accurately forecast and monitor learner performance and Value-Added. A series of MIS reports have been produced to monitor and report on learner, group and qualification performance which will be used to inform departmental quality and performance reviews.

In the Sixth Form College (SFC) a new management team is in place for 2014-15 with improving value-added as a key area of challenge and focus. The new management team in the SFC includes a new Director of Quality & Standards (SFC) with particular responsibility for developing new systems and supporting many new and some experienced A Level teachers to improve value-added performance.

Value-added has been monitored quarterly through the performance review process where under-performing courses/learners are identified and in-year intervention strategies put into place.

Value-added has improved in 2014-15 both in vocational and academic subjects with an overall rating of 'very good'.

#### **An outstanding Sixth Form College that is a first choice A level provider**

Success rates in the sixth form remain broadly in line with national averages, with overall performance still requiring improvement. In January the DfE league tables were released and indicated that the average attainment of sixth form learners has improved by ½ a grade from D- to D in a climate when other providers in the area have seen a decline. The sixth form continues to culturally move in a positive direction and the impact of new staff – brought in through the new A Level Teacher contracts – has had a positive effect on both staff and students.

## **OPERATING AND FINANCIAL REVIEW (continued)**

The new sixth form at St. Mary's Place is nearing completion and the external work is drawing to a close, it is clear that this impressive building will be the jewel in the crown of the college estate. This project has been highly successful and will achieve what we set out to do: provide outstanding teaching and learning facilities and position Barnsley Sixth Form College as a first choice provider of A levels.

### **Develop outstanding learning inside and outside formal classrooms and workshops using ILT**

Teaching staff demonstrated an ambitious vision to achieve outstanding quality and performance through; all staff engaging in peer practice observations, experiencing what an outstanding lesson looked like using recorded exemplars, creation of guidance materials, training workshops, video clip tips, 'How2' on-line materials to support improvement and observing exemplary practice of grade 1 staff through peer observation. Staff in all departments are encouraged to observe peers from other departments across college and advanced practitioners are helping to facilitate this in order to further develop their colleagues to visit someone who is particularly strong in an area.

Staff were supported to improve by the Learning Technology Unit, 22 new Advanced Practitioners and 10 new ILT stars who were involved in; sharing excellent practice, mentoring new staff and peer coaching in individual, departmental and cross college CPD sessions. Training, development and support impacted on improvements in teaching, learning and assessment and included cascaded teaching and learning strategies from the Teaching and Learning Forum. Themes included inspirational activities such as active learning using ILT, on line assessment strategies via Moodle, feeding back to learners using Turnitin, flipped classroom, questioning techniques, and creative use and development of interactive ILT in collaboration with the new Elephant Designs apprenticeship team. A wide and innovative variety of equality and diversity events and promotional activities have taken place lead by the new Advanced Practitioner for Equality and Diversity and regular staff bulletins have also been introduced containing top tips and source materials in promoting and advancing equality and diversity and 'the golden grade C' blog to advance staff skills and knowledge in English and mathematics.

The development of independent study skills and learning how to learn continued to drive the quality of learners work. The 'learning without walls' project purchased laptops for student loan to enable learning outside the classroom which has been greatly enhanced throughout the year with departments purchasing a variety of devices to use in class, in college SOLEs, social areas and at home.

All teaching, learning and assessment policies, guidance, reports and documents were updated via consultation with all levels of staff and students.

Lesson observation of teaching staff focused on new, satisfactory and good session staff. The consistent improvement of internal lesson observations has been maintained this year at 92% good or better lessons with 43% outstanding lessons. External review and observation of teaching staff also confirmed that teaching and learning is outstanding in all 7 categories.

62 Cross college themed walkthroughs were carried out in all curriculum departments to check effectiveness and impact of strategies to improve. 38 Observation Walks with Learners (OWLs) followed a learner's journey to check effectiveness and consistency in the quality of the learner experience. Both initiatives had a positive impact on learners and learning following extremely positive and detailed feedback from observers including governors. 311 learning walks took place across the college to check consistency of delivery, progress and rapid improvement. These will continue throughout the coming year.

Governors' observation sessions were introduced this year to enable governors to observe the college observation process and gain a better understanding of the context of reports, see facilities, resources, teaching, support and student behaviour first hand.

### **Significantly improve English and maths**

The College is committed to improving English and maths. The Essential Skills Policy provides learners with an English and maths entitlement. The key aims of the policy are; all learners who leave the college with a full level three qualification have also achieved a level two qualification in both maths and English and any full-time learner that has not a level two in both English and maths are developing skills (and securing qualifications) in both of the subject areas. All full-time learners not qualified to level two in English and maths have to continue studying that subject.

## **OPERATING AND FINANCIAL REVIEW (continued)**

Advanced Practitioners have been appointed in both English and maths. These staff have a cross-college responsibility in supporting staff and sharing good practice to improve levels of both English and maths. The lesson observation process has been modified such that observers have an increased focus on English and maths.

Walkthroughs dedicated to English and maths have been undertaken in all curriculum areas. These walkthroughs have included the inspection of student work to ensure that it corrected appropriately.

The numbers of learners obtaining a level two qualification (equivalent to GCSE grade A\*-C) continues to rise. In English 666 (434 Functional Skills, 232 GCSE grade A\*-C) and Maths 653 (454 Functional Skills, 199 GCSE grade A\*-C) secured their first GCSE A\*-C equivalent. This is an increase in English of 3% and maths of 35% as compared with volumes in 2013-14.

### **Growth in high level STEM and construction courses**

The College has progressed substantially with its building strategy for construction and STEM buildings. Phase two of the STEM building project (refectory facility) completed in September 2015. The redevelopment of infrastructure has been instrumental in the expansion of provision delivered by the engineering department.

The new Honeywell Construction Centre is on target to be completed in August 2015. The addition of this facility will allow the college to bring construction students back closer to the centre of the town. This will help improve both recruitment and retention of learners in construction. It is anticipated that there will be a positive impact on the breath of provision offered by the construction department once this new facility is in use.

### **Respond to changes in apprenticeship funding and deliver significant growth**

The College is highly responsive to the demands/training requirements of employers and develops curriculum offers and delivery models to meet the needs of business. The College offers 54 Apprenticeship Framework pathways at Intermediate, Advanced and Higher Apprenticeship levels.

Apprenticeship recruitment continues to grow, particularly in the 16-18 age bracket. The College delivered ambitious targets of £2.8m of 16 to 18 apprenticeship activity and £1.3m of adult apprenticeship activity during 2014-15.

The quality of apprenticeship recruitment continues to grow and this can be attributed to strong employer engagement and a roll-on roll-off provision that is offered by all curriculum areas. Following a three year upward trend with 1,295 apprentices in 2011-12, 1,823 apprentices in 2012-13 and 2,091 apprentices in 2013-14, 2014-15 has seen growth in the 16-18 apprenticeship provision but a decline in adult apprenticeship recruitment. It is envisaged that traineeship throughout 2015-16 will support delivery and see substantial growth in adult apprenticeships in 2015-16. The College is going against the national trend, of a decline in 16-18 apprenticeship starts, but is following the trend in adult recruitment.

Apprenticeship courses remain excellent - the College has one of the best apprenticeship framework success rates in England. The forecast success rate for 2014-15 is 89.5%. In 2013-14 the College's apprenticeship success rates were in the top 5 in the country, at 87%.

The College established an Apprenticeship Training Association in 2011-12. This is now functioning effectively supporting SMEs in the recruitment of apprentices and there will be 15 apprentices placed with host employers by the end of August 2015 - a 50% increase on the previous year.

Employer surveys highlight the continuous improvements in quality and the results of the Employer Start and Exit surveys show an improving trend.

The results of the Employer Start and Exit surveys show an improving trend with a combined overall satisfaction of 99% in 2014-15 compared to 98% in 2011-12, 95% in 2010-11 and 88% in 2009-10: an increase in employer satisfaction of 10% over the five year period.

The SFA Employer Satisfaction Survey also shows an improving trend with an average mean score of 9.4 reported in December 2014 compared to 9.2 in December 2013 and 8.3 the previous year.

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

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#### **OPERATING AND FINANCIAL REVIEW (continued)**

The only General FE College, including Tertiary, to have a higher satisfaction score than the college is Weston College of FE and HE with a score of 9.5 – 95%.

The College was also second for Learner Satisfaction with a satisfaction rate of 9 – 90%, with the Isle of White FE College at 9.1 – 91%.

- **9.3 out of 10** Understanding training needs
- **9.3 out of 10** Flexibility to meet needs
- **9.3 out of 10** Communicating clearly
- **9.4 out of 10** Efficiency in dealings
- **9.5 out of 10** Professionalism of staff
- **9.3 out of 10** Up to date in industry/sector
- **9.3 out of 10** Overall rating of the benefits of the training received
- **9.4 out of 10** Overall rating of the quality of the training received
- **9.6 out of 10** Likelihood to recommend this organisation

#### **Develop excellent careers and IAG services**

The College is focussed on delivering high quality student experience throughout the careers and IAG process. Clear systems are in place providing clarity of individual and departmental responsibility towards the student journey.

All curriculum departments have delivered detailed careers information, including career pathway diagrams and case studies. Careers Coach, an online IAG tool has been rolled out through tutorials.

The QDP learner survey shows that the college is performing in the top quartile nationally for students being prepared for Next Steps at 94%.

The College has implemented a Smooth Operator tracker system to identify learner's career aspirations and next steps, at the start and end of the academic year. All departments have recorded successfully student progression destinations which are monitored via the performance review process.

#### **Deliver qualification success rates in the top 5% of colleges**

The College continues to deliver high success rates across all courses.

For young people vocational provision is strong across all levels. Many learners successfully complete vocational programmes and progress onto higher levels. In academic areas A-level pass rates remain high. There has been significant improvements in GCSE grade A\*-C in both English and mathematics. These are now both above national averages for the post-16 age group.

Traditional college-based adult programmes have excellent success rates. Provision for the unemployed and those at risk of redundancy provided access to qualifications and successful progression into employment for many of the participants.

