

**BARNSLEY COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2014**



**Barnsley College**  
**FINANCIAL STATEMENTS**  
**for the Year Ended 31 July 2014**

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# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

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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 2014.

### **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 17.

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 2013-14**

The College's 2013-14 vision was to be a World Class Tertiary College.

### **College Strategic Priorities 2013-14**

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

Core business:

- Outstanding teaching and learning
- Outstanding and inclusive Sixth Form College in a new building by 2015
- Successfully transfer University Campus Barnsley and develop the whole college HE offer
- Deliver 21<sup>st</sup> century Science Technology Engineering and Maths (STEM) and construction buildings by September 2015 and plan growth in high level courses
- Innovative, high profile and successful enterprise strategy
- Increased student progression to sustained employment and/or HE
- Significantly improve the English and maths of all full time students

Business development:

- Deliver qualification success rates in the top 10% of colleges
- Build an outstanding reputation

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#### OPERATING AND FINANCIAL REVIEW (continued)

- Exceed target numbers for young people, adults and apprentices
- Deliver our budget and carefully manage cash flow, loans and capital spend
- Deliver major capital projects to time and budget
- Invest to meet learner and employer need/demand
- 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
- Work in partnership with local head-teachers to develop a new 14-16 virtual school and/or consider other options to support better outcome for 16 year olds
- Develop the next generation of outstanding HoDs and managers
- Develop a learning culture through 'Project Connect'
- Provide new 'Self Organised Learning Environments' across the college
- Deliver a successful International strategy
- Secure growth and improved management in S4J and programmes for the unemployed
- Develop a low carbon innovation park with a national reputation
- 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 2013-14 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.

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.



##### Delivering Outstanding Results

Success rates for both young people and adults remain high and have improved over the last three years 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.

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

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.

#### **College Strategic Priorities 2013-14 Update**

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

#### **Outstanding teaching and learning**

Teaching staff demonstrated an ambitious vision to achieve outstanding quality and performance through; engaging in peer practice (recorded engagement of 99% across 16 departments with 14 from a possible 16 areas at 100%), experiencing what an outstanding lesson looked like using recorded exemplars, creation of guidance materials, video clips tips, 'How2' on-line materials to support improvement and observing exemplary practice of grade 1 staff through peer observation.

Staff were supported to improve by 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 neuro-linguistic programming, active learning and assessment strategies, feeding back to learners, questioning techniques, creative use of ILT, research impact, embedding English, introduction of flipped classroom and a wide and innovative variety of equality and diversity events and promotional activities.

Regular development sessions took place including themes such as how to achieve outstanding and consistent high quality teaching and learning through sharing of good practice in planning, active learning and engagement, creative use of ILT and rigorous assessment and feedback. The development of independent study skills was encouraged with Pro-monitor training rolled out across college to monitor learners' progress and learning packages purchased. 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 include new Common Inspection Framework and HE requirements. Quality cluster groups validated quality, standardizing and supporting excellent practice through peer review and sample of joint lesson observations across the college.

Graded Lesson observation of teaching staff focused on new, satisfactory and good session staff. There has been six years of consistent improvement of internal lesson observations, maintained this year at 95% good or better lessons with 47% outstanding lessons (+9% improvement on last year). External review and observation of teaching staff also confirmed six years consistent improvement for external lesson observations with 92% good or better lessons, and 48% outstanding lessons. This is comparable to the internal lesson observation profile.

Cross college themed walkthroughs were carried out in all curriculum departments to check effectiveness and impact of strategies to improve. 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.

#### **Outstanding and inclusive Sixth Form College in a new building by 2015**

Success rates in sixth form have remained broadly in line with national averages, with overall performance still requiring improvement. The sixth form continues to culturally move in a positive direction and changes in

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

personnel in key areas of responsibility will add to the impact upon student performance in the future.

Excellent progress is being made on the construction of the new sixth form centre which is due to open in January 2016. The addition of this 21<sup>st</sup> century building will provide outstanding teaching and learning facilities that will provide a further springboard to success and place Barnsley Sixth Form College as a first choice provider of A levels.

#### **Successfully transfer University Campus Barnsley and develop the whole college Higher Education offer**

This was a significant year for Higher Education (HE) in the College.

The key developments were around the transfer of University Campus Barnsley back to the College. This was successfully completed for August 2013. This included the transfer of assets, staffing and resulted in the recruitment of over 600 students. This was an increase from 60 students in the previous year.

In-college demand for HE was identified and strategies for increasing Higher Education numbers developed. In addition to the College's existing full-time HE offer, new programmes in Animal Management and Graphics were developed for a September 2013 start. Additional HE programmes have been added to the portfolio for 2014-15 including areas such as Games Design and Public Services.

#### **Deliver 21<sup>st</sup> century STEM and construction buildings by September 2015 and plan growth in high level courses**

The College has progressed substantially with its building strategy for construction and STEM buildings. After initial delays to the redevelopment of the STEM centre, the centre was finally fully operational in January 2014. Phase two of the STEM building project is due to commence in the summer of 2015 and due for the start of the academic year. The redeveloped facilities have allowed development of new provision within the engineering skills sector and the engineering department has successfully recruited students to this provision for September 2014.

Work on the new Honeywell construction centre commenced in the summer and 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.

#### **Innovative, high profile and successful enterprise strategy**

The College established the Enterprise department in 2012-13 with a focus on developing enterprising behaviour in students and encouraging progression to self-employment. The department led on a number of high profile events this year and continued to lead on the Net 315 project for the College; a regional project focusing on encouraging start-up businesses. There are now eight trading businesses. The FE Pioneers scheme has also resulted in four social enterprises being set up.

The team has also been instrumental in establishing iTrust Barnsley; a Community Interest Company and joint venture with the Barnsley Chronicle. iTrust Barnsley offered Barnsley residents, aged 16+, the opportunity to receive mentoring support and financial support to start-up in business. There have been ten businesses set up and supported as a result of this initiative with a further three pre start business opportunities ongoing.

In 2013-14, the Enterprise department offered all College students the opportunity to take part in the Enterprise Programme, enterprise competitions and support to get ideas off the ground in business. This again was very successful and included event planning for example the 'Make it happen' sponsored by ASOS, visiting guest speakers including Amazon best seller Julian Hall, Capital FM DJ Simon Hirst, Premiership footballer Bruce Dyer and many others.

The college received the 'High Impact Badge of Honour' from the national organizers of the Global Entrepreneurship for contributions made.



# Barnsley College

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### for the Year Ended 31 July 2014

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

##### **Increased student progression to sustained employment and/or HE**

In 2013-14 the number of students applying to HE increased by 9%. 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 produced an inspirational 'Talking Heads' link which featured a number of internal college managers and some external professionals describing their career journeys and choices.

Well qualified staff continue to offer careers, advice and guidance across the college primarily through student services. The college continues to deliver the Barnsley & Beyond event which showcases universities, employers and careers advice with over 1000 students attending the event in April 2014.

Over 500 students took part in volunteering and Earn to Learn placements in 2013-14 with 100% positive feedback from the students involved.

The College Progression Fair was also highly successful in 2013-14. 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.

##### **Significantly improve the English and maths of all full time students**

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. The policy was modified at the start of 2013-14 such that learners not qualified to level two in English and maths have to study both.

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.

Results indicate that the strategies to improve GCSE Maths and English have had a positive impact in the current year. Pass rates (A\*-C) in English have risen to 48.3% (national average 37.9%) and in maths to 56.7% (national average 38.9%).

##### **Deliver qualification success rates in the top 10% 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 provides 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.

