



# FINANCIAL REPORT

FOR THE YEAR ENDED 31 JULY 2017



**BARNSLEY COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2017**

**Contents**

	<b>Page number</b>
Operating and Financial Review	4
Statement of Corporate Governance and Internal Control	15
Governing Body's statement on the College's regularity, propriety and Compliance with Funding body terms and conditions of funding	21
Statement of Responsibilities of the Members of the Corporation	22
Independent Auditor's Report to the Corporation of Barnsley College	23
Reporting Accountant's Assurance Report on Regularity	25
Consolidated Statement of Comprehensive Income	27
Consolidated and College Statement of Changes in Reserves	28
Balance Sheets as at 31 July	29
Consolidated Statement of Cash Flows	30
Notes to the Accounts	31

## **Key Management Personnel, Board of Governors and Professional advisers**

### **Key Management Personnel**

Key management personnel are defined as members of the College Senior Leadership Team and were represented by the following in 2016/17:

Principal and CEO; Accounting Officer	Chris Webb
Deputy Principal	Yiannis Koursis
Vice Principal Curriculum	Dave Harding (until 7 March 2017)
Vice Principal Quality	Phil Briscoe
Vice Principal Funding, Data & Compliance	Vince Dalton
Vice Principal Corporate Services	Tony Johnson
Vice Principal Finance	Laila Lawton
Principal Sixth Form College	Liz Leek
Vice Principal Teaching, Learning & Student Support	Jennifer Miccoli (until 31 March 2017)

### **Board of Governors**

A full list of Governors is given on pages 16 and 17 of these financial statements.

Alison Oaks acted as Clerk to the Corporation throughout the period.

### **Professional advisers**

#### **Financial statements auditors and reporting accountants:**

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, L30 4GB

#### **Solicitors:**

Martineau Johnson  
1 Colmore Sq,  
Birmingham, B4 6AA

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

## **Operating and Financial Review**

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

The members present their report and the audited financial statements for the year ended 31 July 2017.

### **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. The Corporation was incorporated as Barnsley College.

### **Public Benefit**

Barnsley College is an exempt charity under the Part 3 of the Charities Act 2011 and 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 Governing Body, who are trustees of the charity, are disclosed on pages 16 and 17.

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

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

- high-quality teaching
- widening participation and tackling social exclusion
- excellent employment record for students
- strong student support systems
- links with employers, industry and commerce

### **College Vision 2016/17**

The college's 2016/17 vision was to be a world class tertiary college.

### **College Strategic Priorities 2016/17**

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

#### **Top Strategic Priorities:**

- Significantly improve English and maths
- Deliver whole college outstanding performance
- Invest in IT and information learning technologies (ILT) to improve the learner experience
- Deliver a sustainable Sixth Form College
- Ensure a positive outcome from the Area Based Review (ABR)
- Innovatively collaborate with employers to develop and grow a highly responsive offer that is aligned to local and LEP priorities
- Maintain EFA 14-24 classroom-based funding and numbers
- Enhance the reputation and quality of Higher Education to increase participation rates at University Campus Barnsley (UCB)

## **Operating and Financial Review (continued)**

### **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”.

The college continues to self-assess its performance as outstanding.

#### **Delivering Outstanding Results**

Achievement rates for young people are high and remain significantly above the national averages.

Following changes in government policy there is now an increased focus on measures other than achievement rates.

These include:

- Stakeholder satisfaction
- Progress in mathematics and English
- Progress from starting point
- 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.

New apprenticeship standards continue to be developed to create new pathways into employment with training.

#### **College Strategic Priorities 2016/17 Update**

This section of the Financial Statements summarises the college’s progress against its key strategic priorities.

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

The college is committed to improving English and mathematics. The Essential Skills Policy provides learners with an English and mathematics 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 mathematics and English. Also, all learners will continue to study English and mathematics qualifications until they achieve, at least, a GCSE grade A-C.

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

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

The college has a senior leader with responsibility for English and mathematics and the Senior Leadership Team recognise its importance, allocating resources accordingly, including an increase in the number of full time teachers. The college has taken the decision to centralise the delivery of GCSE English and mathematics as a response to the Government’s condition of funding rules. The college is confident this will lead to further improved outcomes for learners.

The college has seen an increase in the Functional Skills achievement rates and they remain significantly above national averages. However the college has seen a decline in GCSE English and mathematics A-C (4-9) achievement rates but they remain above national averages.

## **Operating and Financial Review (continued)**

### **Deliver whole college outstanding performance**

The college continues to deliver high achievement rates across all courses.

For young people, vocational provision is strong across all levels and is within the top 10% of colleges. The vast majority of learners successfully complete vocational programmes and progress onto higher levels. AS and A2 achievement rates have fallen slightly in 2016/17.

Apprenticeship provision is growing and there continues to be high levels of performance across all apprentice programmes. Performance for 2016/17 continues to be strong and is within the top 10% of colleges.

Overall outcomes for learners are outstanding for 2016/17.

There are a variety of strategies in place to ensure that the standard of teaching and learning is significantly and consistently improving and extending the use of e-learning. Strategies relating to rigorous monitoring and the sharing of best practice have been firmly embedded within a sharing and supportive culture. The college has developed an ethos of testing new approaches leading to innovative and challenging teaching and learning. There has been significant investment in training and development, Information Learning Technologies (ILT) resources and the Virtual Learning Environment (VLE). As a result, technology is used very effectively to promote and support learning with a significant increase in use and quality of the VLE as well as many other ILT based teaching and learning strategies.

Elephant Design apprentices, as part of the Learning Technology Unit, worked with curriculum to create over a hundred interactive e-learning packages with very positive feedback from staff and end users.

Teachers have appropriate skills and expertise, are passionate about their work and provide high quality teaching, learning, assessment and support of learning. Assessment of learners' performance and progress is timely, fair, consistent and reliable and learners receive constructive feedback and are set challenging targets to improve. A wide variety of strategies are used to develop wider skills to support the achievement of the students' main learning goals. The college has embraced study programmes as it allows for development of a wide range of skills and activities which enhance learning and extend learners' experience to prepare them for progression.

In student surveys, all questions regarding the quality of teaching, learning and assessment were in the top quartile, all were well above sector average throughout the year and on exit:

- Teaching and learning resources are good – 96% agreed, the overall rating was 83 which is 11 above QDP benchmark.
- Teaching on my course is good - 98% agreed, the overall rating was 83 which is 12 above QDP benchmark.
- Assessment of my work is fair - 96% agreed, the overall rating was 82 which is 9 above QDP benchmark

Training and support for teachers to deliver best practice is extensive and there are very well embedded strategies for teachers to achieve outstanding quality.

The well-established Learning Technologies Unit and also the IT Services department each developed a schedule of training based on a self-assessment survey of staff skills and also requests. Training was delivered on a 1:1, small group or whole department basis and has seen significant progress in the use of ILT and in staff confidence and curiosity across the college as well as significant improvements in reporting on quality and use of resources and learner progress and skills development. The college won several awards for use of learning technologies in teaching, learning and assessment.

Staff were also 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.

There were 4,303 formal attendances recorded by college staff on training and development in 2016/17 directly related to improving teaching and learning and ILT. Events and staff development courses are facilitated by internal staff and also by external consultants. There is also a Virtual Teachers' Centre which houses a range of resources. The teachers' shared area on the college network and Moodle are also used to share best practice and materials across college including videos, induction materials, and best practice in Equality and Diversity, Planet eStream materials and warm up activities.

## **Operating and Financial Review (continued)**

A Teachers' Fair takes place annually. This year there were over 85 workshops organised across three days covering all aspects of best practice in teaching, learning and assessment under the banner of "Leaders of Learning". This year an increased number of workshops relating to IT/ILT to develop staff and give them confidence in using ILT was also delivered. In 2016/17 all staff undertook mandatory IT upskilling to ensure that they have the skills required. Feedback from the Teachers' Fair was excellent and comments included "*thought provoking*", "*awesome*", "*informative*" and "*fantastic*". Staff feedback also reflected a great appreciation of the effort put in by all those delivering the workshops and that they enjoyed spending time with colleagues from other areas and sharing good practice.