Apprenticeship provision is growing and there continues to be high levels of performance across all apprentice programmes. Performance for 2014-15 continues to be strong with forecast success rates above the 2013-14 figure at 90%.

#### **Increase student progression to higher education and employment destinations**

In 2014-15 overall positive destinations is up 1% at 95%, the number of students applying to HE increased by 5.5%. The Student Services team offered an improved service to students thinking of applying to HE through UCAS workshops, Student Finance England workshops and a much improved promotion of the benefits of HE.

A virtual Careers Hub has been established on Moodle, offering all students links to good practise careers websites and support to prepare for employment. The student services team also delivered a number of events including

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

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#### OPERATING AND FINANCIAL REVIEW (continued)

Student Life Week, Industry professionals' talks and the 'University Fair'. Well qualified staff continue to offer careers, advice and guidance across the college primarily through student services who delivered 92 UCAS 1 to 1 appointments and 34 group tutorials on a number of related themes.

Over 840 students took part in volunteering and Earn to Learn placements in 2014-15 with all Earn to Learn students completing an end of year questionnaire.

The College Progression Fair was also highly successful in 2014-15. All departments were represented at the fair and a wide and inclusive curriculum offer across all sector subject areas was showcased using the Old Mill Lane atrium.

#### Build an outstanding reputation

The College continues to develop its reputation by building on the use of ambassadors; alumni; advocates and non-user activity. During the academic year 2014-15, the college recruited 39 advocates and 101 alumni; 251 ambassadors participated in a range of College activities. 19 non-user activities were undertaken.

To date the Memory BANC Facebook page has 167 likes and the central database in Communications and Recruitment holds 59 profiles. These are utilised as case studies in publications including course guides, web sites, plasma screens and posters both in college and in feeder schools along with a range of other marketing and promotional materials.

The College holds an annual Excellence awards evening at the Metrodome that covers cross college and departmental awards. In addition curriculum departments celebrate their student achievements by hosting a range of awards style events. At the end of 2014-15 academic year, ten departments held a celebration style event for all their students.

The College works closely with key stakeholders, including the Lord Lieutenant's office, Higher Sherriff, Leader of the Council, Local Enterprise Partners, combined authority, four area MP's, One Barnsley Board, Councillors and employers / advocates such as Dickie Bird OBE, John Foster MBE to name a few. Stakeholders are engaged in the Graduation, Excellence award events and corporate newsletter 'Umbrella.'

The opening of the Sixth Form College and Construction Centre will provide new opportunities to further develop these relationships also.

#### Deliver our budget and carefully manage cash flow, loans and capital spend

The College met its key financial targets;

The College has reported an operating surplus of £3.2m, exceeding the budget by £2.7m. Total income was £41.6m, which was £0.5m above target, whilst expenditure was below the budget by £2.4m. The College generated over £4m more cash than budget.

College Financial Targets	Outturn
1. EBITDA % of income (target $\geq 10\%$ )	16.5%
2. EBITDA/interest costs (target $\geq 2$ times)	9.3 times
3. SFA Financial Health grade (target satisfactory)	Satisfactory

During 2014-15 the College was able to generate Earnings before Interest Tax Depreciation and Amortisation of £6.7m. This enabled the College to continue its ambitious capital investment plan.

The College spent £1m on small capital equipment and developments, including computer equipment, software and general equipment.

## **OPERATING AND FINANCIAL REVIEW (continued)**

### **Employ and train highly skilled and flexible staff**

HR processes have been developed in a number of areas. Following a successful external review the appraisal process standard targets have been modified and extended to include heads of department. All major roles now have a suite of standard targets which can be used flexibly to set and monitor key result areas. Department Enhancement of Learning Plans (DELP) capture a range of training information via a skills matrix which informs the college training plan and allows department managers to identify areas where development is required. This has also been rolled out to service departments and is included in the appraisal process. Training programmes are now established for course leaders, managers and supervisors, focusing on key areas such as student tracking, data management, and teaching and learning as well as key skills required to lead and manage staff. These programmes benefit from focused skills gaps analysis via appraisal. The College commits resources to training and development and in 2014-15 spent £115k on cross-college, departmental and individual activities. In total there were 608 individual events with 15,454 attendees. 87% of initial feedback received was positive, with 95% of attendees stating that the training had resulted in a positive impact on learners. The College was successfully reassessed as an Investor in People in July 2015.

The Barnsley College Contract is now in place and over 50% of staff have signed this voluntarily. The contract increases flexibility and enables managers to utilise a range of clearly defined roles, which have been reviewed and updated, to deliver their curriculum. This contract contains annualised hours and improves the terms and conditions of over half of college staff. A clear career pathway is now embedded which enables staff to see how they can progress in their teaching career at the college and what they need to do to achieve this. New pay scales, including newly job-evaluated positions to ensure pay equality, were also introduced which reflect the different levels of responsibilities of the various teaching roles.

### **Collaborate with partners to meet the needs of learners and employers**

The College continues to develop effective links with a broad range of providers to meet the needs of learners and employers. The College works with many local schools providing services for over 300 school children (aged 14 to 16). Retention and success rates are excellent.

In order to address the NEETs agenda, the College delivers to young people in partnership with the Springwell school. The College has also developed strong partnership working with Barnsley Community Build – a local private provider that specialises in engaging young people delivering traineeships and apprenticeships.

The College has developed highly effective partnerships with a number of NHS Trusts, including Barnsley Hospital, delivering a wide range of apprenticeship programmes. Much work has taken place during 2014-15 to develop a number of new clinical pathways to meet their specific needs. In addition, the College is celebrating its 3<sup>rd</sup> year in partnership with the Advanced Manufacturing Centre (AMRC), delivering Engineering Level 3 programmes for their apprentices. This has led to further opportunities with Sheffield University through the delivery of a new foundation degree in Engineering. Further discussion is taking place to strengthen our relationship with the University. The success rates for all our apprenticeship programmes delivered in partnership is outstanding.

The College has a number of sub-contracts with other colleges and training providers across the region to deliver large 'Skills Support for Redundancy' and 'Skills Support for the Unemployed' contracts. Local sub-contracting is used for some delivery either because of geography or because partners have specific areas of expertise not available in the College. We also work closely with a number of recruitment agencies to secure employment for students after they have completed programmes of study. A significant number of Sector Based Work Academies have been delivered on behalf of employers such as Leeds Council, Capita and ASOS that have led to high job outcomes for students.

The College has excellent partnerships with local stakeholders and employers that contribute effectively to meeting the regions learning, employment and community priorities and has led on initiatives such as the 'Barnsley Pledge' and more recently Talent United, which will be launched in 2015-16. All initiatives aim to increase the number of employers and apprentices engaged, not only in supporting the apprenticeship programme but in supporting the employability skills of full time students through work placement activity.

The College continues to strengthen its relationship with the Sheffield and Leeds Local Enterprise Partnerships (LEPs). The Head of External Funding is currently seconded to the Sheffield LEP four days a week and the College

## **OPERATING AND FINANCIAL REVIEW (continued)**

delivers a successful apprenticeship programme for BMBC and the Leeds LEP to increase the number of employers taking on apprentices in the Barnsley Borough. This programme has supported other providers in the borough also. Relationships continue to be developed with universities, including the link with Huddersfield University through the transfer of University Campus Barnsley to the College. Further developments are taking place to strengthen our relationship with a number of other universities, including, Sheffield, Sheffield Hallam, Derby and Hull. Extensive relationships with the Primary Care Trust have enabled the embedding of the Health and Wellbeing Centre, delivering pioneering services for both young people and staff.

### **Place user views at the heart of decision making**

Capturing learner voice and gathering feedback from learners is central to the college's aim of placing learner views at the heart of our decision making. The college places a high priority on this process and monitors the learner voice through performance reviews. The College engages learners in innovative ways to ensure that departments respond quickly and consistently to learner suggestions. Engagement initiatives fall into the three broader themes of formal feedback, informal feedback and learner representation.

Formal Feedback, the learner forum process is very well embedded in the College and the introduction of the debrief sessions this year have seen the number of resolved issues increase significantly with 93.5% of issues resolved this year in comparison to 76% in 2013-14. The QDP learner survey enables the college to benchmark learner satisfaction against other colleges across the country. The College scores highly in all categories and is above benchmark for quality assurance questions which places it in the top quartile nationally. Two general quality assurance questions were recorded over the surveys with the following results, "I would recommend my course to a friend" with results of 97% (+12 on benchmark) and "I would recommend the College to a friend" 97% (+11 on benchmark). The 'You Said We Did' initiative enables learners to see what has been done in respect of their feedback and takes the form of posters, de-brief sessions, social media and online environments.

Informal feedback is gathered via the 'Colin on your campus' initiative where learners are encouraged to 'Tell us one thing you love about college and one thing you would change'. This initiative travels to all our college sites and engages students in their social areas. The learner voice blog is an important tool in engaging learners and as well as giving information learners have the opportunity to leave posts on the blog as feedback. The Student Services Team are also able to offer support to departments following analysis of the learner surveys and direct specific support in engaging learners where needed with the 'Tell me about it' tutorials, in which staff have the opportunity to 'unpick' learner survey questions to find out what learners need and want.

Learner Representation, through established learner representative groups we are able to take advantage of the valuable feedback and input that learners can contribute. From course and department reps to health champions there are a range of initiatives where learners can tell us first hand of their experiences at college. The Student Union Executive Committee are responsible for representing the student body at the College's strategic groups and our student council are responsible for over-seeing the work of the committee and for providing a feedback mechanism for initiatives both internally and externally within our communities. In addition to this we have student governors at Board level ensuring student representation at every level in college. Learners are also involved in developing curriculum alongside heads of department.

### **Significantly grow HE student numbers**

The growth of higher education is a strategic priority of the College. Future planning for Higher Education, combining Higher Education Funding Council for England (HEFCE) priorities with those of Quality Assurance Agency (QAA), will ensure a clear strategic direction for the development of higher education in line with the college vision and mission.

Currently the College has one collaborative partnership with the University of Huddersfield. However, discussions are being held with other universities; Derby, Sheffield Hallam and Hull. Pearson (Edexcel) awards still remain a vital part of the HE portfolio.