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

##### **Build an outstanding reputation**

The college has continued to develop its reputation based on the extensive reputation and brand positioning research 2011. The research identified four specific areas of development which included ambassadors; alumni; advocates and non-user activity. During the academic year 2013-14, the college recruited 10 advocates and 61 alumni; 129 ambassadors participated in more than 10 College activities. Eight non-user activities were undertaken.

Memory BANC, Barnsley Alumni Networking Community, was launched in 2013 to encourage social and business networking between past students. Two events were held in 2013-14.

To date the Memory BANC Facebook page has 130 likes and 107 people have completed a questionnaire detailing their memories and progression since College. Many of these alumni stories are being used as case studies in new publications, including the vocational course guide, and we have gathered several alumni stories for use in the new Sixth Form guide. A 'Hall of Fame' project is also planned, focusing on successful former students.

Further developments will be made to the alumni website area/Facebook.

##### **Exceed target numbers for young people, adults and apprentices**

Apprenticeship recruitment continues to grow. The college delivered ambitious targets of over £2.5m of 16 to 18 apprenticeship activity and £1.5m of adult apprenticeship activity during 2013-14.

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. There has been 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.

Apprenticeship courses remain excellent - the College has one of the best apprenticeship framework success rates in England.

The College established an Apprenticeship Training Association in 2011-12. This is now functioning effectively supporting SMEs in the recruitment of apprentices and at present we have 10 apprentices placed with host employers.

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 2013-14 compared to 98% in 2011-12, 95% in 2010-11 and 88% in 2009-10: an increase in employer satisfaction of 10% over the four year period.

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

##### **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 £1,350k, exceeding the budget by £523k. Total income was £41,590k, which was £654k above target, whilst expenditure was over the budget by £131k. The College generated £2,568k more cash than budget.

# Barnsley College

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#### OPERATING AND FINANCIAL REVIEW (continued)

College Financial Targets	Outturn
1. EBITDA % of income (target $\geq 10\%$ )	11.9%
2. EBITDA/interest costs (target $\geq 2$ times)	7 times
3. SFA Financial Health grade (target satisfactory)	Good

During 2013-14 the College was able to generate Earnings before Interest Tax Depreciation and Amortisation of £5m. This enabled the College to continue its ambitious capital investment plan.

The College spent £586k on small capital equipment and developments, including computer equipment, software and general equipment.

#### Deliver major capital projects to time and budget

The college has planned significant investment in its estate; capital projects progressed during 2013-14 include:

##### STEM Centre of Excellence

Refurbishment and extension of the Colleges engineering department building to create a STEM flagship Centre with two distinct areas – Higher Level Skills Centre and a Craft Centre commenced in June 2013. Phase one of this project handed over in January 2014 and the next phase is due to start in 2014-15. The £3.7m project is supported by £1.2m of grant funding from the Skills Funding Agency. The project will remain within overall budget.

##### Sports & Public Services Centre

This project includes a classroom extension to the existing main Sports & Public Services building and the conversion of the old Shed Theatre back into a sports hall. The project commenced in January 2014 and was planned to be completed by the end of August 2014. The project was handed over approximately one month later than planned. Curriculum was unaffected and commenced on time, with damages from the contractors being deducted. The project has Skills Funding Agency grant funding of £1.3m and remains within the budget of £4m.

##### Wigfield Farm Development

The project replaces old asbestos roofs to the barns, improves drainage and delivers new classrooms, a self-organised learning environment and new animal enclosures. This project remains within budget but is now significantly behind schedule due to consultant and staffing issues. All classrooms and staffrooms were handed over one week later than planned, however curriculum had a later start of one week, planned in advance over the summer so as not to affect student experiences. The scope of the drainage improvements increased in August and will complete in late September following the effects of severe storms in August at the site. The project will now complete during the 2014-15 academic year. The total project budget of £1.2m is supported through £0.4m of Skills Funding Agency grant funding.

##### New Construction Building

Work on building a new construction building at the Honeywell site commenced in July 2014. This project will expand and improve our construction space and result in a saving of around £400k in annual charges for rented teaching space offsite. The building is due to open in September 2015. The project is financed by Skills Funding Agency grant funding of £3.6m and college contribution of £7.3m.

##### Sixth Form College

The College was successful in securing £5.3m of Skills Funding Agency grant towards this £18m build project. A new three floor state of the art Sixth Form College is planned to open in 2015-16. Demolition of the buildings on the site was completed in August 2014. The handover of the building is planned for November 2015.

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

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

##### **Invest to meet learner and employer need/demand**

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

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 'FAB' LEP project. Both aim to increase the number of employers and apprentices engaged in the apprenticeship programme.

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

During the year HR processes have continued to be developed. The appraisal process now includes mandatory formal mid-year reviews and a self-review process for managers to inform and further develop the Management Training Programme. Standard targets are embedded for all Course Leaders to increase focus on key result areas. The Course Leader Training Programme is now established, focusing on key areas such as student tracking, data management, and teaching and learning. The Management Development Programme, including the Supervisor programme, was further developed, focusing on leadership, managing performance, customer focus and responsibility and accountability. The College commits resources to training and development and in 2013-14 spent £121k on cross-college, departmental and individual activities. In total there were 371 events with 3,338 attendees. 94% of feedback received was positive, with 90% of attendees stating that the training had resulted in a positive impact on learners.

A new Barnsley College Contract was introduced which increases flexibility for all staff and enables managers to utilise a range of clearly defined roles 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 was also introduced which enables staff to see how they can progress and what they need to do to achieve this. New pay scales 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 has developed 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 almost 400 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 Springwell school. We have also developed a partnership with Barnsley Community Build – a local private provider that specialises in engaging young people – and we deliver apprenticeship courses to staff in Barnsley Hospital in partnership with Barnsley NHS Trust.

The College 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 College.

We also work closely with a number of recruitment agencies to secure employment for learners after they have completed programmes of study. Relationships continue to be developed with universities both in terms of compact agreements and some subcontracting arrangements; for example, delivering Foundation Degrees in Engineering with Staffordshire University and links with Huddersfield University through the transfer of University Campus Barnsley to the College.

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.

The QDP learner surveys in 2013-14 enabled the college to benchmark learner satisfaction against circa 80 other colleges in the sector and circa 300,000 students across the country. The college scores very highly in all categories and is above benchmark for all questions in the Exit Survey (June 2014) which places the college in the upper quartile nationally.

# Barnsley College

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

The College continues to engage learners in a variety of interesting and innovative ways in order to ensure that the College responds quickly and consistently to any learner suggestions or concerns. Learner forum continue to be well attended across college and are the main focus for collecting suggestions and concerns. The Student Services team also have a "Have your say....." blog, termly focus groups and a cardboard cut-out of the Principal (Colin on Your Campus) which encourages learners to provide feedback however they can.

The "You said....we did" campaign continues to improve and develop with more students stating that they felt listened to and that their views are acted upon. Improvements in communications between staff and students ensure that students get to know quickly when things have changed.

#### **Work in partnership with local head-teachers to develop a new 14-16 virtual school and/or consider other options to support better outcome for 16 year olds**

Engagement with schools in 2013-14 continued to be strong and the College delivered a variety of programmes for 14-16 learners. The College has worked in partnership with all of the schools within the authority plus six out of area schools. For the year ending July 2014 actual income generated was £238k, exceeding the £200k budget target set by £38k.

In 2013-14 the College engaged with 539 pre-16 learners of which 97 were taught in college, 402 who were taught by Barnsley College staff in their home school, 18 Elective Home Educated young people who reengaged in learning, and 22 bespoke packages that were developed for the individual student.

The learners who were previously home educated reengaged in learning attending the College for the first time during 2013-14. The College has liaised closely with the local authority in developing this new programme which has generated additional income to college via the EFA funding stream of £59k. Alongside this the College has accessed £13k project income that has provided opportunities for delivery of a range of programmes for 14-16 learners.