Progress of learners is checked and monitored by the Quality and Performance team and formally checked and monitored by the Senior Leadership Team at quarterly performance reviews where under-performing courses/learners are identified and in-year intervention strategies put into place. Value Added has been maintained at 3 in AS (excellent) and fallen slightly to 6 (below average) in A2. On vocational provision and ALPs score of 4 (Very good) has been maintained.

The development of independent study skills and learning how to learn continued to drive the quality of learners' work. The 'learning without walls' project again purchased laptops for loan to students 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 self organised learning environments (SOLEs), social areas and at home.

The internal lesson observations grade profile fell in 2016/17 to 91.2% good or better lessons from 95% in 2015/16, there was also a drop in the outstanding grade profile from 50% to 44.9%. Interventions took place to address the issues identified. There were 182 cross college themed walkthroughs in 2016/17 carried out in all curriculum departments to check effectiveness and impact of strategies to improve compared to 75 walks in 2015/16. 42 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. 319 general learning walks took place across the college to check consistency of delivery, progress and rapid improvement interventions.

### **Invest in IT and ILT to Improve the Learner Experience**

2016/17 was the first year of a three year strategy. The college commissioned an external review of the proposed investment and current structures. During the year the college invested sufficiently in new equipment for curriculum departments and is upgrading the college WiFi and server infrastructure. The impact of this investment was as follows:

- The exit survey showed learner satisfaction had increased by 6% to 81% over the same period last year.
- Staff satisfaction in the last survey was 96% some 13% above benchmark.
- No ILT issues were raised during the last round of learner voice.

Priorities over the next year will be:

- Provide a stable platform for the Bring Your Own Device (BYOD) community
- Continue with the edge switch refresh
- Consider the upgrade path for the college VLE

### **Deliver a sustainable Sixth Form College**

Success rates in the Sixth Form are above national averages, with overall performance in the top 25% of colleges. More students than ever, 86%, have progressed to university with more of those progressing to Russell Group than in previous years. The Sixth Form continues to move culturally in a positive direction and the impact of new staff, brought in through the new A Level Teacher contracts, continues to have an impact on outcomes.

The new Sixth Form building at St Mary's Place is still the jewel in the crown of the college estate. This project has been highly successful and, following the move into the building in January 2016, staff and students continue to be inspired by the outstanding teaching and learning facilities. Continually increasing student numbers demonstrate that Barnsley Sixth Form College is well placed to be seen as the first choice provider of A levels in Barnsley.



## **Operating and Financial Review (continued)**

### **Ensure a positive outcome from the Area Based Review (ABR)**

The Sheffield City Region ABR made two recommendations affecting Barnsley College. These were:

- Barnsley College and Doncaster College to merge, subject to a successful application to the restructuring facility, should this be required to address debt presenting a barrier to the merger.
- Barnsley College, Chesterfield College, Dearne Valley College, Doncaster College, the RNN group and Sheffield College to develop their strategies for the delivery and growth of apprenticeships, responding to the priorities agreed through the review. For some institutions, this is expected to lead to the establishment of a shared apprenticeship company. The implementation period for the commercial strategies will be the 12 months following the area review and will be driven and supported through the implementation group.

Following Doncaster College's rejection of merger with Barnsley College, Barnsley College governors agreed that the College should continue to operate as a stand-alone college. No further action was taken. Following a number of meetings between the Sheffield City Region colleges, it was decided as a group, not to continue to pursue the establishment of a shared apprenticeship company. The ultimate outcome of the ABR was that Barnsley College was deemed to be both an outstanding and sustainable College.

### **Innovatively collaborate with employers to develop and grow a highly responsive offer that is aligned to local and LEP priorities**

A review of the admissions process has been undertaken to ensure that robust procedures are in place to manage the application process and Information Advice and Guidance (IAG). Over 1,000 apprentices received an induction.

During the year over 1,000 employers were engaged with, creating a sales pipeline of both levy and non-levy paying organisations.

The college is highly responsive to the demands and training requirements of employers and develops curriculum offers and delivery models to meet the needs of businesses. The college offers 54 apprenticeship framework pathways at intermediate, advanced and higher apprenticeship levels.

Apprenticeship recruitment continues to grow, particularly in the 16-18 age bracket. The college delivered ambitious income of £2.8m of 16 to 18 apprenticeship activity and £1.4m of adult apprenticeship activity during 2016/17. This resulted in the college providing training for over 900 young people and over 1,100 adults on apprenticeship programmes.

Apprenticeship provision continues to remain excellent with the college having one of the best apprenticeship framework success rates in England. The success rate for 2016/17 is 80%. Employer surveys highlight the continuous improvements in quality. The surveys show that employers are highly satisfied with the service the college provides and the training the apprentices receive.

The college established an Apprenticeship Training Agency five years ago. This continues to function effectively supporting SMEs in the recruitment of apprentices.

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

In order to address the NEETs agenda, the college delivers to young people in partnership with the Springwell School.

The college has developed highly effective partnerships with a number of NHS Trusts, including Barnsley Hospital, delivering a wide range of apprenticeship programmes. Development of a number of new clinical pathways to meet their specific needs started in 2014/15. In addition, the college is celebrating its third year in partnership with the AMRC, delivering Engineering Level 3 programmes for their apprentices. Further discussion is taking place to strengthen our relationship with the University. The success rates for all apprenticeship programmes delivered in partnership are outstanding.

A collaboration with the University of Leeds, Leeds Trinity University and Bradford College has led to a successful bid with Leeds Teaching Hospitals to deliver Leadership and Management Development training.

## **Operating and Financial Review (continued)**

The college also works closely with a number of recruitment agencies to secure employment for students after they have completed programmes of study. A significant number of Sector Based Work Academies have been delivered on behalf of employers such as Leeds Council, Capita and ASOS that have led to high job outcomes for students.

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

The college continues to strengthen its relationship with the Sheffield and Leeds Local Enterprise Partnerships (LEPs).

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.

### **Maintain EFA 14-19 Classroom Based Funding and Numbers**

During 2016/17 the college made a number of significant strides in EFA funding. The college improved in overall recruitment progression and destination. During 2017/18, as a result of recruitment in 2016/17, the college is funded for 100 more places resulting in additional income of £500k.

During the early part of the autumn term drop out within the six week funding window was reduced by over 60%. There was a significant improvement in progression of both Elected Home Educated students and Foundation learners to mainstream provision.

In year retention of learners was maintained at 92%. There was an 8% improvement in Level 3 learners progressing to Higher Education with a 4% improvement in college leavers finding full time employment. This has put the college in a strong position to meet its 2018/19 14-24 ESFA funding headcount and also laid the foundation for 2019/20 recruitment.

### **Enhance the reputation and quality of Higher Education to increase participation rates at UCB**

The college continues to develop its Higher Education provision, strengthening relationships with Universities and providing vocationally focussed programmes. Applications in 2016/17 increased compared to 2015/16.

Recruitment figures including new starts, progression and returners is 475 full time and 152 part-time including teacher training numbers. Income from student fees is £3.1m.

The retention of students has increased on 2015/16 recruitment year and stands at 83% in 2016/17, a 4% improvement. Students who successfully completed the 2016 year of study sits at 95%.

Students progressing on a two or three year programme is 89%, and 91% of full time learners have a positive destination, this is into employment or continuing within HE.

The college commissioned a review of Higher Education to research current provision and benchmarking against competitors, target audience and LEP priorities to support the development of new programmes to meet demanding growth targets.