The past three years have seen significant changes occurring in the HE landscape, with the probability of more to follow. Increases to the HE portfolio are planned across all curriculum areas with the following programmes added to the portfolio for 2015-16: HND Commercial Gallery Management, HND Community Arts, HND Landscape Arts,

## **OPERATING AND FINANCIAL REVIEW (continued)**

HND Motorsport Engineering, HNC Salon Management, HNC Performing Arts, HND Film and TV.

### **Develop 'Learning Companies' that support apprenticeships and work placements**

The College includes five learning companies; Zest Restaurant, Gem, Think Development, Crumbs and Cookie Crumbs which have continued to develop and grow. These learning companies have provided real work opportunities for over 200 students and have provided apprenticeship opportunities at Levels 2, 3 and 4.

New learning companies being considered for 2016-17 business planning cycle include a Travel Shop, Dr Bike, Bespoke Metal Sculptures, Fresh Produce Farm Shop and Media Production Corporate DVDs/ Videos.

### **Increase student work placements and work experience as part of study programmes**

Opportunities for work experience are now outstanding. The College offers a wide range of opportunities for learners to gain work experience. The following highlights some examples of work experience.

In Early Years & Care 447 learners were placed in 241 different Early Years/Healthcare settings.

In Learning for Living & Work 44 students (39%) carried out an internal placement in college as part of the learning programmes (Hair & Beauty, Catering, Estates) and 20 students (18%) carried out a supported traineeship as part of their personalised learning programmes.

In Hair & Beauty all full time learners have planned work experience timetabled to support transition to the next level of study or employment. Learners also had the opportunity to develop additional skills that enhance their qualifications and make them more employable during an annual 'skills week'.

In Foundation Learning 35 Prince's Trust learners participated in a two week work placement.

In Travel & Tourism all learners achieved the additional qualifications in Resort Representative and Introduction to Air Cabin Crew.

Learners from Media completed tasks for both internal and external partners including the Evostik Northern Premier League awards evening.

Learners from Music have contributed to the promotion and performance of commercial gigs supporting The Atlantic Sessions a week long music event.

In Art & Design students designed a superhero to promote DOYLES security. The superhero outfit was made and paraded at Barnsley football club. Textiles students worked with 'MOO' a local fashion manufacturer and retailer to create a fabric to be used in their summer collection.

All Sports learners have a three week work placement and follow additional qualifications in Fitness Instructing, Community Sports Leadership and Higher Sports Leadership. These are industry recognised qualifications that increase employment prospects when the learners leave college.

Learners in Animal Care access a range of relevant work placements with the department providing placement opportunities in over fifty specialist locations

### **Develop and grow new Warehousing & Logistics provision**

The College has delivered a 3 year ESF contract to support unemployed and those at risk of redundancy across the region in partnership with a number of colleges and training providers. The contract concluded on the 31 July 2015. As part of this contract the College has delivered a number of Sector Based Work Academies (SBWA) for employers. These programmes have proved extremely successful and have supported over 500 individuals into sustainable employment or apprenticeships. The College will continue to deliver SBWA programmes to meet the demand from local employers such as Fox's Biscuits, Arcadia, Capita and ASOS.

Apprenticeship provision within Warehousing and Logistics continues to grow with 50 apprentices currently on

## **OPERATING AND FINANCIAL REVIEW (continued)**

programme. Additional frameworks are now being developed in supply Chain Management and Driving Operations. The College is currently recruiting on behalf of Asda and Hargreaves for these new programmes.

### **Develop the next generation of outstanding managers**

A comprehensive Heads of Department leadership development programme was commissioned for 2014-15 which focussed on developing the capabilities of the management team at Head of Department level and above. The programme has proved to be a successful and valuable way of ensuring that our managers have the skills and competencies, all based upon emotional intelligence and leadership, that are required to operate successfully in the College. After a 360 degree appraisal which involved line managers, peers and reports and an initial residential event, a programme of individual modules was begun, covering a range of key leadership themes. These include talent spotting and succession planning, which will support forward planning for developing current staff for future management roles. The programme runs up to December 2015 after which a further 360 degree appraisal will be carried out to gauge the success of the programme at individual level.

All heads of department are coached by a member of SMT who have undertaken training on acting as a coach.

### **Develop a learning culture through 'Project Connect' and provide new 'Self Organised Learning Environments' across the college**

Project Connect is a whole College project to develop a consistent approach and ethos of positive, productive behaviour and attitudes of staff and students. The project aims to ensure that all staff reward positive behaviour and consistently address less than good behaviour across all college sites, in all the different environments and situations students find themselves in with a particular focus on personal and social behaviour outside classes.

Themes across the year have included Respect, Purpose, Self-development, Consistency and Responsibility. These have been engaging and promoted through; staff poster campaigns with aspirational quotes, initiatives to recycle, stop smoking, encouraging a positive attitude to work, student workshops on specific themes, displays of learners work on Project Connect themes, walls of fame promoting past student successes, guest speakers and student competitions. At the end of year a student workshop took place with student representatives from every department led by the Vice Principal Teaching, Learning and Student Support and the Director of Teaching and Learning to review the themes and get student input for further developing strategies for 2015-16.

All College staff attend training on behaviour management and promoting positive behaviour. 15 sessions have taken place this year.

Linked to the project, all service and support areas have an iTeach action plan which includes 3 priority actions planned which will positively impact on learners, their experience and behaviour. These are agreed in business planning and monitored throughout the year during quarterly performance reviews. Both these initiatives were commented on as being excellent by Ofsted inspectors.

Self-organised learning environments ('SOLE') are being further developed across the college sites to enable students to develop independent study skills and work on projects outside formal classes in well-resourced and supported environments. At Old Mill Lane there are well developed SOLEs as well as access to the 'Learning Curve' on four floors. Balcony areas provide space and computers for group and individual work. Specialist facilities allow learners to complete self-organised learning in practical areas; the additional kitchen for catering students, studio space for art students and salon space for hair and beauty students. Practical areas are made available for students to practice their vocational skills and laptop loans available to work in social areas and at home.

Sixth Form SOLEs have been designed into the new building to house the resources invested in over the last three years. The design includes larger resource areas and smaller subject specific SOLEs throughout the whole building.

The new Construction Centre will have the 'Learning Cube' SOLE and staff have undertaken training in ILT, using new mobile devices, touch screen presentation technology and flipped classroom in preparation for moving into their new building and developing independent study skills in learners.

Other areas have been developed this year including the farm which now has 'The Leaf' SOLE. Both academic and IT resources have been significantly improved as well as support for learners by appointing learning mentors in Sports new SOLE extension, UCB and OML Learning Curves and introduction of both on-line and taught study skills

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

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#### **OPERATING AND FINANCIAL REVIEW (continued)**

programmes. Satellite sites hold their own book stock, specific journals and fixed and mobile IT facilities for loan.

#### **Deliver a successful International strategy**

The College continues to develop international opportunities and is now engaged with A level delivery in three countries, China, Indonesia and Vietnam.

The Transnational department has partnership agreements with over 10 HE Centres in 4 countries. The College has been able to sign a HE articulation agreement with a number of UK universities to allow overseas delivery to commence.

The College has been successfully delivered teacher training to a Nigerian based catering college and this project looks set to continue into the future.

The College successfully retained its Highly Trusted Status and is now looking to expand student recruitment.

#### **Support the Wellspring Trust to grow in Barnsley and the surrounding area**

Barnsley College sponsored the Wellspring Multi-Academy Trust (MAT). MATs, in turn, are able to sponsor schools that convert to Academy status under their control and management for a term of 125 years. Wellspring Academy Trust recruited one Primary School in Barnsley in May 2013 and four schools in December 2014. Two of these schools (now Academies) are in Barnsley (Springwell Alternative Academy and Springwell Special Academy - the Springwell Learning Community) and two are in North East Lincolnshire. The Wellspring Academy Trust has a region-wide geographical remit as directed by the Trust Board and Members.

A primary school in Leeds has applied to join the Trust, the final decision being taken by the Regional Schools Commissioner shortly. The Trust is in advanced discussions with Leeds about taking responsibility for the Behaviour Continuum in the city which will eventually encompass four current schools. The Trust is in conversation with two Secondary schools in Barnsley. The first about converting into the Trust as an Academy, and the second about guaranteeing the School improvement capacity to support the first school. The capacity to support School Improvement is crucial to the prospects of a successful conversion application with DfE. The Trust CEO is currently working to support leadership and improvement at one further Primary School in Barnsley.

The Trust has achieved notable success at The Forest Academy, Barnsley. The ofsted rating and end of Key Stage outcomes for children have seen rapid improvement. The Trust had an application for a Free School in Barnsley deferred to a September 2016 opening by DfE in the run up to the 2015 election. Discussions remain ongoing with BMBC and DfE about the future prospects for this proposal.

The Trust expects its school number to increase. The political climate is favourable to the growth of Multi-Academy Trusts, as Local Authority funding and consequent ability to support schools continues to be eroded. An increase in the number of schools partnered with the Trust in Barnsley remains a key strategic priority that runs alongside and is complementary to the Trusts wider interest and interests in the region.

#### **Financial objectives**

The Board of Governors wishes to ensure that the College remains financially sound, protecting itself from unforeseen adverse changes in revenue streams, generating sufficient income to enable maintenance and improvement of its accommodation and equipment, and servicing its debt costs.

The College has ambitious growth plans and will continually focus on value for money in everything it does.

In order to deliver its non-financial objectives it is critical for the College to have a robust financial platform. Its high-level financial objectives are:

- To deliver strong sustainable cash flows
- To grow and diversify the revenue base
- To generate sufficient surpluses to enable servicing of debt and financial stability
- To meet lending covenants set out by our bankers and other lending institutions

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

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#### **OPERATING AND FINANCIAL REVIEW (continued)**

This will be achieved through:

- The continuing prioritisation of Business Planning and Performance Review systems, delivering:
  - Strong financial planning and budgetary control
  - Transparency in decision making processes
  - Accountability and budget ownership
- The implementation of our HR strategy, delivering an appropriate staffing resource with high levels of flexibility and skills
- Revenue targeting and growth, developing a diversified business model and reducing reliance on core funding
- Development of new facilities, delivering up-to-date and high quality teaching and learning resources
- Investment in information Learning Technology, delivering innovation in curriculum delivery and improving curriculum efficiency

#### **Financial results**

Overall revenue was maintained at £41.6m. The College met its overall income target however the college had fewer EFA learners than planned for. This contributed to staffing reductions of £0.8m from £23.7m in 2013-14 to £22.9m in 2014-15. Other operating costs decreased from £11.8m in 2013-14 to £10.9m in 2014-15.

