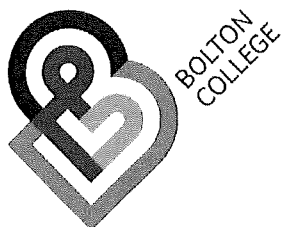


BOLTON COLLEGE
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019

Company Number - 11198091



BOLTON COLLEGE

Report and Financial Statements

Period 8 February 2018 to 31 July 2019

Reference and Administrative Details

College Board

Board Membership is detailed on pages 4 and 16 in the accounts.

Senior Management Team (all from 1 August 2018 unless stated otherwise)

Bill Webster – Principal and Chief Executive (from 12 February 2019)

Mark Burgoyne – Deputy Principal

Garry Westwater – Executive Director of Finance (from 1 September 2018)

Tracey Clarke - Director of Management Information Systems

Joanne Green – Director of Quality

Sharon Marriot – Director of 16-19 Education

Jane Marsh – Director of Human Resources

Karen Westsmith – Director of Adults and HE

Seconded to University of Bolton (from 1 August 2018 until date of secondment)

Carl Hosker – Director of Estates (seconded from 1 October 2018)

Kate Wallace – Director of Apprenticeships and Employer Engagement (seconded from 6 January 2019)

Clerk to the Board

Maxine Bagshaw – Clerk to the Board (from 1 August to 12 December 2018)

William Dawson – Clerk to the Board (11 July 2018 – 1 August 2018)

Fatema Hussein - Clerk to the Board (from 14 January 2019)

Registered Office

Deane Road, Bolton, BL3 5BG

Professional Advisors

Financial Statements Auditors and Reporting Accountants

Scott-Moncrieff

Exchange Place

3 Semple Street

Edinburgh

EH3 8BL

Internal Auditors:

RSM Risk Assurance Services LLP

9th Floor,

3 Hardman Street

Manchester

M3 3HF

Bankers:

National Westminster Bank

Bolton Central Branch

24 Deansgate

Bolton

BL1 1BN

Barclays

3 Hardman Street

1st Floor

Spinningfields

Manchester

M3 3HF

Solicitors:

Mills & Reeves LLP

8th Floor

1 New York Street

Manchester

M1 4AD

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REPORT OF THE GOVERNING BODY

OBJECTIVES AND STRATEGY

The members present their annual report and audited financial statements for the period ended 31st July 2019.

Legal Status

On 1 August 2018, Bolton College merged with the University of Bolton – and Bolton College is a wholly owned subsidiary of the University of Bolton. Bolton College is a Designated Institution in Further Education and a company limited by guarantee (Company Number 11198091) – and under The Further and Higher Education Act 1992, the College remains an exempt charity for the purposes of the Charities Act 2011.

Merger / Basis of Preparation

As part of the Merger process, the former Bolton College was formally dissolved and the assets and liabilities transferred to Bolton College (Limited). Bolton College uses the 'Limited' exemption on that date.

These Financial Statements are therefore the first financial statements of Bolton College and are prepared without comparative figures for 2017/18.

Governing Body Membership

From 1 August 2018, the University of Bolton has nominated 6 Members to the Board of Bolton College and the Vice Chancellor (Ex-Officio) as follows:

From the University of Bolton

Professor George E Holmes – President and Vice Chancellor (Ex-Officio)
Dr. Kondal Reddy Kandadi - Pro-Vice Chancellor (Academic)
Dr. Andrew Roberts – Independent Board Member
Professor M Jennifer Leeming – Independent Board Member (until 3 January 2019)
Professor His Honour William Morris - Deputy Chair of the University Board
Tony Unsworth – Assistant Vice Chancellor (Resources)
Gill Waugh - Head of School for Education and Psychology
Chris Ball – Consultant (from 3 April 2019)

Bolton College Governors agreed that with effect from 1st September 2018, the membership framework of the Board should be as follows:

- The President and Vice Chancellor, University of Bolton (Ex-Officio)
- 6 Members nominated by Bolton College
- 6 Members nominated by the University of Bolton
- The Principal and Chief Executive
- 2 Staff Members
- 2 Student Members

A quorum of 7 Members is required to meet.

REPORT OF THE GOVERNING BODY (continued)

Mission

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

- Bolton College will enable individuals, businesses and communities within Bolton and the region to realise their potential through Education and Training that is inclusive, inspiring, innovative and responsive to their needs.