The past three years have seen significant changes occurring in the HE landscape, with the probability of more to follow. Future planning for Higher Education, combining Higher Education Funding Council for England (HEFCE) priorities with those of Quality Assurance Agency (QAA) and in line with the Government's proposed reforms in respect of the reviewed approach to quality assessment will ensure a clear strategic direction for the development of Higher Education. The college now has five collaborative partnerships with the following universities:

- University of Huddersfield
- University of Derby
- University of Hull
- Sheffield Hallam University
- Leeds Trinity University

## **Operating and Financial Review (continued)**

### **Financial performance indicators**

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

The college is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the [www.gov.uk](http://www.gov.uk) website which looks at measures such as success rates. The college is required to complete the annual Finance Record for the Education and Skills Funding Agency. The college is assessed by the Education and Skills Funding Agency as having a “Good” financial health grading. The current rating is considered an acceptable outcome.

### **Financial results**

Overall group revenue was £38.2m.

The group’s operating position before interest and depreciation (“EBITDA”) was a surplus of £6.1m.

The group delivered a deficit of £344k after:

- depreciation charges of £5,211k
- bank interest and pension finance costs of £1,196k

The pension costs to the group of £3.2m related to the Local Government Pension Scheme (LGPS), Teachers’ Pension Scheme (TPS) and other pension schemes during the year.

The group generated operating cash flows of £7.6m from operations which have been reinvested in capital assets and reducing debt.

### **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.

## **Operating and Financial Review (continued)**

Tangible fixed asset additions during the year amounted to £2.2m. This was split between building work of £0.4m and equipment and fixtures of £1.8m.

The group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2016/17 the FE funding bodies provided 78% of the group's total income.

The ESFA Financial Health Grade for the year is Good.

### **Cash flows and liquidity**

At £7.6 million (2015/16 £4.7m), net cash flow from operating activities was strong.

During the year the college reduced its borrowing by £3.9m. The college repaid the bank £3.0m of revolving credit facility drawdown prior to converting to a fixed loan.

The size of the college's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded. Banking covenants are all met for 2016/17.

### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2016 to 31 July 2017, the college paid 90 per cent of its invoices within 30 days. The college incurred no interest charges in respect of late payment for this period.

### **Future prospects**

There are a number of future opportunities the college is seeking to maximise. Demographics in the area indicate an increased cohort of 16-18 year olds over the coming years. The new Sixth Form building and significantly improved results provide opportunity for growth in A levels. The college is seeking to develop its offer across a range of curriculum areas at higher levels through Higher Education and degree apprenticeships.

### **Strategic priorities for 2017/18**

The strategic priorities provide a roadmap for the college on the journey to achieving the college's vision of transforming lives. The priorities represent the areas where resources and time will be focused to ensure that student, staff and stakeholders get the best out of Barnsley College. The strategic priorities are made up of three strategic pillars:

#### **1. Quality**

Delivering a beyond outstanding experience for both students and staff and being Ofsted inspection ready is the key focus.

Key themes underpin our ambition to reach outstanding and beyond, each area driving teaching and learning. These are English and maths provision; Higher Education; Information Advice and Guidance (IAG); apprenticeships; adults and the Sixth Form.

The college aims to deliver the highest quality provision for students, staff and stakeholders to help them aspire to reach their full potential.

#### **2. Reputation**

The college is proud of Barnsley and the communities it works with. It aims to continue to build strong links with students, staff, schools and businesses, reinforcing the college's place in the local community as an outstanding education provider.

The college's students go on to do amazing things after leaving the college, whether that is through work or further study, and alumni prove the college is achieving the vision of transforming lives.

As the college strives for beyond outstanding, its brand and reputation, as well as the quality and financial position, underpins the ability to recruit students and engage with external audiences.

## **Operating and Financial Review (continued)**

### **3. Sustainability**

The college must be safeguarded for the future, making sure it generates enough cash each year to continue to provide an outstanding experience for students and staff during their time with the college.

This involves investing in buildings, facilities, equipment and the IT infrastructure. To generate cash the college needs to increase in size and ensure it operates efficiently. The ultimate aim is to shock proof the financial position therefore growing income and maximising efficiency will contribute to this.

#### **Resources**

The college has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the main college site, the Sixth Form College and the Construction Centre building.

#### **Financial**

The college has £65m of net assets (including £11.7m pension liability) and long term debt of £19.8m.

#### **People**

The college employs 679 people (expressed as full time equivalents), of whom 310 are teaching staff.

#### **Reputation**

The college has a good reputation locally and nationally. Maintaining and building upon a strong college brand is essential for the college's success at attracting students and external relationships.

#### **Principal risks and uncertainties**

The college has developed further the system of internal control, including financial, operational and risk management which is designed to protect the college's assets and reputation.

Based on the strategic pillars and goals, the Senior Management Team undertakes a comprehensive review of the risks to which the college is exposed and acknowledges these in the Board Assurance Framework (BAF). The Board Assurance Framework identifies the key risks, the likelihood of those risks occurring, their potential impact on the college and the actions being taken to reduce and mitigate the risks. Systems and procedures are identified which mitigate potential impact on the college and the subsequent year's annual risk management report will review effectiveness and progress against risk mitigation actions. In addition to the annual review, the Senior Management Team will also consider any risks which may arise as a result of a new area of work being undertaken by the college.

Outlined below is a description of the principal risk factors that may affect the college. Not all the factors are within the college's control. Other factors besides those listed below may also adversely affect the college.

#### **Protecting Tertiary status**

With Government policy focused on increased competition, free schools and academies may result in a proliferation of schools and academy Sixth Forms in the area which will impact upon the college's student recruitment and income.

#### **Delivery of high quality English and mathematics**

English and mathematics is a condition of funding therefore the college must ensure all learners required by the funding rules to study these subjects are enrolled. In addition to the funding implications attracting and retaining suitably qualified staff in this area is critical to learners' success rates.

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

The financial statements report the share of the Local Government Pension Scheme deficit on the college's balance sheet in line with the requirements of FRS 102. The college forecasts accommodate for a rise in pension costs.

#### **Government funding**

The college has considerable reliance on continued government funding through the further education sector funding bodies and through HEFCE. In 2016/17, 78% of the college's revenue was ultimately publicly funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

## **Operating and Financial Review (continued)**

### **Quality and Teaching and Learning**

The college is graded as Outstanding by Ofsted. Maintaining Outstanding status under the new Common Inspection Framework is important in relation to reputation and student performance.

### **Stakeholder Relationships**

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

- Students
- Education sector funding bodies
- FE Commissioner
- Staff
- Local employers (with specific links)
- Local authorities
- Local Enterprise Partnerships (LEPs)
- Local schools
- The local community
- Other FE institutions
- MPs
- Trade unions
- Professional bodies

The college recognises the importance of these relationships and engages in regular communication with them through the college internet site and by meetings.

### **Equal opportunities**

Barnsley College is committed to ensuring equality of opportunity for all who learn and work here. The college respects and values positively differences in race, gender, sexual orientation, disability, ability, class and age. The college strives vigorously to remove conditions which place people at a disadvantage and will actively combat bigotry. The college has a no tolerance policy towards bullying, harassment and victimisation and actively tackles the behaviours which transgress this policy.

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

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

### **Disability statement**

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

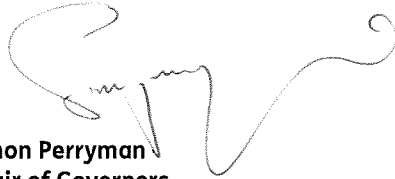
- a) The college's Student Services and Additional Learning Support (ALS) departments provide information, advice and arranges support where necessary for students with disabilities.
- b) There is a list of specialist equipment, such as radio aids, which the college can make available for use by students 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.

**Operating and Financial Review (continued)**

**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; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the college's auditors are aware of that information.