The College's operating position before interest and depreciation ("EBITDA") was a surplus of £6.7m.

The College delivered a surplus of £3,207k after:

- depreciation charges of £3,740k;
- accelerated depreciation and demolition costs of £107k;
- interest and finance costs of £719k;
- legal fees of £339k;

The College made contributions of £2.6m to the Local Government Pension Scheme ("LGPS"), Teachers' Pension Scheme ("TPS") and other pension schemes during the year.

The College generated operating cash flows of £8.5m from operations (note 23), which have been reinvested in capital assets and the repayment of short term debt.

Tangible fixed asset additions during the year amounted to £24.6m. This was split between building work of £23.6m and equipment and fixtures of £1m. Major building works included construction of the new Sixth Form College and the new Construction Centre.

The College is currently pursuing a significant legal claim in relation to past building works. On advice from its legal team, the College believes it will be successful with the claim. The sum claimed by the College is circa £4.5m plus costs, based on current estimates. Costs associated with the case of £339k have been incurred during the year.

#### **Treasury policies and objectives**

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. Such arrangements are restricted by limits in the College's Financial Memorandum previously agreed with the Skills Funding Agency. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

#### **Cash flows**

The College enjoyed cash inflows of £8.5m during the year from operating activities, which was utilised in support

## OPERATING AND FINANCIAL REVIEW (continued)

of its substantial capital investment programme.

### Liquidity

The College has net current liabilities of £12m of which £5.8m was drawn down on revolving credit facilities. The College has headroom available on its existing revolving credit facilities and therefore has sufficient facility to meet liabilities as they fall due.

The size of the College's total borrowing, and its approach to interest rates, have been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. In October 2014 the Corporation agreed an interest rate management strategy.

## Principal risks and mitigations/opportunities 2014-15

Risks are monitored via the Top Risk Register and the performance review process. A current summary of the college top risks are listed below with existing controls.

1. **Buildings and property finances:** failure to stay within capital budgets and secure asset release leads to an inability to continue with the property strategy and puts the college in financial difficulty.
  - Rigorous financial planning and monitoring, including governor sign-off on projects and monthly reporting on financial covenants
  - Performance review of all major capital projects with expenditure reported via the monthly management accounts and reporting on the three-year cash flow position
  - Full tendering process for consultants and other services
  - Regular updates to governors on asset release
2. **Servicing of debt and financial stability:** inability to generate sufficient surpluses results in a breach of financial covenants and increased interest payments.
  - Rigorous business plan which aligns budgets with the three-year plan
  - Monitoring of financial performance at department level
  - Interest rate management strategy has been agreed at board level
  - Monthly reporting via management accounts against financial covenants
3. **Teaching and learning:** failure to deliver "Outstanding" in an OFSTED inspection results in a loss of reputation, high impact on students and subsequent financial loss.
  - Teaching and Learning department is established which provides innovative and robust cross-college support
  - Wide range of flexible observation options for managers
  - Further development of stretch and challenge and value added monitoring is taking place
  - Critical external assessment of college performance is utilized
4. **Higher Education (HE):** failure to recruit students and deliver high quality and financially viable HE provision leads to financial and reputational loss.
  - Roles and responsibilities clearly set out to enable monitoring of recruitment and financial performance
  - Development of a broader curriculum offer for full-time and part-time
  - Increase the profile of University Campus Barnsley via marketing and focus on the progression of level 3 students from within the College

## **OPERATING AND FINANCIAL REVIEW (continued)**

5. **Student Recruitment:** failure to recruit planned student numbers is financially and reputationally damaging.
- Emphasis in business planning is placed on new opportunities and ideas
  - Focus is given to making college affordable and convenient for learners, for example, by offering new bus routes and Earn to Learn opportunities
  - Increased focus on extra-district recruitment
  - Use of scanning tools to analyse geographical recruitment patterns

### **Maintain adequate financial stability**

The College is confident that it can meet its financial obligations as and when they fall due. The College's long term financial plan demonstrates that it can service its debts on an on-going basis.

### **Maintain adequate funding of pension liabilities**

The financial statements report the College's share of the LGPS pension scheme deficit on the balance sheet in line with the requirements of FRS 17. These are set out in note 28.

### **Stakeholder relationships**

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

- Students
- Education sector funding bodies
- Staff
- Local employers (with specific links)
- Local authorities
- Government Offices/ Regional Development Agencies/LEPs
- 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 website and by meetings.

### **Equal opportunities and employment of disabled persons**

Barnsley 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, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. The College has a no tolerance policy towards bullying, harassment and victimisation and actively tackles and behaviours which transgress this policy.

The College's Single Equality Scheme and action plan are published on the College's internet site and are monitored regularly by the Senior Management Team and the Board of Governors.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

### **Disability statement**

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005 and in the Equality Act 2010:

**OPERATING AND FINANCIAL REVIEW (continued)**

- a) The College's Student Service and Additional Learning Support (ALS) departments provide information, advice and arrange support where necessary for students with disabilities.
- b) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available from the ALS department.
- c) The admissions policy for all students is described in the College IAG Policy. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- d) The College has made a significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities. There are a number of student support staff 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 appropriate support for students who have learning difficulties and/or disabilities.
- e) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- f) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

**Disclosure of information to auditors**

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

**Approved by order of the members of the Corporation on 15 December 2015 and signed on its behalf by**

**Simon Perryman**  
**Chair of Governors**

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

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#### **OPERATING AND FINANCIAL REVIEW (continued)**

##### **Professional advisers**

Financial statements and regularity auditors

Grant Thornton UK LLP  
No 1 Whitehall Riverside  
Whitehall Road  
Leeds, LS1 4BN

Internal auditors

Icca Education Training and Skills Ltd  
11<sup>th</sup> Floor, McLaren House,  
46 The Priory Queensway,  
Birmingham, B4 7LR

Bankers

Barclays Bank Plc  
North East & Yorkshire Larger Business Team  
PO Box 378, 71 Grey Street  
Newcastle Upon Tyne, NE99 1JP

Santander  
Bootle  
Merseyside, LS30 4GB

Solicitors

Martineau Johnson  
1 Colmore Sq  
Birmingham, B4 6AA

Stewarts Law  
9 Bond Court  
Leeds, LS1 2JZ

Watson Burton LLP  
1 St James Gate,  
Newcastle Upon Tyne, NE99 1YQ

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

#### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code ("the code") issued by the FRC in June 2010. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Governors, the College complies with all the provisions of the Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2015.

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. In carrying out its responsibilities, it takes full account of The English Colleges' Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted in March 2012.

#### The Corporation

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

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committee Served	% of 2014-15 board meetings attended
G Beever	23-Mar-10 Reappointed 11-Mar-14	4 years	N/A		F&R Remuneration	83%
P Bird	27-Mar-12	4 years	N/A	Staff	Audit Q&S	100%
C Booth	01-Oct-08	N/A	25-Sep-15	Principal & Member	F&R G&S Q&S	100%
N Bowen	16-Jul-13	4 years	N/A	Vice Chair	F&R G&S Remuneration Q&S	100%
S Brian	11-Mar-14	4 years	N/A		F&R	83%
S Burkinshaw	15-Jul-14	when ceases to be a student	31-Jul-15	Student	Q&S	100%
R Dewar	17-Mar-15	4 years	N/A		F&R	100%
R Eccleston	14-Jul-15	4 years	N/A		Q&S	N/A
A Eckford	18-Oct-11	4 years	08-Feb-15	Vice Chair	F&R	50%
P Helm	16-Jul-13	4 years	31-Mar-15		Audit	67%
E Holmes	14-Jul-15	when ceases to be a student	N/A	Student	Q&S	N/A
P Jagger	20-Oct-15	4 years	N/A		-	N/A
R Kent	14-Jul-15	when ceases to be a student	N/A	Student	Q&S	N/A
B Mansford	09-Nov-15	4 years	N/A		F&R	N/A
F McSkimming	13-May-09 Reappointed 12-May-13	4 years	N/A		F&R Remuneration	67%
C Partridge	16-Oct-14	4 years	N/A		Audit	100%
S Perryman Chair from 09-Nov-15	09-Sep-15	4 years	N/A	Chair	G&S Remuneration	100%

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

#### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committee Served	% of 2014-15 board meetings attended
R Pourali	19-Oct-10 Reappointed 16-Oct-14	4 years	N/A		G&S	50%
D Shepherd	16-Oct-14	4 years	N/A		G&S Audit	100%
M Taylor	13-Nov-12	4 years	Deceased 14-May-15		Audit	75%
J Thirkell Chair from 01-Aug-12	24-Jul-07 Reappointed 16-May-11 Re-appointed 14-Jul-15	4 years	07-Nov-15		Remuneration F&R G&S Q&S	100%
S Turton	17-Mar-15	4 years	N/A		Audit	100%
G Vaughton	18-Oct-12	4 years	31-Dec-15		Audit	0%
J Ward	16-Dec-14	when ceases to be a student	31-Jul-15	Student		60%
M Wesson	11-Mar-14	4 years	N/A	Staff	Audit	100%
C Webb	28-Sep-15	N/A	N/A	Principal & Member		-

Key to committees	G&S	Governance & Search
	F&R	Finance & Resources
	Q&S	Quality & Standards

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. Under the powers provided by the Further Education Corporation Modification Order 2012, the Corporation revised and approved its Instrument and Articles of Government with effect from 1 August 2013. 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 on a termly basis.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Audit, Governance & Search, Remuneration, Finance & Resources and Quality & Standards. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Board at

Barnsley College  
PO Box 266  
Church Street  
Barnsley  
S70 2YW

The Clerk 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 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.