The largest subject provision was Hair and Beauty with 188 learners being taught internally and externally by Barnsley College staff, 27 learners were taught in college 95 learners were taught at Netherwood, 44 at Carlton Community College and 22 at Penistone.

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

A comprehensive Heads of Department leadership development programme has been commissioned for 2014-15 which will focus on developing the capabilities of the management team. A significant number of our budget holders have been in post for less than two years and the programme aims to develop leadership skills to support our continuing assessment as 'Outstanding'. The programme includes a 360 degree appraisal which involves line managers, peers and reports and will be undertaken again at the end of the programme to gauge distance travelled. Eight individual modules will cover a range of key leadership themes, including talent spotting and succession planning, which will support forward planning for developing current staff for future management roles. Succession planning will be covered in performance reviews from January 2015.

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

#### **Develop a learning culture through 'Project Connect'**

Project Connect is a whole college project which focusses on raising aspiration and promoting positive behaviour by students and staff. Themes across the year have included Respect, Purpose, Self-development, Consistency and Responsibility. These have been promoted through staff poster campaigns with aspirational quotes, initiatives to recycle, stop smoking, encouraging a positive attitude to work and others and a student 'selfie' competition based on students' aspirations and what they want to be. 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.

# Barnsley College

## FINANCIAL STATEMENTS

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

##### **Provide new 'Self Organised Learning Environments' across the college**

Self organised learning environments are being 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. Balcony areas provide space and computers for group and individual work, additional kitchen for catering students, studio space for art students and salon space for hair and beauty students. Eastgate and SciTech SOLEs have been extended for the last three years and increasing in academic and IT resources.

The barn development is in progress at Wigfield Farm and is almost complete and the STEM Centre, Sports Centre and UCB SOLEs hold specific books and journals, fixed computers or access to wireless netbooks, laptops and study spaces. Practical areas are made available for students to practice their vocational skills and laptop loans available to work in social areas and at home.

Plans are in place for the new Sixth Form College and new Construction Centre to house a variety of SOLEs to practice skills and research and carry out independent study.

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

The College continues to develop international opportunities and is now delivering A levels in Nanjing. A partnerships arrangement has been signed with two universities in the last year to deliver vocational provision in China.

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

A network of partners has been developed across South East Asia and in Africa to deliver higher level business and accounting programmes and these are due to start in January 2015.

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

##### **Secure growth and improved management in Skills 4 Jobs (S4J) and programmes for the unemployed**

Provision for the unemployed continues to develop. The opening of the Canada House in Sheffield and Josephs Well in Leeds has expanded the provision across the region and offered a focal point for relevant programmes. The College has a weekly presence in JCP offices in Barnsley, Sheffield, Huddersfield and Leeds. Open days for JCP advisors have taken place at Queens Court which have enabled advisors to experience the activities the learners undertake.

69% of participants have secured qualifications. Sector based work academies are proving to be successful with 60% of the participants securing sustainable employment. The programme overall sees 19% of participants obtain work.

The offer continues to be challenging as the College works with a number of partners across Yorkshire & Humberside offering on-demand programmes that try to reflect the needs of the job market.

The provision generated over £2.5m income in 2013-14.

##### **Develop a low carbon innovation park with a national reputation**

Barnsley College was the first college in the UK to bid and win ERDF funds for a "knowledge transfer hub" in low carbon and renewable energies relating to construction and engineering and the centre has now celebrated its first anniversary delivering live education and training. Funding has been successfully retained following an ERDF audit and the centre has been the focus of international visits from China, Nigeria, Russia, Kazakhstan & the European Commission. The centre is multi-award winning, receiving an Energy Award from Sustain magazine, Project of the Year from CIOB and an Innovation Award from Green Apple.

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

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

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

Barnsley College is also the sponsor of a multi-academy trust, Wellspring Academy Trust which recruited one primary school in Barnsley during 2013.

Currently the Trust is working closely with Springwell Community Special School and the Barnsley Pupil Referral Unit which are due to convert and join the Trust in November 2014.

The Trust has been successful in applying for a Free School in Barnsley. The work has begun in setting up a two form entry primary school in the town centre which is due to open September 2015.

The Trust is also working with North East Lincolnshire Council regarding Pupil Referral Units in the Grimsby area. The Trust is expecting two PRUs to join the Trust in 2014-15 from Grimsby, the first one due to convert in November 2014 and the second during December 2014.

The number of schools in the Academy Trust is expected to increase. The Trust is working with a number of Local Authorities in the Yorkshire & Humber Area and in early discussions with schools in Barnsley about their future and potential membership of the Trust.

##### **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

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 grew, as forecasted, by 11% from £37.1m in 2012-13 to £41.6m in 2013-14. Following the transfer of the University Campus Barnsley from the University of Huddersfield, the College increased its HE provision from £0.3m 2012-13 to £3.9m in 2013-14. To support the increase in revenue of HE, staff costs increased by 13% from £20.8m to £23.6m.

Other operating costs increased from £10.3m in 2012-13 to £11.8m in 2013-14. The increase largely relates to expenditure to support revenue increases and in particular Skills 4 Jobs contracts and the HE franchise fee

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

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

payable to the University of Huddersfield.

The College's operating position before interest and depreciation ("EBITDA") was a surplus of £5m.

The College delivered a surplus of £1,350k after:

- depreciation charges of £3,965k;
- interest and finance costs of £764k;

The College made contributions of over £2.5m 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 £6.7m 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 £8.1m. This was split between building work of £7m and equipment and fixtures of £1.1m. Building works included a new theatre and the development of a canteen at the Honeywell site.

#### **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 £6.7m during the year from operating activities, which was utilised in support of its substantial capital investment programme. During the year there was £8.2m of capital investment. Capital grants of £4.4m were received by the College in relation to its major capital projects.

#### **Liquidity**

The college has net current liabilities of £0.6m and during the year secured a £14.7m revolving credit facility with Santander, 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.

#### **Principal risks and mitigations/opportunities 2013-14**

The mitigation of risks is within the college's strategic priorities for 2014-15 and the associated Strategic Action Plans (as noted within the college 2014-15 Development Plan). Risks are also monitored via the Risk Register and the Performance Review process. All risks listed below are included within the College Top Risk Register and accordingly have been considered by Governors.

1. Reduce the risk of the college losing its tertiary status in Barnsley:
  - Build and open a new sixth form college within Barnsley.
  - Maintain a constant dialogue with LA officers and schools to ensure all developments are a best fit for Barnsley.
  - Develop an Academy Trust, attractive to schools from both a business perspective and from a pedagogical perspective with a highly effective school improvement service.