Approved by order of the members of the Corporation on 12 December 2017 and signed on its behalf by:



**Simon Perryman**  
Chair of Governors

## **Statement of Corporate Governance and Internal Control**

The following statement is provided to enable readers of the annual report and accounts of the college to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2016 to 31 July 2017 and up to the date of approval of the annual report and financial statements.

The college endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”); and
- having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

The college is committed to exhibiting best practice in all aspects of corporate governance and in particular the college has adopted and complied with the Code. The college has not adopted and therefore does not apply the UK Corporate Governance Code. However, the college has reported on its Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code it considers to be relevant to the further education sector and best practice.

In the opinion of the Governors, the college complies with/exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2017. 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 Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 14 July 2015.

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



**Barnsley College**  
 Financial Statements  
 For the year ended 31 July 2017

**Statement of Corporate Governance and Internal Control (continued)**

**The Corporation**

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

Name	Date of Appointment	Term	Date of resignation	Status	Committees served	% of Corporation meetings attended
T Abbott	01.09.16	When ceases to be a student	31.07.17	Student	Q&S	60%
G Beever	23.03.10 Reappointed 11.03.14	4 years	n/a		F&R R	80%
N Bowen	16.07.13 Reappointed 15.07.17	4 years	n/a	Vice Chair Chair of Q&S Chair of R	G&S (to 01.03.17) Q&S R	100%
S Brian	11.03.14	4 years	n/a		F&R (to 30.09.16) A (from 18.10.16)	80%
S Burkinshaw	13.12.16	When ceases to be a student	31.07.17	Student		50%
P Clarkson	01.09.16	4 years	n/a	Staff	A	80%
K Dickinson	16.12.16	4 years	n/a	Chair of F&R	F&R	100%
R Hooley	17.05.16	4 years	n/a	Staff	Q&S	80%
H Jagger	18.07.17	4 years	n/a		F&R	100%
P Jagger	20.10.15	4 years	10.05.17	Vice Chair	F&R, R and G&S	67%
F McSkimming	12.05.09 Reappointed 12.05.13	4 years	11.05.17		F&R, R	100%

**Barnsley College**  
 Financial Statements  
 For the year ended 31 July 2017

**Statement of Corporate Governance and Internal Control (continued)**

Name	Date of Appointment	Term	Date of resignation	Status	Committees served	% of Corporation meetings attended
C Moss	13.12.16	4 years	n/a		Q&S	75%
C Partridge	21.10.14	4 years	n/a	Chair of Audit	A G&S (from 16.05.17)	40%
S Perryman	09.09.15	4 years	n/a	Chair of Board	G&S, F&R, R	80%
R Pourali	19.10.10 Reappointed 21.10.14	4 years	09.10.17		G&S	80%
D Shepherd	21.10.14	4 years	n/a		A, Q&S	80%
S Turton	17.03.15	4 years	n/a		A, G&S (from 16.05.17)	80%
C Webb	28.09.15	When ceases to be Principal	n/a	Principal/ CEO and Member	F&R, G&S, Q&S	100%

Key to Committees:  
 G&S – Governance and Search  
 F&R – Finance and Resources  
 Q&S – Quality and Standards  
 A – Audit  
 R – Remuneration.

## **Statement of Corporate Governance and Internal Control (continued)**

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. Under the powers provided by the Further Education Corporation Modification Order 2012, the Corporation revised and approved its Instrument and Articles of Government with effect from 1 August 2013. The Corporation is provided with regular and timely information on the overall financial performance of the college together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues.

The Corporation meets five times a year.

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

Barnsley College  
PO Box 266  
Barnsley  
S70 2YW

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

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

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

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

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

### **Remuneration Committee**

Throughout the year ending 31 July 2017, the college's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and conditions of service of the Accounting Officer and other senior post holders.

Details of remuneration for the year ended 31 July 2017 are set out in note 6 to the financial statements.

### **Appointments to the Corporation**

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

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

### **Corporation performance**

The Board evaluated its performance at the end of the year through individual 1:1s with the Chair, a Committee Effectiveness survey, reviewed the effectiveness of the Chair's performance and mapped compliance against the Code of Good Governance, for which the Board has due regard. The results of the surveys were discussed at Governance and Search and shared with the Board at its autumn meeting.

## **Statement of Corporate Governance and Internal Control (continued)**

All new governors have completed a comprehensive induction process and ongoing training and support is available through in-house and externally organised events. Governors have attended regional Association of Colleges (AoC) induction events and regional Governor Council network meetings throughout the year and have received training on Equality and Diversity and Safeguarding/Prevent duties.

### **Audit Committee**

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

The Audit Committee meets on at least a termly basis and provides a forum for reporting by the college's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of college management. The Committee also receives and considers reports from the main FE funding bodies, as they affect the college's business.

The college's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations, and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

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

### **Internal control**

#### *Scope of responsibility*

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the college's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum/Financial Agreement between Barnsley College and the funding bodies. 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 2017 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 2017 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:

### **Statement of Corporate Governance and Internal Control (continued)**

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

Barnsley College has an internal audit service, which operates in accordance with the requirements of the ESFA Post-16 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 internal audit provider provides the governing body with a report on internal audit activity in the college. The report includes the HIA's independent opinion on the adequacy and effectiveness of the college's system of risk management, controls and governance processes.

#### *Review of effectiveness*

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

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

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

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its Board meeting on 12 December 2017, the Corporation carried out the annual assessment for the year ended 31 July 2017 by considering documentation from the Senior Management Team and internal audit, and taking account of events since 31 July 2017.

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

#### **Going concern**

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

Approved by order of the members of the Corporation on 12 December 2017 and signed on its behalf by

  
**Simon Perryman**  
Chair of Governors

  
**Chris Webb**  
Accounting Officer

**Governing Body's statement on the college's regularity, propriety and compliance with funding body terms and conditions of funding**

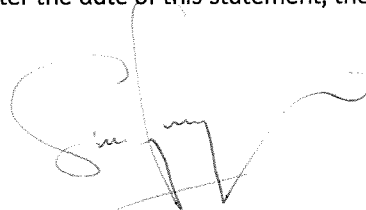
The Corporation has considered its responsibility to notify the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with the Education and Skills Funding Agency terms and conditions of funding, under the financial memorandum in place between the college and the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

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

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



**Chris Webb**  
Accounting Officer  
12 December 2017



**Simon Perryman**  
Chair of Governors  
12 December 2017

## **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 college's Financial Memorandum with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *2015 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2016 to 2017* issued by the ESFA, 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:

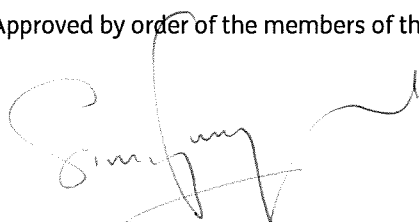
- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial 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 a *Strategic 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 the 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 Education and Skills Funding Agency are used only in accordance with the Financial Memorandum with the Education and Skills 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 to 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 Education and Skills Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 12 December 2017 and signed on its behalf by:



**Simon Perryman**  
Chair

## **Independent auditor's report to the Corporation of Barnsley College**

### **Opinion**

We have audited the financial statements of Barnsley College (the 'parent' College) and its subsidiaries (the 'group') for the year ended 31 July 2017 which comprise the Consolidated and College Statement of Comprehensive Income, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent College's affairs as at 31 July 2017 and of the Group's deficit of income over expenditure and parent College's deficit of income over expenditure for the year then ended; and
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting for Further and Higher Education issued in March 2014.