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)**

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

**Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Governance & Search committee, consisting of five members of the Corporation 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 2015, the College's Remuneration Committee comprised four members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and conditions of service of the Accounting Officer and other senior post-holders.

Details of remuneration for the year ended 31 July 2015 are set out in note 7 to the financial statements.

**Audit committee**

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

The audit committee meets on at least a termly basis and provides a forum for reporting by the College's internal, regularity and financial statements 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 College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the audit committee.

Management is responsible for the implementation of agreed audit recommendations, and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The audit committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

**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/Financial Agreement between Barnsley College and the Skills Funding Agency (SFA). He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

*The purpose of the system of internal control*

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Barnsley College for the year ended 31 July 2015 and up to the date of approval of the annual report and accounts.

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)**

*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 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

*The risk and control framework*

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

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

Barnsley College has an internal audit service, which operates in accordance with the requirements of the EFA and SFA's *Joint Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

*Review of effectiveness*

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

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

The Principal 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 other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the audit committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. 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 board meeting on 15 December 2015, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2015.

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

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

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#### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)**

##### **Going concern**

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

Approved by order of the members of the Corporation on 15 December 2015 and signed on its behalf by

Simon Perryman  
Chair of Governors

Chris Webb  
Accounting Officer

# Barnsley College

## FINANCIAL STATEMENTS

for the Year Ended 31 July 2015

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### **GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING**

The Corporation has considered its responsibility to notify the Skills Funding Agency of material irregularity, impropriety and non-compliance with Skills Funding Agency/Education Funding Agency terms and conditions of funding, under the financial memorandum/funding agreement in place between the College and the Skills Funding Agency. As part of our consideration we have had due regard to the requirements of the memorandum/funding agreement.

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify and material irregular or improper use of funds by the College, or material non-compliance with the Skills Funding Agency's terms and conditions of funding under the college's financial memorandum/funding agreement.

We confirm 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 Skills Funding Agency.

Approved by order of the members of the Corporation on 15 December 2015 and signed on its behalf by

Simon Perryman  
Chair of Governors

Chris Webb  
Accounting Officer

## **STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION**

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

Within the terms and conditions of the Financial Memorandum agreed between the Skills Funding Agency/Education Funding Agency and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2007 *Statement of Recommended Practice - Accounting for Further and Higher Education Institutions* and with the Accounts Direction issued jointly by the Skills Funding Agency and the Education Funding Agency, 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 apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare an operating and financial review 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 which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that 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 Skills Funding Agency/Education Funding Agency are used only in accordance with the Financial Memorandum/Financial Agreement with the Skills Funding Agency/Education Funding Agency and any other conditions that may be prescribed from time to time. 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 ensure they are used properly. In addition, members of the Corporation are responsible for securing 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 from the Skills Funding Agency/Education Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 15 December 2015 and signed on its behalf by

Simon Perryman  
Chair of Governors

## **Independent Auditor's Report to the Corporation of Barnsley College**

We have audited the financial statements of Barnsley College for the year ended 31 July 2015 which comprise of the consolidated income and expenditure account, the consolidated and College balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the consolidated statement of historical cost surpluses and deficits and the related notes. 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).

This report is made solely to the College's Corporation, as a body, in accordance with Article 16 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the College's Corporation, 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 College and the College's Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of the members of the Corporation of Barnsley College and auditor**

As described in the Statement Responsibilities of the members of the Corporation set out on page 24, the College's Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscope/private](http://www.frc.org.uk/auditscope/private).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2015 and of the Group's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions

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

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

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

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

## **To the Corporation of Barnsley College and Secretary of State for Business, Innovation and Skills acting through Skills Funding Agency**

In accordance with the terms of our engagement letter dated 4 December 2015 and further to the requirements of the financial memorandum with Skills Funding Agency 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 Barnsley College during the period 1 August 2014 to 31 July 2015 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 Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency in August 2015. In accordance 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 Skills Funding Agency has other assurance arrangements in place.

This report is made solely to the corporation of Barnsley College, as a body, and the Skills Funding Agency, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Barnsley College and Skills Funding Agency those matters we are required to state in a limited assurance 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 Barnsley College as a body, and Skills Funding Agency as a body, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Barnsley College and the reporting accountant**

The corporation of Barnsley College is responsible, under the requirements of the Further and 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 are imposed by law and professional standards and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. 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 2014 to 31 July 2015 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 Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. 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 income and expenditure.

The work undertaken to draw our conclusion includes:

- making enquiries of management;
- analytical procedures;
- evaluation of controls and walkthroughs on a sample of material items
- review of completed and signed self-assessment questionnaire (SAQ);
- review of Board and Committee meeting minutes;
- review of internal audit papers (where relevant); and
- limited testing, on a selective basis, on a number of areas which are considered within the SAQ

### **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 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
December 2015

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

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#### CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

	Notes	2015 £'000	2014 £'000
<b>INCOME</b>			
Funding body grants	2	33,539	33,962
Tuition fees and education contracts	3	6,431	5,828
Other income	4	1,659	1,782
Investment income	5	<u>14</u>	<u>18</u>
<b>Total income</b>		<b><u>41,643</u></b>	<b><u>41,590</u></b>
<b>EXPENDITURE</b>			
Staff costs	6	22,944	23,666
Other operating expenses	8	10,926	11,823
Depreciation	13	3,740	3,965
Interest payable and other finance costs	9	<u>719</u>	<u>764</u>
<b>Total expenditure</b>		<b><u>38,329</u></b>	<b><u>40,218</u></b>
Surplus on continuing operations before exceptional items and tax		3,314	1,372
Exceptional item: Accelerated depreciation	10	<u>(107)</u>	<u>(22)</u>
Surplus on continuing operations after exceptional items and before tax		3,207	1,350
Taxation	11	<u>-</u>	<u>-</u>
<b>Surplus for the year retained within general reserves</b>		<b><u>3,207</u></b>	<b><u>1,350</u></b>

The income and expenditure account is in respect of continuing activities.

The notes on pages 32 to 50 form part of these financial statements.

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

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#### CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of assets at valuation and tax and after disposal of assets		3,207	1,350
Actuarial (loss)/ gain in respect of pension scheme	28	<u>(2,507)</u>	<u>(2,058)</u>
<b>Total recognised (loss) /gain since last report</b>		<u><u>700</u></u>	<u><u>(708)</u></u>
<b>Reconciliation</b>			
Opening reserves (adverse)		(1,386)	(678)
Total recognised gains / (losses) for the year		<u>700</u>	<u>(708)</u>
<b>Closing reserves (adverse)</b>		<u><u>(686)</u></u>	<u><u>(1,386)</u></u>

#### CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

	Notes	2015 £'000	2014 £'000
Surplus on continuing operations before taxation		3,207	1,350
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	21	<u>—</u>	<u>—</u>
<b>Historical cost surplus for the year before taxation</b>		<u><u>3,207</u></u>	<u><u>1,350</u></u>
<b>Historical cost surplus for the year after taxation</b>		<u><u>3,207</u></u>	<u><u>1,350</u></u>

The notes on pages 32 to 50 form part of these financial statements.

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

#### BALANCE SHEETS AS AT 31 JULY

	Notes	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
<b>Fixed assets</b>					
Tangible assets	13	95,246	95,246	74,524	74,524
Investments	14	-	-	-	-
<b>Current assets</b>					
Stock		124	124	98	98
Debtors	15	3,104	2,717	3,758	3,590
Assets held for resale		110	110	110	110
Cash at bank and in hand		<u>1,029</u>	<u>981</u>	<u>4,280</u>	<u>4,137</u>
<b>Total current assets</b>		4,368	3,932	8,246	7,935
<b>Less: Creditors - amounts falling due within one year</b>	16	<u>(16,616)</u>	<u>(16,175)</u>	<u>(8,889)</u>	<u>(8,497)</u>
<b>Net current liabilities</b>		<u>(12,248)</u>	<u>(12,243)</u>	<u>(643)</u>	<u>(562)</u>
<b>Total assets less current liabilities</b>		82,998	83,003	73,881	73,962
Less: Creditors - amounts falling due after more than one year	17	(10,261)	(10,261)	(10,798)	(10,798)
Less: Provisions for liabilities	19	<u>(2,140)</u>	<u>(2,140)</u>	<u>(2,145)</u>	<u>(2,145)</u>
<b>Net assets excluding pension liability</b>		<u>70,597</u>	<u>70,602</u>	<u>60,938</u>	<u>61,018</u>
Net pension liability	28	<u>(12,544)</u>	<u>(12,544)</u>	<u>(9,841)</u>	<u>(9,841)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>58,053</u>	<u>58,058</u>	<u>51,097</u>	<u>51,117</u>
Deferred capital grants	20	58,739	58,739	52,483	52,483
<b>Reserves</b>					
Income and expenditure account excluding pension reserve	22	10,688	10,693	7,285	7,366
Pension reserve	28	<u>(12,544)</u>	<u>(12,544)</u>	<u>(9,841)</u>	<u>(9,841)</u>
Income and expenditure account including pension reserve (adverse)	22	(1,856)	(1,851)	(2,556)	(2,475)
Revaluation reserve	21	<u>1,170</u>	<u>1,170</u>	<u>1,170</u>	<u>1,170</u>
<b>Total reserves (adverse)</b>		<u>(586)</u>	<u>(581)</u>	<u>(1,386)</u>	<u>(1,305)</u>
<b>TOTAL FUNDS</b>		<u>58,053</u>	<u>58,058</u>	<u>51,097</u>	<u>51,177</u>

The financial statements on pages 28 to 50 were approved and authorised by the Corporation on 15 December 2015 and were signed on its behalf on that date by

Simon Perryman  
Chair of Governors

Chris Webb  
Principal

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

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#### CONSOLIDATED CASH FLOW STATEMENT

	Notes	2015 £'000	2014 £'000
<b>Cash inflow from operating activities</b>	23	8,498	6,683
Returns on investments and servicing of finance	24	(761)	(760)
Capital expenditure and financial investment	25	(16,243)	(3,777)
Financing	26	<u>5,255</u>	<u>(353)</u>
<b>(Decrease) / Increase in cash in the year</b>		<u><u>(3,251)</u></u>	<u><u>1,793</u></u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase / (Decrease) in cash in the period		(3,251)	1,793
Cash outflow from financing	26	<u>(5,255)</u>	<u>353</u>
Movement in net funds in the period		(8,506)	2,146
Net funds at 1 August		<u>(6,949)</u>	<u>(9,096)</u>
<b>Net funds at 31 July</b>	27	<u><u>(15,455)</u></u>	<u><u>(6,949)</u></u>

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

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## NOTES TO THE ACCOUNTS

### 1 Accounting policies

#### 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 2007* (the SORP) and applicable Accounting Standards with the exception of the true and fair override exercised in connection with the disclosure of property strategy costs as explained further in the following paragraph. They also conform to guidance published jointly by the Skills Funding Agency and the Education Funding Agency in the 2014-15 Accounts Direction Handbook.