**OPERATING AND FINANCIAL REVIEW (continued)**

- Continue to offer an outstanding service as defined by Ofsted.
  - Closely monitor the environment to ensure a proactive and responsive approach to potential competition
2. Improve 'Value for Money' – more for less:
- Embed challenging 'Value for Money' targets as a central part of Business Planning (BP) and Performance Review (PR) systems.
  - Robustly challenge internal bureaucracy via Lean processes.
  - Rigorous BP and PR systems are in place to monitor performance and ensure intervention where required.
3. Not recruiting to target student numbers places potential financial and reputational strain on the college.
- Increased progression of 16 to be 17 year olds within college, monitored via PR and BP.
  - Targeted promotion, including travel opportunities, and IAG activity to increase extra-district recruitment.
  - Enhance the College's reputation as the first choice provider in Barnsley and surrounding area via exceptionally high quality provision.
  - Innovative strategies to ensure that college is affordable for students, for example Earn to Learn.
  - Data analysis to identify falling applications or recruitment from individual schools or areas.
4. Reduce the risk of operating with low cash balance and current ratio
- Rigorous Business Planning and Performance Review processes to closely performance and ensure interventions in place as required.
  - Daily monitoring of cash flows and the provision of monthly management accounts
  - Continuation of revolving credit facility.
  - Supportive training to be delivered to budget holders to improve financial management skills.
5. Failure to deliver outstanding teaching and learning (evidenced by an 'Outstanding' judgement either via the SAR or OFSTED) results in a loss of reputation, high impact on student performance and subsequent financial loss
- Appointment of Director of Teaching and Learning and Assistant Principal Access to Learning.
  - Robust lesson observation procedures in place and mandatory peer practice reviews.
  - A range of observation options are available including walkthroughs and observational walks with learners (OWLs).
  - Departmental quality review supportively challenged at performance review meetings.
  - Advanced Practitioners have an established role within departments and meet regularly to share good practice.
  - Individual appraisal and performance monitoring processes are in place.
  - Clearly defined teaching roles are in place with robust recruitment procedures in place.
6. Failure to stay within capital budgets, secure loans and sell assets leads to an inability to fund property developments, the requirement to review budget forecasts and potential financial difficulty. Failure to manage finances in respect of loans and interest rates results in an inability to support the property strategy. Failure to secure assets release within the required timescales leads to an inability to continue with the property strategy due to finances not being in place and financial covenants being breached.
- Regular meetings with key stakeholders, for example current lenders and the local council

**OPERATING AND FINANCIAL REVIEW (continued)**

- Rigorous financial planning with governor sign-off of individual budgets.
- Specific and regular performance review for major capital projects, with expenditure reported via the monthly management accounts, 3-year cash flow reported monthly and capital meetings for reviewing cash flow.
- Full tendering process required during planning stages and monthly reporting on banking covenants to governors.

**Other risks**

Via the College's risk register process the following further College Top Risks were identified: HE recruitment; industrial action; failure to deliver contracts for the unemployed; reducing reliance on government funding and Old Mill Lane business use. Cause and effects, mitigating controls and inherent risk and residual risk profiles are included within the College's Top Risk Register.

**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 sectors 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.

# Barnsley College

## FINANCIAL STATEMENTS

for the Year Ended 31 July 2014

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### OPERATING AND FINANCIAL REVIEW (continued)

#### 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:

- a) The College's Student Service and Additional Learning Support 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 16 December 2014 and signed on its behalf by



**Josie Thirkell**  
Chair of Governors

**Barnsley College**  
**FINANCIAL STATEMENTS**  
**for the Year Ended 31 July 2014**

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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 Square  
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 2014

#### 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 2014.

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 board meetings attended
G Beaver	23-Mar-10 Reappointed 11-Mar-14	4 years	N/A		F&R Remuneration	60%
P Bird	27-Mar-12	4 years	N/A	Staff	Audit	100%
C Booth	01-Oct-08	N/A	N/A	Principal & Member	F&R G&S	100%
N Bowen	16-Jul-13	4 years	N/A	Vice Chair	F&R, G&S from 16/10/14; Remuneration from 16/10/14	100%
S Brian	11-Mar-14	4 years	N/A		F&R	50%
S Burkinshaw	15-Jul-14	when ceases to be a student	N/A	Student		100%
H Cunningham	17-Dec-13	when ceases to be a student	15-Jul-14	Student		75%
A Eckford	18-Oct-11	4 years	N/A	Vice Chair	F&R	80%
C Field	18-Dec-12	4 years	24-Nov-13	Staff	G&S	
P Helm	16-Jul-13	4 years	N/A		Audit	100%
F McSkimming	13-May-09 Reappointed 12-May-13	4 years	N/A		F&R Remuneration	80%
C Partridge	16-Oct-14	4 years	N/A		Audit	
S Pickering	14-Dec-10	4 years	02-Apr-14		Audit G&S	100%
R Pourali	19-Oct-10 Reappointed 16-Oct-14	4 years	N/A		G&S	100%
C Price	13-Nov-12	4 years	06-Feb-14		Remuneration G&S	50%
D Shepherd	16-Oct-14	4 years	N/A			
M Taylor	13-Nov-12	4 years	N/A		Audit	60%
J Thirkell	24-Jul-07 Reappointed 16-May-11	4 years	N/A		Remuneration F&R	80%
Chair from 01-Aug-12					G&S	
G Vaughton	18-Oct-12	4 years	N/A		Audit	40%



# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

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

Details of remuneration for the year ended 31 July 2014 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 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 2014 and up to the date of approval of the annual report and accounts.

###### *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 2014 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

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

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

- 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 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, 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 16 December 2014, the Corporation carried out the annual assessment for the year ended 31 July 2014 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2014.

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 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".

#### **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 terms and conditions of funding, under the financial memorandum in place between the College and the Skills Funding Agency. As part of its consideration the Corporation has had due regard to the requirements of the financial memorandum agreement.

We confirm, on behalf of the Corporation, that to the best of its knowledge, the Corporation believes it is able to identify any 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. We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Skills Funding Agency.



# Barnsley College

## FINANCIAL STATEMENTS

for the Year Ended 31 July 2014

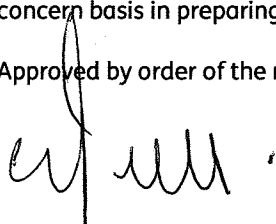
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### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

#### 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 16 December 2014 and signed on its behalf by



Josie Thirkell  
Chair of Governors



Colin Booth  
Accounting Officer

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

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#### 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.

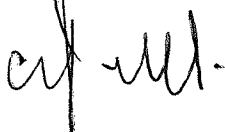
The Corporation is also required to prepare an operating and financial review report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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 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 16 December 2014 and signed on its behalf by



Josie Thirkell  
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 2014 which comprise the Consolidated Income and Expenditure Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Statement of Historical Cost Surpluses and Deficits, the Balance Sheets, the Consolidated Cash Flow Statement 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 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 Corporation, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation/Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Corporation and auditor**

As explained more fully in the Statement Responsibilities of the Corporation set out on page 19, 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/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

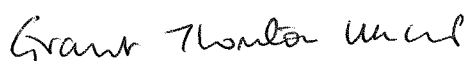
- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2014 and of the Group's surplus of income over expenditure for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and the Accounts Direction for 2013 to 2014.

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### **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 Education Funding Agency requires us to report to you if, in our opinion:

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



Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds

17 December 2014

## **Independent Auditor's Report on Regularity to the Corporation of Barnsley College ('The Corporation') and the Chief Executive of Skills Funding**

This report is produced in accordance with the terms of our engagement letter for the purpose of reporting on the College's Statement of Regularity, Propriety and Compliance in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2014 are regular as defined by and in accordance with the Financial Memorandum with the Chief Executive of Skills Funding, in accordance with the authorities that govern them.

The regularity assurance framework that has been applied is set out in the Joint Audit Code of Practice and the Regularity Audit Framework published by the Skills Funding Agency and the Education Funding Agency.

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

### **Responsibilities of the Corporation of Barnsley College**

The Corporation of the College is responsible under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that financial transactions are in accordance with the framework of authorities which govern them and that transactions underlying the financial statements for the year ended 31 July 2014 are regular.

The Corporation of the College is also responsible, under the requirements of the Accounts Direction 2013-14, published by the Skills Funding Agency and the Education Funding Agency, for the preparation of the Statement on Regularity, Propriety and Compliance. The Statement confirms that, to the best of its knowledge, the Corporation believes it is able to identify any 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. It further confirms that any instances of material irregularity, impropriety or funding non-compliance discovered in the year to 31 July 2014 have been notified to the Skills Funding Agency.