### **Basis for opinion**

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

### **Who are we reporting to**

This report is made solely to the College's Corporation, as a body, in accordance with Article 16 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the College's Corporation those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

### **Conclusions relating to going concern**

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

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

### **Other information**

The Corporation are responsible for the other information. The other information comprises the information included in the annual report, set out on pages 3 to 22 other than the financial statements and our auditor's report thereon. The Corporation are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement



## **Independent auditor's report to the Corporation of Barnsley College (Continued)**

in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters where the Post-16 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 parent College; or
- the parent College annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of the Corporation for the financial statements**

As explained more fully in the Statement Responsibilities of the Corporation set out on page 22, the College's Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Grant Thornton UK LLP

Grant Thornton UK LLP  
Statutory Auditor, Chartered  
Accountants Leeds

18 December 2017

## **Reporting accountant's assurance report on regularity**

### **To the corporation of Barnsley College and Secretary of State for Education acting through the Department for Education ('the Department')**

In accordance with the terms of our engagement letter dated 25 August 2017 and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that, in all material respects, the expenditure disbursed and income received by Barnsley College during the period 1 August 2016 to 31 July 2017 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

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

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that, in all material respects, expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the college's income and expenditure.

## Reporting accountant's assurance report on regularity (Continued)

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the college's activities;
- evaluation of the processes and controls established and maintained in respect of regularity and propriety for the use of public funds through observation of the arrangements in place and enquiries of management;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and that included in the self- assessment questionnaire (SAQ); and
- limited testing, on a sample basis, of income and expenditure for the areas identified as high risk and included on the SAQ.

### Conclusion

In the course of our work, nothing has come to our attention which suggests that, in all material respects, the expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP

Grant Thornton UK LLP  
Chartered Accountants Leeds  
18 December 2017

**Consolidated Statements of Comprehensive Income**

	Notes	Year ended 31 July 2017		Year ended 31 July 2016	
		Group £'000	College £'000	Group £'000	College £'000
<b>Income</b>					
Funding body grants	2	29,952	29,952	38,645	38,645
Tuition fees and education contracts	3	6,551	6,551	6,607	6,522
Other income	4	1,665	1,592	4,725	2,545
Investment income	5	9	7	5	5
<b>Total income</b>		<b>38,177</b>	<b>38,102</b>	<b>49,982</b>	<b>47,717</b>
<b>Expenditure</b>					
Staff costs	6	22,718	22,641	23,350	23,241
Other operating expenses	7	9,396	9,391	11,583	9,461
Depreciation	10	5,211	5,211	4,985	4,985
Interest and other finance costs	8	1,196	1,196	1,469	1,469
<b>Total expenditure</b>		<b>38,521</b>	<b>38,439</b>	<b>41,387</b>	<b>39,156</b>
<b>(Deficit)/Surplus before other gains and losses</b>		<b>(344)</b>	<b>(337)</b>	<b>8,595</b>	<b>8,561</b>
Loss on disposal of assets	10	(220)	(220)	-	-
<b>(Deficit)/Surplus before tax</b>		<b>(564)</b>	<b>(557)</b>	<b>8,595</b>	<b>8,561</b>
Taxation	9	-	-	-	-
<b>(Deficit)/Surplus for the year</b>		<b>(564)</b>	<b>(557)</b>	<b>8,595</b>	<b>8,561</b>
Actuarial gain/(loss) in respect of pensions schemes	22	1,860	1,860	730	730
<b>Total Comprehensive Income for the year</b>		<b>1,296</b>	<b>1,303</b>	<b>9,325</b>	<b>9,291</b>

**Consolidated and College Statement of Changes in Reserves**

<b>Consolidated</b>	<b>£'000</b>
<b>Balance at 1 August 2015</b>	54,021
Surplus from the income and expenditure account	8,595
Other comprehensive income	730
<b>Total comprehensive income for the year</b>	<u>9,325</u>
<b>Balance at 31 July 2016</b>	<u>63,346</u>
(Deficit) from the income and expenditure account	(564)
Other comprehensive income	1,860
<b>Total comprehensive income for the year</b>	<u>1,296</u>
<b>Balance at 31 July 2017</b>	<u><u>64,642</u></u>
 <b>College</b>	
<b>Balance at 1 August 2015</b>	54,026
Surplus from the income and expenditure account	8,561
Other comprehensive income	730
<b>Total comprehensive income for the year</b>	<u>9,291</u>
<b>Balance at 31 July 2016</b>	<u>63,317</u>
(Deficit) from the income and expenditure account	(557)
Other comprehensive income	1,860
<b>Total comprehensive income for the year</b>	<u>1,303</u>
<b>Balance at 31 July 2017</b>	<u><u>64,620</u></u>

**Barnsley College**  
**Financial Statements**  
**For the year ended 31 July 2017**

**Balance Sheets as at 31 July**

	Notes	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
<b>Non current assets</b>					
Tangible Fixed assets	10	98,329	98,329	101,621	101,621
Investments	11	-	-	-	-
		<b>98,329</b>	<b>98,329</b>	<b>101,621</b>	<b>101,621</b>
<b>Current assets</b>					
Stocks		127	127	120	120
Trade and other receivables	12	2,935	2,921	5,047	2,908
Assets held for resale	10	-	-	1,941	1,941
Cash and cash equivalents	17	6,062	3,922	3,293	3,270
		<b>9,124</b>	<b>6,970</b>	<b>10,401</b>	<b>8,239</b>
<b>Less: Creditors – amounts falling due within one year</b>	13	<b>(6,270)</b>	<b>(6,258)</b>	<b>(7,362)</b>	<b>(7,349)</b>
<b>Net current assets</b>		<b>2,854</b>	<b>712</b>	<b>3,039</b>	<b>890</b>
<b>Total assets less current liabilities</b>		<b>101,183</b>	<b>99,041</b>	<b>104,660</b>	<b>102,511</b>
Creditors – amounts falling due after more than one year	14	(20,603)	(20,603)	(24,317)	(24,317)
<b>Provisions</b>					
Defined benefit obligations	16	(11,735)	(11,735)	(12,680)	(12,680)
Other provisions	16	(4,203)	(2,083)	(4,317)	(2,197)
<b>Total net assets</b>		<b>64,642</b>	<b>64,620</b>	<b>63,346</b>	<b>63,317</b>
<b>Unrestricted Reserves</b>					
Income and expenditure account		64,642	64,620	63,346	63,317
<b>Total unrestricted reserves</b>		<b>64,642</b>	<b>64,620</b>	<b>63,346</b>	<b>63,317</b>

The financial statements on pages 27-50 were approved and authorised for issue by the Corporation on 12 December 2017 and were signed on its behalf on that date by:



**Simon Perryman**

**Chair**



**Chris Webb**

**Accounting Officer**

**Consolidated Statement of Cash Flows**

	Notes	2017 £'000	2016 £'000
<b>Cash flow from operating activities</b>			
Deficit/Surplus for the year		(564)	8,595
<b>Adjustment for non-cash items</b>			
Depreciation		5,211	4,985
Deferred capital grants		-	(9,181)
(Increase)/decrease in stocks		(7)	4
Decrease/(increase) in debtors		2,112	(1,881)
Decrease in creditors due within one year		(378)	(1,799)
Decrease in creditors due after one year		(47)	(78)
(Decrease)/increase in provisions		(1,059)	2,177
Pensions costs less contributions payable		934	411
<b>Adjustment for investing or financing activities</b>			
Investment income		(9)	(5)
Interest payable		1,196	1,469
Taxation paid		-	-
Loss on sale of fixed assets		220	-
<b>Net cash flow from operating activities</b>		<u>7,609</u>	<u>4,697</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		1,999	-
Investment income		9	5
Payments made to acquire fixed assets		(2,519)	(9,796)
		<u>(511)</u>	<u>(9,791)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(757)	(979)
Interest element of finance lease rental payments		(74)	(35)
New unsecured loans		-	9,084
New finance lease		602	-
Repayments of amounts borrowed		(3,940)	(579)
Capital element of finance lease rental payments		(160)	(134)
		<u>(4,329)</u>	<u>7,357</u>
<b>increase in cash and cash equivalents in the year</b>		<u><u>2,769</u></u>	<u><u>2,263</u></u>
Cash and cash equivalents at beginning of the year	17	3,293	1,030
Cash and cash equivalents at end of the year	17	6,062	3,293

## **Notes to the Accounts**

### **Statement of accounting policies and estimation techniques**

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 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2016 to 2017* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the college's accounting policies.

### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention, as modified by the use of previous valuations as deemed cost for certain non-current assets at the transition to FRS 102 date.

### **Basis of consolidation**

The consolidated financial statements include the college and its subsidiaries, Barnsley College Development Company Limited and Think Barnsley Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2017.

### **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 currently has £21m of loans outstanding with bankers. In addition, the college has an overdraft facility of £2m which has remained unused. Consideration has been given to the college's latest three year financial plan assumptions and principal risks. The college has considered the impact of sensitivities on cash flows and banking covenants until December 2018 and believes any alternative courses of action would be affordable.

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

### **Recognition of income**

#### **Revenue grant funding**

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accruals model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education 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.

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Support funds were treated as an agency arrangement last year. All support grant allocations and subsequent expenditure has been included in the Statement of Comprehensive income this year. The prior year income and expenditure have not been restated, but amount to £1,341k and £1,201k respectively.



## **Notes to the Accounts (continued)**

Grants (including research grants) from non-government sources are recognised in income when the college is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

### **Capital grant funding**

Government capital grants and any other capital grants are recognised in income when the college is entitled to the funds subject to any performance related conditions being met as permitted by FRS 102.

### **Fee income**

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

### **Investment income**

All income from short-term deposits is credited to the statement of comprehensive income in the period in which it is earned on a receivable basis.

### **Accounting for post-employment benefits**

Post-employment benefits to employees of the college are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

#### **Teachers' Pension Scheme (TPS)**

The TPS is an unfunded scheme. Contributions to the TPS 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 qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

#### **South Yorkshire Local Government Pension Scheme (LGPS)**

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

#### **Short term Employment benefits**

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

#### **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a 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 in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

## **Notes to the Accounts (continued)**

### **Non-current Assets - Tangible fixed assets**

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of fixed assets have different useful lives, they are accounted for as separate items of fixed assets.

### **Land and buildings**

Land and buildings acquired since incorporation are included in the balance sheet at cost or deemed cost on transition. Freehold land is not depreciated as it is considered to have an infinite life. Freehold buildings are depreciated over their expected useful economic life to the college of between 10, 20 and 50 years.

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 income account within creditors, and are released to the income and expenditure account when the performance conditions specified within the capital grant are met.

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.

### **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 2017. 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 after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the college, in which case it is capitalised and depreciated on the relevant basis.

### **Equipment**

Equipment costing less than £1,000 per individual item (£150 in respect of IT equipment) is recognised as expenditure 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 capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- Motor vehicles and general equipment      3 years
- Computer equipment                              3 years
- Furniture and Fittings                            5 to 20 years

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of the fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

### **Borrowing costs**

Borrowing costs are recognised as expenditure in the period in which they are incurred.

### **Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Leasing agreements which transfer to the college substantially all the benefits and risks of ownership of an asset are treated as finance leases.

## **Notes to the Accounts (continued)**

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

### **Investments**

#### **Investments in subsidiaries**

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

#### **Inventories**

Inventories are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

#### **Financial liabilities and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

#### **Taxation**

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

The college is partially exempt in respect of Value Added Tax, so that it can only recover circa 2% of the VAT charged on its inputs. All VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature, with any partial recovery netted off against these figures.

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

#### **Provisions and contingent liabilities**

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.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the college a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the college. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

## **Notes to the Accounts (continued)**

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

### **Key accounting judgements and estimates**

#### **Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, management have made the following judgements:

##### **Leases**

Determine whether leases entered into by the college either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

##### **Impairment**

Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

#### **Other key sources of estimation uncertainty**

##### **Tangible fixed assets**

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

##### **Cost of remedial works**

The cost of remedial works required to the Old Mill Lane building has been estimated and included within provisions.

##### **Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**Notes to the Accounts (continued)**

2 Funding body grants	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency - adult	3,164	3,164	2,825	2,825
Education and Skills Funding Agency – 16-18	22,042	22,042	21,983	21,983
Education and Skills Funding Agency - apprenticeships	4,199	4,199	4,244	4,244
Higher Education Funding Council	547	547	412	412
<b>Specific grants</b>				
Releases of government capital grants	-	-	9,115	9,115
HE grant	-	-	66	66
<b>Total</b>	<b>29,952</b>	<b>29,952</b>	<b>38,645</b>	<b>38,645</b>
3 Tuition fees and education contracts	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	438	438	528	528
Apprenticeship fees and contracts	17	17	-	-
Fees for FE loan supported courses	388	388	340	340
Fees for HE loan supported courses	3,120	3,120	2,863	2,863
International students fees	198	198	207	207
Total tuition fees	4,161	4,161	3,938	3,938
Education contracts	2,390	2,390	2,669	2,584
<b>Total</b>	<b>6,551</b>	<b>6,551</b>	<b>6,607</b>	<b>6,522</b>
4 Other income	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	850	850	542	542
Other income generating activities	248	248	262	262
Farming activities	317	317	324	324
Miscellaneous income	250	177	3,597	1,417
<b>Total</b>	<b>1,665</b>	<b>1,592</b>	<b>4,725</b>	<b>2,545</b>
5 Investment income	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	9	7	5	5
<b>Total</b>	<b>9</b>	<b>7</b>	<b>5</b>	<b>5</b>

**Notes to the Accounts (continued)**

**6 Staff costs**

	2017 Group No.	2017 College No.	2016 Group No.	2016 College No.
Teaching staff	310	310	311	311
Non-teaching staff	369	360	393	379
	<b>679</b>	<b>670</b>	<b>704</b>	<b>690</b>

	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Wages and salaries	18,066	17,989	18,939	18,834
Social security costs	1,482	1,482	1,296	1,292
Other pension costs	3,170	3,170	3,115	3,115
<b>Total Staff costs</b>	<b>22,718</b>	<b>22,641</b>	<b>23,350</b>	<b>23,241</b>

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the college. They encompass the Senior Leadership Team, who through their weekly meetings direct the strategic direction of the college. The key management personnel are listed on page 3. Staff costs include compensation paid to key management personnel for loss of office.

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

	2017 No.	2016 No.
The number of key management personnel including the Accounting Officer was:	9	10

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	2017 No.	2016 No.	2017 No.	2016 No.
£30,001 to £40,000 p.a.	-	1	-	-
£40,001 to £50,000 p.a.	-	1	-	-
£50,001 to £60,000 p.a.	-	-	-	-
£60,001 to £70,000 p.a.	3	3	-	2
£70,001 to £80,000 p.a.	3	2	-	-
£80,001 to £90,000 p.a.	1	1	-	-
£90,001 to £100,000 p.a.	1	1	-	-
£100,001 to £120,000 p.a.	-	-	-	-
£120,001 to £140,000 p.a.	-	-	-	-
£140,001 to £160,000 p.a.	1	1	-	-
	<b>9</b>	<b>10</b>	<b>-</b>	<b>2</b>

**Notes to the Accounts (continued)**

Key management personnel emoluments are made up as follows:

	2017 £'000	2016 £'000
Salaries – gross of salary sacrifice and waived emoluments	759	669
Employers National Insurance	87	78
	<u>846</u>	<u>747</u>
Pension contributions	91	81
<b>Total emoluments</b>	<u><u>937</u></u>	<u><u>828</u></u>

There were no amounts due to key management personnel that were waived in the year or any salary sacrifice arrangements in place.