#### Basis of accounting

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

#### 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.

The College remains an outstanding Tertiary College; committed to the sector, recognised for delivering exceptional results. Stakeholders hold the College in high regard. In 2014-15 the college exceeded its budget and is on target to achieve its 2015-16 budget.

The College currently has £16.5m of loans outstanding with bankers, £5.8m of which is drawn on convertible revolving credit facilities. Total remaining headroom on borrowing facilities at 31 July 2015 £16m. The College is expecting significant proceeds from the sale of assets within 2015-16. Consideration has been given to late receipt or reduced values from asset sales alongside the colleges latest three year financial plan assumptions and principal risks. The College has considered the impact of sensitivities on cash flows and banking covenants until December 2016 and believes any alternative courses of action would be affordable.

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.

#### Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, Barnsley College Development Company Limited and Think Barnsley Limited. The results of subsidiaries are included in the consolidated income and expenditure account. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2015.

#### Recognition of income

The recurrent grant from HEFCE represents the funding allocation attributable to the current financial year and is credited direct to the income and expenditure account.

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable

**NOTES TO THE ACCOUNTS (continued)**

**1 Accounting policies (continued)**

and depend on the particular income stream involved. Any under or over achievement for the adult skills budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the funding bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from tuition fees is recognised in the period for which it is receivable and includes all fees payable by students and their sponsors.

Income from grants, contract and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service.

**Post retirement benefits**

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). LGPS is managed by South Yorkshire Pension Fund (SYPF). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS), and the assets are held separately from those of the College.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 28, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The SYPF is a funded scheme and the assets are held separately from those of the college in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income and expenditure account if the benefits have vested. If the benefits have not been vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

**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 income and expenditure 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 pensions spreadsheet provided by the funding bodies.

**Tangible fixed assets**

*Land and buildings*

Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 10, 20 and 50 years. The difference between depreciation charged on the historic cost of assets and

**NOTES TO THE ACCOUNTS (continued)**

**1 Accounting policies (continued)**

the actual charge for the year calculated on the revalued amount is released to the income and expenditure account on an annual basis.

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 income and expenditure 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 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 may not be recoverable.

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

*Assets under construction*

Assets under construction are accounted for at cost, based on the value of architect's certificates and other direct costs incurred to 31 July 2015. They are not depreciated until they are brought into use.

*Subsequent expenditure on existing fixed assets*

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure 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:

- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life, beyond that conferred by repairs and maintenance.

*Equipment*

Equipment costing less than £1,000 per individual item (£150 in respect of IT equipment) is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at valuation.

Inherited equipment is depreciated on a straight line basis over its remaining useful economic life to the College of between one and ten years. All other equipment is depreciated over its useful economic life as follows:

- Motor vehicles and general equipment 3 years
- Computer equipment 3 years
- Furniture and Fittings 5 years

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

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

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#### **NOTES TO THE ACCOUNTS (continued)**

##### **1 Accounting policies (continued)**

Software costing more than £40,000 is capitalised at cost and depreciated on a straight line basis over its useful economic life between 3 and 5 years.

##### **Leased assets**

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

##### **Stocks**

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

##### **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 Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College receives no similar exemption in respect of value added tax. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased. Capital costs and non-pay expenditure are therefore shown inclusive of VAT with any partial recovery netted off against these figures.

The College's subsidiary company is subject to corporation tax and VAT in the same way as any commercial organisation.

##### **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 Support Funds and AGE grant for employers. Related payments received from the funding councils and subsequent disbursements are excluded from the income and expenditure account and are shown separately in note 32, except for the 5% of the grant received which is available to the College to cover administrative costs relating to the grant.

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

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#### NOTES TO THE ACCOUNTS (continued)

<b>2</b>	<b>Funding body grants</b>	<b>2015</b>	<b>2014</b>
		<b>£'000</b>	<b>£'000</b>
	Funding body recurrent grant	25,350	25,590
	Apprenticeships grant	4,136	4,068
	HEFCE Recurrent Grant	606	850
	Funding body non recurrent grant	2,490	2,530
	Releases of deferred capital grants (note 20)	<u>957</u>	<u>924</u>
	<b>Total</b>	<b><u>33,539</u></b>	<b><u>33,962</u></b>
<b>3</b>	<b>Tuition fees and education contracts</b>	<b>2015</b>	<b>2014</b>
		<b>£'000</b>	<b>£'000</b>
	Tuition fees	4,197	3,832
	Education contracts	1,189	863
	Local authorities high needs contracts	<u>1,045</u>	<u>1,133</u>
	<b>Total</b>	<b><u>6,431</u></b>	<b><u>5,828</u></b>
<b>4</b>	<b>Other income</b>	<b>2015</b>	<b>2014</b>
		<b>£'000</b>	<b>£'000</b>
	Catering and residence	474	426
	Other income generating activities	568	621
	Releases from deferred capital grants (non-funding body)	171	183
	Farming activities	218	185
	Other funds	<u>228</u>	<u>367</u>
	<b>Total</b>	<b><u>1,659</u></b>	<b><u>1,782</u></b>
<b>5</b>	<b>Investment income</b>	<b>2015</b>	<b>2014</b>
		<b>£'000</b>	<b>£'000</b>
	Other interest receivable	<u>14</u>	<u>18</u>

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

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#### NOTES TO THE ACCOUNTS (continued)

#### 6 Staff costs

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

	2015 No	2014* No
Teaching staff	316	311
Non-teaching staff	<u>398</u>	<u>390</u>
<b>Total</b>	<u>714</u>	<u>701</u>

\*2014 staff numbers have been amended since the 2013-14 financial statements

	2015 £'000	2014 £'000
<b>Staff costs for the above persons</b>		
Wages and salaries	19,161	19,828
Social security costs	1,228	1,280
Other pension costs (including FRS17 adjustments of £252,000 2014 £374,000)	2,555	2,558
	<u>          </u>	<u>          </u>
<b>Total staff costs</b>	<u>22,944</u>	<u>23,666</u>

The number of senior post holders and other staff who received emoluments, excluding pension contributions and including benefits in kind, in the following ranges was

	Senior post-holders		Other Staff	
	2015 No	2014 No	2015 No	2014 No
£60,001 - £70,000	-	-	2	4
£70,001 - £80,000	1	1	1	-
£80,001 - £90,000	-	-	-	-
£90,001 - £100,000	-	1	-	-
£100,001 - £120,000	1	-	-	-
£120,001 - £140,000	-	-	-	-
£140,001 - £160,000	-	1	-	-
£160,001 - £180,000	1	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>3</u>	<u>3</u>	<u>3</u>	<u>4</u>

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

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#### NOTES TO THE ACCOUNTS (continued)

#### 7 Senior post-holders' emoluments

Senior post-holders are defined as the Principal and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

	<b>2015</b>	<b>2014</b>
	<b>No</b>	<b>No</b>
The number of senior post-holders including the Principal was	<u>3</u>	<u>3</u>

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Senior post-holders' emoluments are made up as follows		

Salaries	373	335
Benefits in kind	-	-
Pension contributions	<u>45</u>	<u>42</u>
Total emoluments	<u>418</u>	<u>377</u>

The above emoluments include amounts payable to the Principal (who is also the highest paid senior post-holder) of	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>

Salaries	176	156
Benefit in kind	<u>-</u>	<u>-</u>
	<u>176</u>	<u>156</u>
Pension contributions	<u>21</u>	<u>19</u>

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

The members of the Corporation other than the Principal and staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

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#### NOTES TO THE ACCOUNTS (continued)

#### 8 Other operating expenses

	2015 £'000	2014 £'000
Teaching costs	2,904	2,986
Non teaching costs	6,062	6,810
Premises costs	<u>1,960</u>	<u>2,027</u>
<b>Total</b>	<b><u>10,926</u></b>	<b><u>11,823</u></b>

#### Other operating expenses include

	2015 £'000	2014 £'000
Auditors' remuneration		
- Financial statements audit *	29	30
- Internal audit	27	25
- Other services provided by financial statements auditors	7	1
- Hire of other assets – operating leases	310	110

\* includes £3,000 in respect of the College's subsidiaries

#### 9 Interest payable and other finance costs

	2015 £'000	2014 £'000
On bank loans, overdrafts and other loans		
Repayable after five years, by instalments	<u>775</u>	<u>788</u>
	775	788
Pension finance costs (note 28)	<u>(56)</u>	<u>(14)</u>
<b>Total</b>	<b><u>719</u></b>	<b><u>764</u></b>

#### 10 Property strategy costs

	2015 £'000	2014 £'000
Accelerated depreciation	102	-
Demolition costs	<u>5</u>	<u>22</u>
<b>Net charge for the year</b>	<b><u>107</u></b>	<b><u>22</u></b>

The property strategy costs relate to the demolition cost incurred on the Honeywell site and accelerated depreciation of the Eastgate Sixth Form building.

#### 11 Taxation

The members do not believe the College is liable for any corporation tax arising out of its activities during this year.