### **Auditor's responsibilities**

Our responsibility is to express a reasonable assurance opinion in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2014 are in all material respects regular, based on the procedures that we have performed and the evidence we have obtained. Our reasonable assurance engagement was undertaken in accordance with the Joint Audit Code of Practice, the Regularity Audit Framework and our engagement letter. The International Standards on Auditing (UK and Ireland) and Joint Audit Code of Practice require that we plan and perform this engagement to obtain reasonable assurance in respect of the Assertion that the transactions underlying the financial statements are in all material respects regular.

### **Basis of opinion**

We have performed procedures on a sample basis so as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express reasonable assurance that the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2014.

### **Opinion**

In our opinion the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2014.



Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds

**Barnsley College**  
**FINANCIAL STATEMENTS**  
**for the Year Ended 31 July 2014**

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**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**

	Notes	2014 £'000	2013 £'000
<b>INCOME</b>			
Funding body grants	2	33,962	33,696
Tuition fees and education contracts	3	5,828	1,687
Other income	4	1,782	1,736
Investment income	5	<u>18</u>	<u>14</u>
<b>Total income</b>		<u><b>41,590</b></u>	<u><b>37,133</b></u>
<b>EXPENDITURE</b>			
Staff costs	6	23,666	20,852
Other operating expenses	8	11,823	10,296
Depreciation	13	3,965	3,224
Interest payable and other finance costs	9	<u>764</u>	<u>825</u>
<b>Total expenditure</b>		<u><b>40,218</b></u>	<u><b>35,197</b></u>
Surplus on continuing operations before exceptional items and tax		1,372	1,936
Exceptional item:			
Impairment and demolition costs	10	<u>(22)</u>	<u>(1,551)</u>
Surplus on continuing operations after exceptional items and before tax		1,350	385
Taxation	11	<u>-</u>	<u>-</u>
<b>Surplus for the year retained within general reserves</b>		<u><b>1,350</b></u>	<u><b>385</b></u>

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

**Barnsley College**  
**FINANCIAL STATEMENTS**  
for the Year Ended 31 July 2014

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

	<b>Notes</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Surplus on continuing operations after depreciation of assets at valuation and tax and after disposal of assets		1,350	385
Actuarial (loss)/ gain in respect of pension scheme	28	<u>(2,058)</u>	<u>2,366</u>
<b>Total recognised (loss) /gain since last report</b>		<u><b>(708)</b></u>	<u><b>2,751</b></u>
<b>Reconciliation</b>			
Opening reserves (adverse)		(678)	(3,429)
Total recognised (losses) / gains for the year		<u>(708)</u>	<u>2,751</u>
<b>Closing reserves (adverse)</b>		<u><b>(1,386)</b></u>	<u><b>(678)</b></u>

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

	<b>Notes</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Surplus on continuing operations before taxation		1,350	385
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><b>1,350</b></u>	<u><b>385</b></u>
<b>Historical cost surplus for the year after taxation</b>		<u><b>1,350</b></u>	<u><b>385</b></u>

# Barnsley College

## FINANCIAL STATEMENTS

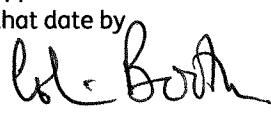
### for the Year Ended 31 July 2014

#### BALANCE SHEETS AS AT 31 JULY

	Notes	Group 2014 £'000	College 2014 £'000	Group 2013 £'000	College 2013 £'000
<b>Fixed assets</b>					
Tangible assets	13	74,524	74,524	70,437	70,437
Investments	14	-	-	-	-
<b>Current assets</b>					
Stock		98	98	90	90
Debtors	15	3,758	3,590	1,467	1,471
Assets held for resale		110	110		
Cash at bank and in hand		<u>4,280</u>	<u>4,137</u>	<u>2,487</u>	<u>2,477</u>
<b>Total current assets</b>		8,246	7,935	4,044	4,038
<b>Less: Creditors - amounts falling due within one year</b>	16	<u>(8,889)</u>	<u>(8,497)</u>	<u>(5,145)</u>	<u>(5,142)</u>
<b>Net current liabilities</b>		<u>(643)</u>	<u>(562)</u>	<u>(1,101)</u>	<u>(1,104)</u>
<b>Total assets less current liabilities</b>		73,881	73,962	69,336	69,333
Less: Creditors - amounts falling due after more than one year	17	(10,798)	(10,798)	(11,278)	(11,278)
Less: Provisions for liabilities and charges	19	<u>(2,145)</u>	<u>(2,145)</u>	<u>(2,135)</u>	<u>(2,135)</u>
<b>Net assets excluding pension liability</b>		<u>60,938</u>	<u>61,018</u>	<u>55,923</u>	<u>55,920</u>
Net pension liability	28	<u>(9,841)</u>	<u>(9,841)</u>	<u>(7,423)</u>	<u>(7,423)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>51,097</u>	<u>51,177</u>	<u>48,500</u>	<u>48,497</u>
<b>Deferred capital grants</b>	20	52,483	52,483	49,178	49,178
<b>Reserves</b>					
Income and expenditure account excluding pension reserve	22	7,285	7,366	5,575	5,572
Pension reserve	28	<u>(9,841)</u>	<u>(9,841)</u>	<u>(7,423)</u>	<u>(7,423)</u>
Income and expenditure account including pension reserve (adverse)	22	(2,556)	(2,475)	(1,848)	(1,851)
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>(1,386)</u>	<u>(1,305)</u>	<u>(678)</u>	<u>(681)</u>
<b>TOTAL FUNDS</b>		<u>51,097</u>	<u>51,177</u>	<u>48,500</u>	<u>48,497</u>

The financial statements on pages 25 to 48 were approved and authorised by the Corporation on 16 December 2014 and were signed on its behalf on that date by

  
Josie Thirkell  
Chair of Governors

  
Colin Booth  
Accounting Officer

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

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#### CONSOLIDATED CASH FLOW STATEMENT

	Notes	2014 £'000	2013 £'000
<b>Cash inflow from operating activities</b>	23	6,683	3,229
Returns on investments and servicing of finance	24	(760)	(685)
Capital expenditure and financial investment	25	(3,777)	(2,769)
Financing	26	<u>(353)</u>	<u>(537)</u>
<b>Increase / (Decrease) in cash in the year</b>		<u><b>1,793</b></u>	<u><b>(762)</b></u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase / (Decrease) in cash in the period		1,793	(762)
Cash outflow from financing	26	<u>353</u>	<u>537</u>
Movement in net funds in the period		2,146	(225)
Net funds at 1 August		<u>(9,096)</u>	<u>(8,871)</u>
<b>Net funds at 31 July</b>	27	<u><b>(6,949)</b></u>	<u><b>(9,096)</b></u>



# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

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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 2013-14 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 2013-14, all recruitment targets were achieved and the College is on target to achieve its 2014-15 budget. Success in winning new contracts for supporting unemployed adults, the development of both HE and international markets and the embedding of a range of new commercial outlets will increase levels of income diversification in the future.

During 2013-14 to enhance financial performance, support the capital investment programme and improve student results: several departments were restructured and a range of cross college value for money KPIs agreed for implementation 2014-15. Robust cash management and procurement processes are rigorously applied and financial forecasts are robust being based on informed and prudent assumptions.

During the year the College secured a second Santander facility to build a new sixth form college and based on latest forecasts and financial projections this facility is considered sufficient to meet going concern requirements as they fall due.

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 2014.

##### 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. Bursaries and scholarships are accounted for as gross expenditure and not deducted from income.