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

	2017 £'000	2016 £'000
Salary	<u>150</u>	<u>146</u>
Pension contributions	<u>25</u>	<u>21</u>
	<u><u>175</u></u>	<u><u>167</u></u>

**Compensation for loss of office paid to former key management personnel**

	2017 £	2016 £
Compensation paid to the former post-holders	64,807	-

The severance payment to 2 former post holders was approved by the College's Remuneration Committee.

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

**7 Other operating expenses**

	2017 Group £'000	2017 College £'000	2016 Group £'000	2016 College £'000
Teaching costs	2,428	2,428	2,499	2,499
Non-teaching costs	5,536	5,529	5,230	5,108
Premises costs	1,432	1,434	3,854	1,854
<b>Total</b>	<u><u>9,396</u></u>	<u><u>9,391</u></u>	<u><u>11,583</u></u>	<u><u>9,461</u></u>

**Notes to the Accounts (continued)**

Other operating expenses include:	2017 £'000	2016 £'000
Auditors' remuneration:		
Financial statements audit*	26	35
Internal audit**	32	27
Other services provided by the financial statements auditor - taxation compliance	11	14
taxation advisory	13	-
other assurance services	1	1
Hire of assets under operating leases	<u>161</u>	<u>248</u>

\* includes £22,000 in respect of the college (2015/16 £32,000)

\*\* includes £32,000 in respect of the college (2015/16 £27,000)

**8 Interest and other finance costs – Group and College**

	2017 £'000	2016 £'000
On bank loans, overdrafts and other loans	807	979
On finance leases	75	35
Net interest on defined pension liability (note 22)	314	455
<b>Total</b>	<u><b>1,196</b></u>	<u><b>1,469</b></u>

**9 Taxation**

The members do not believe the college was liable for any corporation tax arising out of its activities during either year.

**10 Fixed Assets**

	Freehold Land and buildings £'000	Equipment £'000	Furniture and fittings £'000	Total £'000
<b>Cost or valuation</b>				
At 1 August 2016	100,738	9,435	11,726	121,899
Reclassification of current asset	110	-	-	110
Additions	407	1,819	12	2,238
Disposals	-	(1,835)	(68)	(1,903)
<b>At 31 July 2017</b>	<u><b>101,255</b></u>	<u><b>9,419</b></u>	<u><b>11,670</b></u>	<u><b>122,344</b></u>
<b>Depreciation</b>				
At 1 August 2016	10,107	7,059	3,112	20,278
Charge for the year	2,521	1,576	1,114	5,211
Elimination in respect of disposals	-	(1,407)	(67)	(1,474)
<b>At 31 July 2017</b>	<u><b>12,628</b></u>	<u><b>7,228</b></u>	<u><b>4,159</b></u>	<u><b>24,015</b></u>
<b>Net book value at 31 July 2017</b>	<u><b>88,627</b></u>	<u><b>2,191</b></u>	<u><b>7,511</b></u>	<u><b>98,329</b></u>
Net book value at 31 July 2016	<u>90,631</u>	<u>2,376</u>	<u>8,614</u>	<u>101,621</u>



**Notes to the Accounts (continued)**

The assets held for sale as of 31 July 2016 included 3.31 acres of the college's Honeywell site which was held at a historical cost of £110k. The college decided in 2016/17 not to sell this land.

At 1 August 2014, two buildings were revalued as part of the FRS 102 transition. The buildings included within fixed assets were revalued at £9.2m. Building valuations were carried out by a RICS surveyor and are based on depreciated replacement cost.

If inherited land and buildings had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	<b>£'000</b>
Cost	7,276
Aggregate depreciation based on cost	1,350
<b>Net book value based on cost</b>	<b><u>5,926</u></b>

Land and buildings includes land valued at £1.8m that is not depreciated.

The net book value of equipment includes an amount of £795k (2015/16 – £419k) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £287k (2015/16 – £143k).

**11 Non-current investments**

	<b>College 2017</b>	<b>College 2016</b>
	<b>£</b>	<b>£</b>
Investments in subsidiary companies	100	100
<b>Total</b>	<b><u>100</u></b>	<b><u>100</u></b>

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

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

**12 Trade and other receivables**

	<b>Group 2017</b>	<b>College 2017</b>	<b>Group 2016</b>	<b>College 2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:				
Trade receivables	1,679	1,668	580	564
Prepayments and accrued income	607	607	528	528
Other debtors	532	532	3,495	1,375
Amounts owed by the ESFA	117	114	444	441
<b>Total</b>	<b><u>2,935</u></b>	<b><u>2,921</u></b>	<b><u>5,047</u></b>	<b><u>2,908</u></b>

**Notes to the Accounts (continued)**

**13 Creditors: amounts falling due within one year**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	1,101	1,101	959	959
Other loans	55	55	55	55
Obligations under finance leases	172	172	145	145
Trade payables	575	575	1,189	1,192
Other taxation and social security	492	484	510	505
Accruals and deferred income	3,295	3,291	4,315	4,304
Amounts owed to the ESFA	580	580	189	189
<b>Total</b>	<b>6,270</b>	<b>6,258</b>	<b>7,362</b>	<b>7,349</b>

**14 Creditors: amounts falling due after one year**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans	19,828	19,828	23,855	23,855
Other loan	74	74	129	129
Obligations under finance leases	696	696	281	281
Other creditor	5	5	52	52
<b>Total</b>	<b>20,603</b>	<b>20,603</b>	<b>24,317</b>	<b>24,317</b>

**15 Maturity of debt**

**(a) Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	1,101	1,101	959	959
Between one and two years	1,126	1,126	1,235	1,235
Between two and five years	3,548	3,548	3,781	3,781
In five years or more	15,154	15,154	18,839	18,839
<b>Total</b>	<b>20,929</b>	<b>20,929</b>	<b>24,814</b>	<b>24,814</b>

**Notes to the Accounts (continued)**

The college has loans with Barclays Bank and Santander. The balance of the Barclays loan at 31 July 2017 was £6,530k. The full amount of the loan was £9,000k of which £8,424k attracted interest at a fixed rate of 6.0% per annum and the balance of £576k attracted interest at a floating rate of 1.8% above the bank's base rate. The £9,000k loan is repayable by instalments ending June 2028 and is secured by fixed charge on certain freehold buildings. Following the approval of new debt to finance a new Sixth Form College Barclays Bank increased their margin to 1.8% until July 2016; 1.9% until July 2018 and 2.0% thereafter.

The Santander loans are all unsecured. At year end there was £2,992k outstanding on a fixed term loan at 4.46% until 2029, there was also £7,018k outstanding on a further fixed term loan of which £3,650k is at a fixed interest rate of 4.81% until 2029 the remaining balance is variable at 1.80% above LIBOR until 2029. The repayments on all these loans are quarterly until 2029.

In April 2017 the college's revolving credit facility with Santander converted to a term loan with £4,440k fixed at 4.82%. The balance of this loan at 31 July 2017 was £4,390k. All the loans are subject to covenants.

The college has received three Salix loans for a total of £218k to fund replacement lighting in the college's buildings. At July 2017, the outstanding balance of these loans was £129k.

**(b) Finance leases**

The net finance lease obligations to which the institution is committed are:

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	172	172	170	170
Between two and five years	696	696	508	508
In five years or more	-	-	-	-
<b>Total</b>	<b>868</b>	<b>868</b>	<b>678</b>	<b>678</b>

Finance lease obligations are secured on the assets to which they relate.

**Notes to the Accounts (continued)**

**16 Provision for liabilities and charges**

	Defined benefit obligations	Enhanced pensions	Other	Total
	£'000	£'000	£'000	£'000
At 1 August 2016	12,680	2,197	2,120	16,997
Expenditure in the period	(1,131)	(133)	-	(1,264)
Additions in period	186	19	-	205
<b>At 31 July 2017</b>	<b>11,735</b>	<b>2,083</b>	<b>2,120</b>	<b>15,938</b>

Defined benefit obligations relate to the liabilities under the college's membership of the Local Government pension Scheme. Further details are given in Note 23.