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

#### NOTES TO THE ACCOUNTS (continued)

#### 12 Surplus on continuing operations for the period.

	2015 £'000	2014 £'000
College's surplus for the period	3,131	1,434
Surplus/(deficit) generated by subsidiary undertakings	<u>1</u>	<u>(84)</u>
<b>Total</b>	<b><u>3,132</u></b>	<b><u>1,350</u></b>

The College surplus is after deduction of £75k relating to intercompany transactions.

#### 13 Tangible fixed assets (Group and College)

	Freehold land and building £'000	Assets under the course of construction £'000	Equipment £'000	Furniture and Fittings £'000	Total £'000
<b>Cost or valuation</b>					
At 1 August 2014	73,470	4,582	7,367	3,715	89,134
Reclassification transfer	<u>(2,065)</u>	<u>-</u>	<u>-</u>	<u>2,065</u>	<u>-</u>
Subtotal	71,405	4,582	7,367	5,780	89,134
Additions	138	23,783	710	16	24,647
Transfers	3,586	(4,653)	822	245	-
Disposals	<u>(311)</u>	<u>-</u>	<u>(1,424)</u>	<u>(264)</u>	<u>(1,999)</u>
<b>At 31 July 2015</b>	<b><u>74,818</u></b>	<b><u>23,712</u></b>	<b><u>7,475</u></b>	<b><u>5,777</u></b>	<b><u>111,782</u></b>
<b>Depreciation</b>					
At 1 August 2014	7,131	-	5,665	1,814	14,610
Charge for the year	2,075	-	1,156	509	3,740
Accelerated depreciation and demolition	88	-	9	10	107
Elimination in respect of disposals	<u>(167)</u>	<u>-</u>	<u>(1,393)</u>	<u>(254)</u>	<u>(1,814)</u>
<b>At 31 July 2015</b>	<b><u>9,039</u></b>	<b><u>-</u></b>	<b><u>5,428</u></b>	<b><u>2,069</u></b>	<b><u>16,536</u></b>
<b>Net book value at 31 July 2015</b>	<b><u>65,779</u></b>	<b><u>23,712</u></b>	<b><u>2,047</u></b>	<b><u>3,708</u></b>	<b><u>95,246</u></b>
Net book value at 31 July 2014	<u>64,274</u>	<u>4,582</u>	<u>1,702</u>	<u>3,966</u>	<u>74,524</u>

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly the book values at implementation have been retained.

The asset held for sale of £110k is 3.31 acres of the College's Honeywell site which is due to be sold in 2015-16. Land and buildings includes land valued at £1.9m that is not depreciated.

If inherited land and buildings had not been valued they would have been included at the following amounts

	£'000
Cost	nil
Aggregate depreciation based on cost	<u>nil</u>
<b>Net book value based on cost</b>	<b><u>nil</u></b>

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

#### NOTES TO THE ACCOUNTS (continued)

#### 14 Investments

	College 2015 £	College 2014 £
Investments in subsidiary companies	<u>100</u>	<u>100</u>
<b>Total</b>	<u>100</u>	<u>100</u>

The College owns 100 per cent of the issued ordinary £1 shares of Barnsley College Development Company Limited, a company incorporated in England and Wales. The principal business of Barnsley College Development Company Limited is property development.

The College appoints the Directors of Think Barnsley, a limited company by guarantee and incorporated in England and Wales, and is therefore considered to exercise control. The principal business of the company is to provide employment opportunities for apprentices.

15 Debtors	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Amounts falling due within one year				
Trade debtors	1,352	1,312	1,650	1,566
Amounts owed by subsidiary undertaking	-	30	-	158
Prepayments and accrued income	687	687	871	871
Other debtors	32	32	257	235
Amounts owed by HMRC	377	-	220	-
Amounts owed by funding body	<u>656</u>	<u>656</u>	<u>760</u>	<u>760</u>
<b>Total</b>	<u>3,104</u>	<u>2,717</u>	<u>3,758</u>	<u>3,590</u>

#### 16 Creditors: amounts falling due within one year

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Bank loans	6,200	6,200	615	615
Other Loan	154	154	-	-
Payments received in advance	1,547	1,547	1,544	1,544
Trade creditors	4,753	1,841	4,216	2,547
Amounts owed to subsidiary undertaking	-	2,457	-	1,214
Other taxation and social security	431	522	436	509
Accruals*	3,268	3,191	2,051	2,041
Amounts due to funding body	<u>263</u>	<u>263</u>	<u>27</u>	<u>27</u>
<b>Total</b>	<u>16,616</u>	<u>16,175</u>	<u>8,889</u>	<u>8,497</u>

\*Includes £264k (£256k 2014) for pension contribution liability.

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

#### NOTES TO THE ACCOUNTS (continued)

#### 17 Creditors: amounts falling due after one year

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Bank loan	10,078	10,078	10,614	10,614
Other loan	53	53	-	-
Other creditors	<u>130</u>	<u>130</u>	<u>184</u>	<u>184</u>
<b>Total</b>	<u>10,261</u>	<u>10,261</u>	<u>10,798</u>	<u>10,798</u>

#### 18 Borrowings

##### Loans and overdrafts

Bank loans and overdrafts are repayable as follows

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
In one year or less	6,353	6,353	615	615
Between one and two years	987	987	535	535
Between two and five years	1,837	1,837	1,746	1,746
In five years or more	<u>7,308</u>	<u>7,308</u>	<u>8,333</u>	<u>8,333</u>
<b>Total</b>	<u>16,485</u>	<u>16,485</u>	<u>11,229</u>	<u>11,229</u>

The college has loans with Barclays Bank and Santander. The balance of the Barclays loan at 31 July 2015 is £7,350k. The full amount of the loan was £9,000k of which £8,424k attracted interest at a fixed rate of 6.0% per annum and the balance of £576k attracted interest at a floating rate of 1.8% above the bank's base rate. The £9,000k loan is repayable by instalments ending June 2028 and is secured by fixed charge on certain freehold buildings. Following the approval of new debt to finance a new sixth form college Barclays Bank increased their margin to 1.8% until July 2016; 1.9% until July 2018 and 2.0% thereafter.

The Santander loans are all unsecured.

At year end there was £3,264k outstanding on a fixed term loan at 4.46% until 2029. The repayments are quarterly until 2029.

In 2013 the college entered in to an unsecured convertible revolving credit facility with Santander. This is a maximum value of £7,400k with interest rates at 1.7% above LIBOR. At July 2015 the balance on this facility is £5,800k. This loan is required to finance the College's capital strategy. The loan is subject to covenants and the revolving credit period ends in April 2017. In October 2014 the Corporation approved a forward fixed rate of 4.815% with effect from April 2017.

In May 2014 the College entered in to further borrowings with Santander to finance the new sixth form college. A revolving credit facility to a maximum value of £14,700k. The facility attracts an interest rate of 1.8% above LIBOR. The loan is subject to covenants and the revolving credit period ends in May 2016. In October 2014 the Corporation approved a forward fixed rate of 4.81% with effect from May 2016.

The College received a Salix loan for £71k to fund replacement lighting in the Sci-Tech building.

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

#### NOTES TO THE ACCOUNTS (continued)

19 Provisions for liabilities and charges	Group and College	
	Enhanced Pension costs £'000	Total £'000
At 1 August 2014	2,145	2,145
Expenditure in the period	(133)	(133)
Transferred to income and expenditure account	<u>128</u>	<u>128</u>
<b>At 31 July 2015</b>	<b><u>2,140</u></b>	<b><u>2,140</u></b>

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies. The principal assumptions for this calculation are

	2015	2014
Price inflation	1.75%	2.30%
Discount rate	3.46%	4.06%

20 Deferred capital grants	Group and College		
	Funding Body Grants £'000	Other Grants £'000	Total £'000
At 1 August 2014	44,757	7,726	52,483
Cash receivable	7,384	-	7,384
Released to income and expenditure account	<u>(957)</u>	<u>(171)</u>	<u>(1,128)</u>
<b>Total as at 31 July 2015</b>	<b><u>51,184</u></b>	<b><u>7,555</u></b>	<b><u>58,739</u></b>

21 Revaluation reserve	Group and College	
	2015 £'000	2014 £'000
At 1 August 2014	1,170	1,170
Transfer from revaluation reserve to general reserve in respect of depreciation and revalued assets	<u>-</u>	<u>-</u>
<b>At 31 July 2015</b>	<b><u>1,170</u></b>	<b><u>1,170</u></b>

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

#### NOTES TO THE ACCOUNTS (continued)

#### 22 Movement on general reserves

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
<b>Income and expenditure account reserve</b>				
At 1 August	(2,556)	(2,475)	(1,848)	(1,851)
Surplus retained for the year	3,207	3,131	1,350	1,434
Actuarial loss in respect of pension scheme	<u>(2,507)</u>	<u>(2,507)</u>	<u>(2,058)</u>	<u>(2,058)</u>
<b>At 31 July</b>	<u><u>(1,856)</u></u>	<u><u>(1,851)</u></u>	<u><u>(2,556)</u></u>	<u><u>(2,475)</u></u>
Balance represented by				
Pension reserve	(12,544)	(12,544)	(9,841)	(9,841)
Income and expenditure account reserve excluding pension reserve	<u>10,688</u>	<u>10,693</u>	<u>7,285</u>	<u>7,366</u>
<b>At 31 July</b>	<u><u>(1,856)</u></u>	<u><u>(1,851)</u></u>	<u><u>(2,556)</u></u>	<u><u>(2,475)</u></u>

#### 23 Reconciliation of consolidated operating surplus/(deficit) to net cash inflow from operating activities

	2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of assets at valuation and exceptional item	3,207	1,350
Depreciation (note 13)	3,740	3,965
Deferred capital grants released to income (note 20)	(1,128)	(1,107)
Accelerated depreciation	107	22
Interest payable (note 9)	775	778
Investment income	(14)	(18)
Pension cost less contributions payable (note 6, 9 and 28)	196	360
Loss on disposal of assets	68	5
Decrease in stocks	(26)	(8)
Decrease/(increase) in debtors	653	(2,291)
Increase in creditors	925	3,617
(Decrease)/Increase in provisions	<u>(5)</u>	<u>10</u>
<b>Net cash inflow from operating activities</b>	<u><u>8,498</u></u>	<u><u>6,683</u></u>