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

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#### NOTES TO THE ACCOUNTS (continued)

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

#### 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.

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

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#### NOTES TO THE ACCOUNTS (continued)

##### **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

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

between 10, 20 and 50 years. The difference between depreciation charged on the historic cost of assets and 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.

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 FRS15, 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 2014. 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

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

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#### NOTES TO THE ACCOUNTS (continued)

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.

#### 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 2014

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#### NOTES TO THE ACCOUNTS (continued)

<b>2</b>	<b>Funding body grants</b>	<b>2014</b>	<b>2013</b>
		<b>£'000</b>	<b>£'000</b>
	Funding body recurrent grant	25,590	25,710
	Apprenticeships grant	4,068	4,879
	HEFCE recurrent grant	850	27
	Funding body non recurrent grant	2,530	2,195
	Releases of deferred capital grants (note 20)	924	885
	<b>Total</b>	<b><u>33,962</u></b>	<b><u>33,696</u></b>
<b>3</b>	<b>Tuition fees and education contracts</b>	<b>2014</b>	<b>2013</b>
		<b>£'000</b>	<b>£'000</b>
	Tuition fees	3,832	774
	Education contracts	863	913
	Local authorities high needs contracts	1,133	0
	<b>Total</b>	<b><u>5,828</u></b>	<b><u>1,687</u></b>
<b>4</b>	<b>Other income</b>	<b>2014</b>	<b>2013</b>
		<b>£'000</b>	<b>£'000</b>
	Catering and residence	426	345
	Other income generating activities	621	441
	Releases from deferred capital grants (non-funding body)	183	104
	Farming activities	185	167
	Other funds	367	679
	<b>Total</b>	<b><u>1,782</u></b>	<b><u>1,736</u></b>
<b>5</b>	<b>Investment income</b>	<b>2014</b>	<b>2013</b>
		<b>£'000</b>	<b>£'000</b>
	Other interest receivable	18	14

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

#### 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

	2014 No	2013 No
Teaching staff	372	360
Non-teaching staff	<u>329</u>	<u>295</u>
<b>Total</b>	<u>701</u>	<u>655</u>

	2014 £'000	2013 £'000
<b>Staff costs for the above persons</b>		
Wages and salaries	19,828	17,368
Social security costs	1,280	1,179
Other pension costs (including FRS17 adjustments of £374,000 2013 £335,000)	2,558	2,305
	<u>          </u>	<u>          </u>
<b>Total staff costs</b>	<u>23,666</u>	<u>20,852</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	
	2014 No	2013 No	2014 No	2013 No
£60,001 - £70,000	-	2	4	6
£70,001 - £80,000	1	1	-	-
£80,001 - £90,000	-	-	-	-
£90,001 - £100,000	1	-	-	-
£100,001 - £120,000	-	-	-	-
£120,001 - £140,000	-	-	-	-
£140,001 - £160,000	1	1	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>3</u>	<u>4</u>	<u>8</u>	<u>6</u>

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

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#### NOTES TO THE ACCOUNTS (continued)

#### 7 Senior post-holders' emoluments

Senior post-holders are defined as the Accounting Officer 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.

	2014 No	2013 No
The number of senior post-holders including the Accounting Officer	<u>3</u>	<u>4</u>

	2014 £'000	2013 £'000
Senior post-holders' emoluments are made up as follows		

Salaries	335	330
Benefits in kind	-	-
Pension contributions	<u>42</u>	<u>43</u>
Total emoluments	<u>377</u>	<u>373</u>

	2014 £'000	2013 £'000
The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid senior post-holder) of		

Salaries	156	142
Benefit in kind	<u>-</u>	<u>-</u>
	<u>156</u>	<u>142</u>
Pension contributions	<u>19</u>	<u>18</u>

The pension contributions in relation to the Accounting Officer 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 2014

#### NOTES TO THE ACCOUNTS (continued)

#### 8 Other operating expenses

	2014 £'000	2013 £'000
Teaching costs	2,986	3,179
Non teaching costs	6,810	5,406
Premises costs	<u>2,027</u>	<u>1,711</u>
<b>Total</b>	<b><u>11,823</u></b>	<b><u>10,296</u></b>

#### Other operating expenses include

	2014 £'000	2013 £'000
Auditors' remuneration		
- Financial statements audit *	30	29
- Internal audit	25	28
- Other services provided by financial statements auditors	1	2
- Hire of other assets – operating leases	110	220

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

#### 9 Interest payable and other finance costs

	2014 £'000	2013 £'000
On bank loans, overdrafts and other loans		
Repayable after five years, by instalments	<u>778</u>	<u>699</u>
	778	699
Pension finance costs (note 28)	<u>(14)</u>	<u>126</u>
<b>Total</b>	<b><u>764</u></b>	<b><u>825</u></b>

#### 10 Property strategy costs

	2014 £'000	2013 £'000
Impairment	-	1,073
Demolition Costs	<u>22</u>	<u>478</u>
<b>Net charge for the year</b>	<b><u>22</u></b>	<b><u>1,551</u></b>

The property strategy costs relate to the demolition cost incurred on the Honeywell site and the impairment of the 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 2014

#### NOTES TO THE ACCOUNTS (continued)

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

	2014 £'000	2013 £'000
College's surplus for the period	1,434	382
(Deficit) / surplus generated by subsidiary undertakings	<u>(84)</u>	<u>3</u>
<b>Total</b>	<b><u>1,350</u></b>	<b><u>385</u></b>

#### 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 2013	70,472	1,082	6,586	3,509	81,649
Additions	105	6,965	1,043	76	8,189
Transfers	3,025	(3,465)	307	133	0
Assets held for sale	(110)	-	-	-	(110)
Disposals	<u>(22)</u>	<u>-</u>	<u>(569)</u>	<u>(3)</u>	<u>(594)</u>
<b>At 31 July 2014</b>	<b><u>73,470</u></b>	<b><u>4,582</u></b>	<b><u>7,367</u></b>	<b><u>3,715</u></b>	<b><u>89,134</u></b>
<b>Depreciation</b>					
At 1 August 2013	5,362	-	5,007	843	11,212
Charge for the year	1,769	-	1,222	974	3,965
Impairment Losses	22	-	-	-	22
Elimination in respect of disposals	<u>(22)</u>	<u>-</u>	<u>(564)</u>	<u>(3)</u>	<u>(589)</u>
<b>At 31 July 2014</b>	<b><u>7,131</u></b>	<b><u>-</u></b>	<b><u>5,665</u></b>	<b><u>1,814</u></b>	<b><u>14,610</u></b>
<b>Net book value at 31 July 2014</b>	<b><u>66,339</u></b>	<b><u>4,582</u></b>	<b><u>1,702</u></b>	<b><u>1,901</u></b>	<b><u>74,524</u></b>
<b>Net book value at 31 July 2013</b>	<b><u>65,110</u></b>	<b><u>1,082</u></b>	<b><u>1,579</u></b>	<b><u>2,666</u></b>	<b><u>70,437</u></b>

The transitional rules set out in FRS15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly the book values at implementation have been retained.

Disposals of land and buildings in the year relate to the demolition of the Honeywell building.

The asset reclassified as for sale is 3.31 acres of the college's Honeywell site.

Land and buildings includes land valued at £1.9m (2013 £2m) 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	nil
<b>Net book value based on cost</b>	<b>nil</b>

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

#### NOTES TO THE ACCOUNTS (continued)

#### 14 Investments

	College 2014 £	College 2013 £
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 owns 100 per cent of the issued ordinary £1 shares of Think Barnsley Limited, a company incorporated in England and Wales. The principal business of the company is to provide employment opportunities for apprentices.