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

The principal assumptions for this calculation are:

	2017	2016
Price inflation	1.00%	1.00%
Discount rate	2.30%	2.30%

Other provisions relate to provisions held by Barnsley College Development Company Limited. It represents an estimate of the cost to the company in fulfilling its obligations under its design and build contract with the college. The works are estimated to take two years to complete.

**Notes to the Accounts (continued)**

**17 Cash and cash equivalents**

	At 1 August 2016	Cash flows	Other changes	At 31 July 2017
	£'000	£'000	£'000	£'000
Cash and cash equivalents	3,293	2,769	-	6,062
<b>Total</b>	<u>3,293</u>	<u>2,769</u>	<u>-</u>	<u>6,062</u>

**18 Capital and other commitments**

	Group and College	
	2017	2016
	£'000	£'000
Commitments contracted for at 31 July	-	185
	<u>-</u>	<u>185</u>

**19 Lease obligations**

At 31 July the college had total minimum lease payments under non-cancellable operating leases as follows:

	Group and College	
	2017	2016
	£'000	£'000
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	119	152
Later than one year and not later than five years	54	54
Later than five years	1,130	1,144
	<u>1,303</u>	<u>1,350</u>
<b>Other</b>		
Not later than one year	4	2
Later than one year and not later than five years	157	252
Later than five years	-	-
	<u>161</u>	<u>254</u>
<b>Total lease payments due</b>	<u>1,464</u>	<u>1,604</u>

**20 Financial assets and liabilities**

	2017	2016
	£'000	£'000
Financial assets measured at amortised cost	8,446	8,253
Financial liabilities measured at amortised cost	26,003	30,570

**Notes to the Accounts (continued)**

Financial assets and liabilities reflect contractual obligations to and from the college that will be settled in cash.

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors and accruals where the liability will be settled in cash.

**21 Events after the reporting period**

The college considers that there are no material events since the reporting date.

**22 Defined benefit obligations**

The college's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by South Yorkshire Pension Fund (SYPF). Both are multi-employer defined-benefit plans.

<b>Total pension cost for the year</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Teachers' Pension Scheme: contributions paid	1,419	1,414
Local Government Pension Scheme:		
Contributions paid	1,131	1,101
FRS 102 (28) charge	601	411
Charge to the Statement of Comprehensive Income	1,732	1,512
Enhanced pension charge to Statement of Comprehensive Income	19	189
<b>Total Pension Cost for Year within staff costs</b>	<b>3,170</b>	<b>3,115</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £278k (2016 £276k) were payable to the schemes 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 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. Retirement and other pension benefits are paid by public funds provided by Parliament.

## **Notes to the Accounts (continued)**

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 are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%)
- 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.

The new employer contribution rate for the TPS was 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 reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,412,000 (2015: £1,414,000).

### **FRS 102 (28)**

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

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

**Notes to the Accounts (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by SYPF. The total contributions made for the year ended 31 July 2017 were £1,548,000, of which employer's contributions totalled £1,131,000 and employees' contributions totalled £417,000. The agreed contribution rates for future years are 11.1% for employers and range from 5.5% to 12.5% for employees, depending on salary.

**Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2017 by a qualified independent actuary.

	At 31 July 2017	At 31 July 2016
Rate of increase in salaries	2.0%	2.0%
Future pensions increases	2.0%	1.7%
Discount rate for scheme liabilities	2.6%	2.6%
Inflation assumption (CPI)	2.0%	1.7%

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

	At 31 July 2017	At 31 July 2016
	years	years
<i>Retiring today</i>		
Males	21.5	21.3
Females	24.6	23.8
<i>Retiring in 20 years</i>		
Males	22.8	22.6
Females	26.1	25.7

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

	Long-term rate of return expected at 31 July 2017	Fair Value at 31 July 2017 £'000	Long-term rate of return expected at 31 July 2016	Fair Value at 31 July 2016 £'000
Equity instruments		26,241		21,968
Debt instruments		8,891		7,975
Property		3,927		4,138
Cash		863		640
Other		3,237		2,897
<b>Total fair value of plan assets</b>		<b>43,159</b>		<b>37,618</b>
<b>Weighted average expected long term rate of return</b>	<b>2.6%</b>		<b>2.6%</b>	
<b>Actual return on plan assets</b>		<b>4,829</b>		<b>4,659</b>



**Notes to the Accounts (continued)**

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

	2017	2016
	£'000	£'000
Fair value of plan assets	43,159	37,618
Present value of plan liabilities	(54,894)	(50,298)
<b>Net pensions (liability)/asset (note 16)</b>	<b>(11,735)</b>	<b>(12,680)</b>

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

	2017	2016
	£'000	£'000
<b>Amounts included in staff costs</b>		
Current service cost	1,705	1,483
<b>Total</b>	<b>1,705</b>	<b>1,483</b>

**Amounts included in investment income**

Net interest cost	314	455
<b>Total</b>	<b>314</b>	<b>455</b>

**Amount recognised in Other Comprehensive Income**

Return on pension plan assets	4,201	3,413
Changes in assumptions underlying the present value of plan liabilities	(2,341)	(2,683)
<b>Amount recognised in Other Comprehensive Income</b>	<b>1,860</b>	<b>730</b>

**Movement in net defined benefit (liability)/asset during year**

	2017	2016
	£'000	£'000
Net defined benefit (liability)/asset in scheme at 1 August	(12,680)	(12,544)
Movement in year:		
Current service cost	(1,705)	(1,483)
Employer contributions	1,131	1,101
Net interest on the defined (liability)/asset	(314)	(455)
Actuarial gain or loss	1,860	730
Administration expenses	(27)	(29)
<b>Net defined benefit (liability)/asset at 31 July</b>	<b>(11,735)</b>	<b>(12,680)</b>

**Notes to the Accounts (continued)**

**Asset and Liability Reconciliation**

	2017 £'000	2016 £'000
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	50,298	45,151
Current service cost	1,705	1,483
Interest cost	1,297	1,701
Contributions by Scheme participants	417	430
Changes in financial assumptions	2,341	2,683
Estimated benefits paid	(1,164)	(1,150)
<b>Defined benefit obligations at end of period</b>	<b>54,894</b>	<b>50,298</b>
<b>Fair value of plan assets at start of period</b>	37,618	32,607
Interest on plan assets	983	1,246
Return on plan assets	4,201	3,413
Employer contributions	1,131	1,101
Contributions by Scheme participants	417	430
Estimated benefits paid	(1,164)	(1,150)
Administration expenses	(27)	(29)
<b>Fair value of plan assets at end of period</b>	<b>43,159</b>	<b>37,618</b>

**Sensitivity analysis**

Disclosure item	Central £'000	+0.1% p.a. discount rate £'000	+0.1% p.a. inflation £'000	+0.1% p.a. pay growth £'000	1 year increase in life expectancy £'000
Liabilities	54,894	53,722	56,092	55,108	55,922
Assets	(43,159)	(43,159)	(43,159)	(43,159)	(43,159)
Deficit/(Surplus)	11,735	10,563	12,933	11,949	12,763
Projected Service Cost for next year	1,904	1,836	1,974	1,904	1,944
Projected Net interest Cost for next year	290	269	321	295	316

## **Notes to the Accounts (continued)**

### **23 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 arms' length and in accordance with the college's financial regulations and normal procurement procedures.

iTrust Barnsley Ltd is a joint venture between Barnsley College and The Barnsley Chronicle. At the year end, there was an amount owing from the college of £250 (2016 £nil).

The total expenses paid to or on behalf of the governors during the year was £1,418; 4 governors (2016: £1,257; 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 (2016: None).

Barnsley College  
PO Box 266  
Church Street, Barnsley  
South Yorkshire S70 2YW  
01226 216 216  
[www.barnsley.ac.uk](http://www.barnsley.ac.uk)