#### 24 Returns on investments and servicing of finance

	2015 £'000	2014 £'000
Investment income	14	18
Interest paid	<u>(775)</u>	<u>(778)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>	<u><u>(761)</u></u>	<u><u>(760)</u></u>

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

#### NOTES TO THE ACCOUNTS (continued)

##### 25 Capital expenditure and financial investment

	2015 £'000	2014 £'000
Purchase of tangible fixed assets	(23,640)	(8,189)
Disposal of assets	13	-
Deferred capital grants received	<u>7,384</u>	<u>4,412</u>
<b>Net cash outflow for capital expenditure and financial investment</b>	<u>(16,242)</u>	<u>(3,777)</u>

##### 26 Financing

	2015 £'000	2014 £'000
New loan	5,770	3,500
Repayment of BMBC Loan	-	(3,500)
Repayment of continuing loans	<u>(515)</u>	<u>(353)</u>
<b>Net cash (outflow)/inflow from financing</b>	<u>5,255</u>	<u>(353)</u>

##### 27 Analysis of changes in net funds

	At 1 August 2014 £'000	Cash flows £'000	31 July 2015 £'000
Cash in hand, and at bank	4,280	(3,251)	1,029
Debt due within one year	(615)	(5,738)	(6,353)
Debt due after one year	<u>(10,614)</u>	<u>483</u>	<u>(10,131)</u>
<b>Total</b>	<u>(6,949)</u>	<u>(8,506)</u>	<u>(15,455)</u>

##### 28 Pensions and similar obligations

The College's employees belong to two principal pension schemes, the Teachers' Pensions Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by South Yorkshire Pension Fund (SYPF), both are defined-benefit schemes.

##### Total pension cost for the year

	2015 £000	2014 £000
Teachers' Pension Scheme: contributions paid	1,143	1,048
Local Government Pension Scheme		
Contributions paid	1,048	1,030
FRS 17 charge	252	374
Adjustment	<u>(16)</u>	<u>(34)</u>
Charge to the I&E account (staff costs)	1,284	1,370
Enhanced pension (credit) to I&E (staff costs)	<u>128</u>	<u>140</u>
<b>Total pension cost for the year</b>	<u>2,555</u>	<u>2,558</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the TPS was 31 March 2004 and the SYPF 31 March 2010. Contributions amounting to £163,134 (2014 £139,793) were payable to the scheme at 31 July and are included within creditors.

##### Teachers' Pension Scheme

The TPS is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purposes of determining contribution rates. The teachers' Pension Scheme is a statutory,

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

#### NOTES TO THE ACCOUNTS (continued)

#### 28 Pensions and similar obligations (continued)

contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England & Wales maintained by local authorities, to teachers in many independent and voluntary aided schools, and to full time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of TPS.

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Notional value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the notional value of the assets	98.88%

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 August 2011 to 31 July 2012 the employer contribution was 14.1%. The employee rate was 6.4% for the period to 31 March 2012 with rates between 6.4% and 8.8% depending on the members' salary from 1 April 2012. An appropriate provision in respect of unfunded pensioners' benefit is included in provisions.

#### FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of anticipated contribution rates.

#### South Yorkshire Pension Fund

The SYPF is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 July 2015 was £1,270k of which employer's contributions totalled £812k and employees' contributions totalled £458k. The agreed contribution rates for future years are 11.1% for employers and range from 5.5% to 12.5% for employees, depending on salary.

#### FRS 17

#### Principal Actuarial Assumptions

	At 31 July 2015	At 31 July 2014
Rate of increase in salaries	2% 2 years 3.95%	2% 2 years 4.05%
Rate of increase for pensions in payment/inflation	2.2%	2.3%
Discount rate for scheme liabilities	3.8%	4.3%
Inflation assumption (CPI)	2.2%	2.3%
Commutation of pensions to lump sums	Not Available	Not available

The expected return on scheme assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yield on bonds are based on gross redemption yields at the balance sheet date whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

#### NOTES TO THE ACCOUNTS (continued)

#### 28 Pensions and similar obligations (continued)

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

	2015 Years	2014 Years
<i>Retiring today</i>		
Males	23.0	22.9
Females	25.6	25.5
<i>Retiring in 20 years</i>		
Males	25.3	23.6
Females	28.4	26.5

The assets and liabilities in the scheme (of which the college's share is estimated at less than 1%) and the expected rates of return were

	Long-term rate of return expected at 31 July 2015	Value at 31 July 2015 £'000	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014 £'000
Equities	6.5%	19,368	7.0%	17,788
Government Bonds	2.5%	4,663	3.2%	3,805
Other Bonds	3.6%	1,924	4.1%	1,917
Property	6.1%	3,750	6.2%	3,137
Cash	0.5%	587	0.5%	523
Other	6.5%	<u>2,315</u>		<u>1,888</u>
<b>Total market value of assets</b>		32,607		29,048
Present value of scheme liabilities		<u>(45,151)</u>		<u>(38,889)</u>
<b>Deficit in the scheme</b>		<u>(12,544)</u>		<u>(9,841)</u>

#### Analysis of the amount charged to income and expenditure account

	2015 £'000	2014 £'000
Current service cost (net of employee contributions)	<u>1,300</u>	<u>1,404</u>
<b>Total operating charge</b>	<u><u>,300</u></u>	<u><u>1,404</u></u>
<b>Analysis of pension finance costs</b>		
Expected return on pension scheme assets	1,750	1,559
Interest on pension liabilities	<u>(1,694)</u>	<u>(1,545)</u>
<b>Pension finance costs</b>	<u><u>56</u></u>	<u><u>14</u></u>

The actual return on scheme assets was a gain of £2,787,000 (2014 £1,528,000).

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

#### NOTES TO THE ACCOUNTS (continued)

#### 28 Pensions and similar obligations (continued)

The amounts recognised in the statement of total recognised gains and losses are as follows

	Current year		Cumulative	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Actuarial gain/(loss) on South Yorkshire Pension Fund	<u>(2,507)</u>	<u>(2,058)</u>	<u>(5,749)</u>	<u>(5,300)</u>

Movement in deficit during year	2015 £'000	2014 £'000
Deficit in scheme at 1 August	(9,841)	(7,423)
Movement in year		
Employer service costs (net of employee contributions)	(1,300)	(1,404)
Employer contributions	1,048	1030
Past service gain	-	-
Net interest / return on assets	56	14
Actuarial loss	<u>(2,507)</u>	<u>(2,058)</u>
<b>Deficit in scheme at 31 July</b>	<b><u>(12,544)</u></b>	<b><u>(9,841)</u></b>

#### Asset and Liability Reconciliation

Reconciliation of Liabilities	2015 £000	2014 £000
<b>Liabilities at start of period</b>	<b>(38,889)</b>	<b>(33,730)</b>
Service cost	(1,300)	(1,404)
Interest cost	(1,694)	(1,545)
Employee contributions	(465)	(501)
Actuarial loss	(3,544)	(2,429)
Benefits paid	<u>741</u>	<u>720</u>
<b>Liabilities at end of period</b>	<b><u>(45,151)</u></b>	<b><u>(38,889)</u></b>
<b>Reconciliation of Assets</b>		
<b>Assets at start of period</b>	<b>29,048</b>	<b>26,307</b>
Expected return on assets	1,750	1,559
Actuarial gain	1,037	371
Employer contributions	1,048	1,030
Employee contributions	465	501
Benefits paid	<u>(741)</u>	<u>(720)</u>
<b>Assets at end of period</b>	<b><u>32,607</u></b>	<b><u>29,048</u></b>

The estimated value of employer contributions for the year ended 31 July 2016 is £1,147,000 (31 July 2015 £1,110,000).

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

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#### NOTES TO THE ACCOUNTS (continued)

#### 28 Pensions and similar obligations (continued)

Amounts for the current and previous four periods are as follows

##### Defined benefit pension scheme

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Defined benefit obligation	(45,151)	(38,889)	(33,730)	(31,186)	(27,248)
Scheme assets	32,607	29,048	26,307	21,858	20,670
Deficit	(12,544)	(9,841)	(7,423)	(9,328)	(6,578)
Experience adjustments on scheme liabilities	1,037	371	2,385	(499)	294
Experience adjustments on scheme assets	-	-	-	-	-

#### 29 Capital commitments

	Group and College	
	2015 £'000	2014 £'000
Commitments contracted for at 31 July	<u>4,509</u>	<u>23,520</u>

#### 30 Financial commitments

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

Operating leases which expire	Group and College	
	2015 £'000	2014 £'000
Expiring within one year	26	16
Expiring within two and five years inclusive	1,057	128
Expiring in over five years	<u>-</u>	<u>270</u>
<b>Total</b>	<b><u>1,083</u></b>	<b><u>314</u></b>

#### 31 Related party transactions

Owing to the nature of the College's operations and the composition of the board of Governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under Financial Reporting Standard 8 Related Party Disclosures.

Transactions with the funding bodies are detailed in notes 2, 15, 16 and 20.

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2015

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#### NOTES TO THE ACCOUNTS (continued)

#### 32 Amounts disbursed as agent

##### Discretionary support funds

	2015 £'000	2014 £'000
Funding body grants – hardship support	1,348	1,042
Funding body grants – 20+ childcare support	159	165
Interest earned	<u>-</u>	<u>-</u>
	1,507	1,207
Disbursed to students	(1,294)	(1,207)
Administration costs	<u>(52)</u>	<u>-</u>
Balance unspent as at 31 July	<u>161</u>	<u>-</u>

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

##### AGE Grants for employers

	2015 £'000	2014 £'000
Funding body grants - AGE	354	382
Interest earned	<u>-</u>	<u>-</u>
	354	382
Disbursed to employers	<u>(441)</u>	<u>(284)</u>
Balance unspent as at 31 July	<u>11</u>	<u>98</u>

#### 33 Contingent Liability

The College is currently pursuing a significant legal claim in relation to past building works. On advice from its legal team, the College believes it will be successful with the claim. The sum claimed by the College is circa £4.5m plus costs, based on current estimates.