15 Debtors	Group 2014 £'000	College 2014 £'000	Group 2013 £'000	College 2013 £'000
Amounts falling due within one year				
Trade debtors	1,650	1,566	222	204
Amounts owed by subsidiary undertaking	-	158	-	25
Prepayments and accrued income	871	871	634	634
Other debtors	257	235	92	92
Amounts Owed by HMRC	220	-	21	18
Amounts owed by funding body	<u>760</u>	<u>760</u>	<u>498</u>	<u>498</u>
<b>Total</b>	<u>3,758</u>	<u>3,590</u>	<u>1,467</u>	<u>1,471</u>

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

	Group 2014 £'000	College 2014 £'000	Group 2013 £'000	College 2013 £'000
Bank loans	615	615	355	355
Other Loan	-	-	200	200
Payments received in advance	1,544	1,544	185	185
Trade creditors	4,216	2,547	2,593	2,207
Amounts owed to subsidiary undertaking	-	1,214	-	383
Other taxation and social security	436	509	411	411
Accruals*	2,051	2,041	1,385	1,385
Amounts due to funding body	<u>27</u>	<u>27</u>	<u>16</u>	<u>16</u>
<b>Total</b>	<u>8,889</u>	<u>8,497</u>	<u>5,145</u>	<u>5,142</u>

\*Includes £256k (2013 £208k) for pension contribution liability.

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

#### NOTES TO THE ACCOUNTS (continued)

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

	Group 2014 £'000	College 2014 £'000	Group 2013 £'000	College 2013 £'000
Bank loan	10,614	10,614	7,727	7,727
Other loan			3,300	3,300
Other creditors	<u>184</u>	<u>184</u>	<u>251</u>	<u>251</u>
<b>Total</b>	<b><u>10,798</u></b>	<b><u>10,798</u></b>	<b><u>11,278</u></b>	<b><u>11,278</u></b>

#### 18 Borrowings

##### Loans and overdrafts

Bank loans and overdrafts are repayable as follows

	Group 2014 £'000	College 2014 £'000	Group 2013 £'000	College 2013 £'000
In one year or less	615	615	555	555
Between one and two years	535	535	578	578
Between two and five years	1,746	1,746	1,866	1,866
In five years or more	<u>8,333</u>	<u>8,333</u>	<u>8,583</u>	<u>8,583</u>
<b>Total</b>	<b><u>11,229</u></b>	<b><u>11,229</u></b>	<b><u>11,582</u></b>	<b><u>11,582</u></b>

The college has loans with Barclays Bank and Santander. The balance of the Barclays loan at 31 July 2014 is £7,729k. 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 0.4125 basis points 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 the margin to 1.8% until July 2016; 1.9% until July 2018 and 2.0% thereafter.

During the year the college re-financed a loan for £3,400k which was previously held with Barnsley Council. It was refinanced with Santander with whom the college now has three loan facilities. 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 31st July 2014 the balance on this facility is £100k. 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.

During 2013-14 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 and the refinance of the £3,400k council loan was agreed on 13 May 2014. The facility attracts an interest rate of 1.8% above LIBOR. The £3,400k part of the loan is repayable by quarterly instalments. The loan is subject to covenants and the revolving credit period for the £14,700k ends in May 2016.

In October 2014 the Corporation approved an interest rate management strategy which included entering in to fixed rates for parts of the Santander loans.

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

#### NOTES TO THE ACCOUNTS (continued)

#### 19 Provisions for liabilities and charges

	Group and College	
	Enhanced Pension costs	Total
	£'000	£'000
At 1 August 2013	2,135	2,135
Expenditure in the period	(130)	(130)
Transferred to income and expenditure account	<u>140</u>	<u>140</u>
<b>At 31 July 2014</b>	<b><u>2,145</u></b>	<b><u>2,145</u></b>

The enhanced pension provision relates to the cost of staff who have already left the College's employment 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:

	2014	2013
Price inflation	2.3%	2.50%
Discount rate	4.06%	4.28%

#### 20 Deferred capital grants

	Funding Body Grants	Group and College	
	£'000	Other Grants	Total
	£'000	£'000	£'000
At 1 August 2013	41,458	7,720	49,178
Cash receivable	4,223	189	4,412
Released to income and expenditure account	<u>(924)</u>	<u>(183)</u>	<u>(1,107)</u>
<b>Total as at 31 July 2014</b>	<b><u>44,757</u></b>	<b><u>7,726</u></b>	<b><u>52,483</u></b>

#### 21 Revaluation reserve

	Group and College	
	2014	2013
	£'000	£'000
At 1 August	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</b>	<b><u>1,170</u></b>	<b><u>1,170</u></b>

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

#### NOTES TO THE ACCOUNTS (continued)

#### 22 Movement on general reserves

	Group 2014 £'000	College 2014 £'000	Group 2013 £'000	College 2013 £'000
<b>Income and expenditure account reserve</b>				
At 1 August (adverse)	(1,848)	(1,851)	(4,599)	(4,599)
Surplus retained for the year	1,350	1,434	385	382
Actuarial (loss)/gain in respect of pension scheme	<u>(2,058)</u>	<u>(2,058)</u>	<u>2,366</u>	<u>2,366</u>
<b>At 31 July (adverse)</b>	<u><b>(2,556)</b></u>	<u><b>(2,475)</b></u>	<u><b>(1,848)</b></u>	<u><b>(1,851)</b></u>
<b>Balance represented by</b>				
Pension reserve	(9,841)	(9,841)	(7,423)	(7,423)
Income and expenditure account reserve excluding pension reserve	<u>7,285</u>	<u>7,366</u>	<u>5,575</u>	<u>5,572</u>
<b>At 31 July (adverse)</b>	<u><b>(2,556)</b></u>	<u><b>(2,475)</b></u>	<u><b>(1,848)</b></u>	<u><b>(1,851)</b></u>

#### 23 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2014 £'000	2013 £'000
Surplus on continuing operations after depreciation of assets at valuation and exceptional item	1,350	385
Depreciation (note 13)	3,965	3,224
Exceptional write-off of cost capitalised	-	300
Deferred capital grants released to income (note 20)	(1,107)	(989)
Impairment losses	22	1,073
Interest payable (note 9)	778	699
Investment income	(18)	(14)
Pension cost less contributions payable (note 6, 9 and 28)	360	461
Loss on disposal of assets	5	75
(Increase) / decrease in stocks	(8)	24
Increase in debtors	(2,291)	(469)
Increase/(decrease)in creditors	3,617	(1,572)
Increase in provisions	<u>10</u>	<u>32</u>
<b>Net cash inflow from operating activities</b>	<u><b>6,683</b></u>	<u><b>3,229</b></u>

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

	2014 £'000	2013 £'000
Investment income	18	14
Interest paid	<u>(778)</u>	<u>(699)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>	<u><b>(760)</b></u>	<u><b>(685)</b></u>

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

#### NOTES TO THE ACCOUNTS (continued)

#### 25 Capital expenditure and financial investment

	2014 £'000	2013 £'000
Purchase of tangible fixed assets	(8,189)	(5,434)
Disposal of assets	-	-
Deferred capital grants received	<u>4,412</u>	<u>2,665</u>
<b>Net cash inflow/(outflow) for capital expenditure and financial investment</b>	<b><u>(3,777)</u></b>	<b><u>(2,769)</u></b>

#### 26 Financing

	2014 £'000	2013 £'000
New loan	3,500	-
Repayment of BMBC loan	(3,500)	-
Repayment of continuing loans	<u>(353)</u>	<u>(537)</u>
<b>Net cash (outflow)/inflow from financing</b>	<b><u>(353)</u></b>	<b><u>(537)</u></b>

#### 27 Analysis of changes in net funds

	At 1 August 2013 £'000	Cash flows £'000	31 July 2014 £'000
Cash in hand, and at bank	2,487	1,793	4,280
Debt due within one year	(555)	(60)	(615)
Debt due after one year	<u>(11,027)</u>	<u>413</u>	<u>(10,614)</u>
<b>Total</b>	<b><u>(9,095)</u></b>	<b><u>2,146</u></b>	<b><u>(6,949)</u></b>

#### 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

	2014 £000	2013 £000
Teachers' Pension Scheme: contributions paid	1,048	927
Local Government Pension Scheme		
Contributions paid	1,030	880
FRS 17 charge	<u>374</u>	<u>335</u>
Charge to the I&E account (staff costs)	1,404	1,215
Enhanced pension (credit) to I&E (staff costs)	<u>140</u>	<u>168</u>
<b>Total pension cost for the year</b>	<b><u>2,592</u></b>	<b><u>2,310</u></b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuations of the TPS was 31 March 2004 and the LGPS 31 March 2013. Contributions amounting to £139,793 (2013 £122,930) were payable to the scheme at 31 July and are included within creditors.

##### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including

**NOTES TO THE ACCOUNTS (continued)**

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

academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

**The Teachers' Pension Budgeting And Valuation Account**

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

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

**Valuation Of The Teachers' Pension Scheme**

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

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

The new employer contribution rate for the TPS will be implemented in September 2015.

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

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

**Scheme Changes**

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

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

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

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

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#### NOTES TO THE ACCOUNTS (continued)

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

reformed scheme will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,675,000 (2013: £1,490,000).

#### 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.

#### Local Government Pension Scheme

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 2014 was £1,531k of which employer's contributions totalled £1,030k and employees' contributions totalled £501k. The agreed contribution rates for future years are 10.7% for employers and range from 5.5% to 7.5% for employees, depending on salary.

#### FRS 17

#### Principal Actuarial Assumptions

	At 31 July 2014	At 31 July 2013
Rate of increase in salaries	2% 2 years 4.05%	2.0% 3 years, 4.15%
Rate of increase for pensions in payment/inflation	2.3%	2.4%
Discount rate for scheme liabilities	4.3%	4.5%
Inflation assumption (CPI)	2.3%	2.4%
Commutation of pensions to lump sums	Not available	50%

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 2014

#### 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

	2014 Years	2013 Years
<i>Retiring today</i>		
Males	22.9	21.8
Females	25.5	24.7
<i>Retiring in 20 years</i>		
Males	23.6	23.7
Females	26.5	26.6

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 2014	Value at 31 July 2014 £'000	Long-term rate of return expected at 31 July 2013	Value at 31 July 2013 £'000
Equities	7.0%	17,778	7.0%	15,996
Government Bonds	3.2%	3,805	3.3%	3,630
Other Bonds	4.1%	1,917	4.3%	1,736
Property	6.2%	3,137	5.7%	2,499
Cash	0.5%	523	0.5%	526
Other		<u>1,888</u>		<u>1,920</u>
<b>Total market value of assets</b>		29,048		26,307
Present value of scheme liabilities		<u>(38,889)</u>		<u>(33,730)</u>
<b>Deficit in the scheme</b>		<u>(9,841)</u>		<u>(7,423)</u>

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

	2014 £'000	2013 £'000
Current service cost (net of employee contributions)	<u>1,404</u>	<u>1,215</u>
<b>Total operating charge</b>	<u>1,404</u>	<u>1,125</u>
<b>Analysis of pension finance costs</b>		
Expected return on pension scheme assets	1,559	1,240
Interest on pension liabilities	<u>(1,545)</u>	<u>(1,366)</u>
<b>Pension finance costs</b>	<u>(14)</u>	<u>(126)</u>

The actual return on scheme assets was a gain of £1,528,000 (2013 £3,626,000).

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

#### 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	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Actuarial (loss)/gain on South Yorkshire Pension Fund	<u>(2,058)</u>	<u>2,366</u>	<u>(5,300)</u>	<u>(3,242)</u>
<b>Movement in deficit during year</b>			<b>2014</b>	<b>2013</b>
			<b>£'000</b>	<b>£'000</b>
Deficit in scheme at 1 August			(7,423)	(9,328)
Movement in year				
Employer service costs (net of employee contributions)			(1,404)	(1,215)
Employer contributions			1,030	880
Past service gain				
Net interest / return on assets			14	(126)
Actuarial gain/(loss)			<u>(2,058)</u>	<u>2,366</u>
<b>Deficit in scheme at 31 July</b>			<b><u>(9,841)</u></b>	<b><u>(7,423)</u></b>
<b>Asset and Liability Reconciliation</b>				
<b>Reconciliation of Liabilities</b>			<b>2014</b>	<b>2013</b>
			<b>£000</b>	<b>£000</b>
<b>Liabilities at start of period</b>			<b>(33,730)</b>	<b>(31,186)</b>
Service cost			(1,404)	(1,215)
Interest cost			(1,545)	(1,366)
Employee contributions			(501)	(429)
Actuarial loss			(2,429)	(19)
Benefits paid			<u>720</u>	<u>485</u>
<b>Liabilities at end of period</b>			<b><u>(38,889)</u></b>	<b><u>(33,730)</u></b>
<b>Reconciliation of Assets</b>				
<b>Assets at start of period</b>			<b>26,307</b>	<b>21,858</b>
Expected return on assets			1,559	1,240
Actuarial (loss)/gain			371	2,385
Employer contributions			1,030	880
Employee contributions			501	429
Benefits paid			<u>(720)</u>	<u>(485)</u>
<b>Assets at end of period</b>			<b><u>29,048</u></b>	<b><u>26,307</u></b>

The estimated value of employer contributions for the year ended 31 July 2015 is £1,110,000 (31 July 2014 £878,000).

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

#### 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

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Defined benefit obligation	(38,889)	(33,730)	(31,186)	(27,248)	(22,628)
Scheme assets	29,048	26,307	21,858	20,670	18,899
Deficit	(9,841)	(7,423)	(9,328)	(6,578)	(3,729)
Experience adjustments on scheme liabilities	371	2,385	(499)	294	1,570
Experience adjustments on scheme assets	-	-	-	-	-

#### 29 Capital commitments

	Group and College	
	2014 £'000	2013 £'000
Commitments contracted for at 31 July	<u>23,520</u>	<u>3,210</u>

#### 30 Financial commitments

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

	Group and College	
	2014 £'000	2013 £'000
Operating leases which expire		
Expiring within one year	16	59
Expiring within two and five years inclusive	28	110
Expiring in over five years	<u>270</u>	<u>-</u>
<b>Total</b>	<u>314</u>	<u>169</u>

#### 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.

The total expenses paid to or on behalf of the Governors during the year was £1,213.20; 4 governors (2013: £1,279.55 - 4 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2013: None)

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

# Barnsley College

## FINANCIAL STATEMENTS

### for the Year Ended 31 July 2014

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#### NOTES TO THE ACCOUNTS (continued)

#### 32 Amounts disbursed as agent

##### Discretionary support funds

	2014 £'000	2013 £'000
Funding body grants – hardship support	1,042	906
Funding body grants – 20+ childcare support	165	190
Interest earned	-	-
	<u>1,207</u>	<u>1,096</u>
Disbursed to students	(1,207)	(1,096)
Administration costs	-	-
	<u>-</u>	<u>-</u>
Balance unspent as at 31 July	-	-

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

	2014 £'000	2013 £'000
Funding body grants - AGE	382	183
Interest earned	-	-
	<u>382</u>	<u>183</u>
Disbursed to employers	<u>(284)</u>	<u>(183)</u>
	<u>98</u>	<u>-</u>
Balance unspent as at 31 July	-	-