Public Benefit

Bolton College is an exempt charity under the Part 3 of the Charities Act 2011 and Following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees for the charity, are disclosed on page 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.

Implementation of the College's Strategic Plan

The College Strategic/Operational Plans were developed in by SMT before Board approval in May 2019.

In the current rapidly changing environment, the College has a detailed Strategic Plan details Key Themes (Financial, Quality and Benefits from Merger) into Areas of Focus (see below). The Areas of Focus have Associated Strategic Priorities which inform Annual Operational Objectives and Indicators of Success (KPIs).

Key Theme	Areas of Focus	Associated Strategic Priorities
Financial	Optimise recruitment to deliver to plan. Develop approach to apprenticeships across the Group. Manage costs and efficiencies to protect cash. Compliance with Bank Covenants	Financial sustainability. Responsive to communities
Quality	Maintain / improve satisfaction and achievement. Engage with T-levels and GM Skills Agenda. Develop Learning Environments.	Road to outstanding Digital College
Benefits from Merger	Actively promote progression to the University. Ensure alignment between College & University portfolio of provision.	Optimising opportunities.

Operating Plan 2018-19

In May 2019 a review of progress of the Operating Plan was undertaken with updates notes as on target, ongoing or complete.

Strategic Priority	Annual Operational Objectives
Optimising opportunities across the merged group	<ul style="list-style-type: none"> • Set up a Group Apprenticeships structure: • Develop processes for College Curriculum Review to ensure employer input • Promote communication between all relevant academic and support areas in order to maximize coordination opportunities, ensure appropriate progression and articulation, and optimise attractiveness of the College to the market • Utilise distinctive position in order to maximise bid opportunities (e.g. Mental Health / OfS) • Launch a staff CPD scheme, with embedded learning opportunities for staff to gain high-level qualifications at the University of Bolton • Complete a review of governance and quality assurance reporting, ensuring that levels of oversight and assurance are appropriate
Focusing efforts on the road to outstanding	<ul style="list-style-type: none"> • Continue to operate 3 Learner Satisfaction 'You Said We Did' student forums per annum • Overlay College / University provision with the GM Skills Agenda, in order to inform future development with a flexible and responsive curriculum offer • Monitor and maintain minimum of Good quality for future Ofsted; and Community Learning to achieve a minimum of Good overall within the 18-19 Ofsted inspection
Ensuring financial sustainability	<ul style="list-style-type: none"> • Generate sufficient cash to service borrowing
Becoming a truly 'digital college'	<ul style="list-style-type: none"> • Roll out the implementation of the next stage of the Artificial Intelligence Learning Systems • Undertake JISC Audit Survey (at both College and University) to identify both individual and joint opportunities • Undertake review of curriculum-review and back-office processes to ensure appropriate digital context
Being responsive to the communities we serve in Bolton and the City Region	<ul style="list-style-type: none"> • Successful re-contract with Council for Community Learners for 19-20 within devolved Adult Education Budget • Complete full review of existing delivery locations for Community Learning including quality of estate, mapped against GM areas of priority / deprivation, and linked to local employment key skills requirements • Continue to review and engage with T-levels, including successful implementation of work placements under T-level pilot • Undertake a review of the growth of apprenticeships levy-payer areas

Key Performance Indicators (KPIs)

The Board monitors performance throughout the period against annual targets and plans. During 2018/19 a KPI Dashboard was developed to monitor Income, EBITDA, Cash/Current Ratio, ESFA Financial Health (presently "Good") and bank covenants. Qualitative measures detail Learners' Achievement, Satisfaction and Progress and a Curriculum self-assessment of the College's Ofsted Grades is also reviewed and scrutinised.

Learner Numbers and Funding (Further Education) 2018/19

The College received Education and Skills Funding Agency (ESFA) funding for young people (16-19) at £11.595m. This was a reduction from the previous year due to lower learner volumes in 2017-18. Higher recruitment in year for 2018-19 is reflected in the allocation for 2019-20.

The allocation for Adult Classroom based provision, was increased at several points during the year to incorporate the University AEB contract and to consolidate the growth that had been applied for and achieved in the previous year. Funding for overachievement of the contract value was guaranteed by the ESFA and has also been achieved.

Age Group	Target	Actual	Difference	Percentage of target
16-19 & 19-24 EHCP Learners	2,092	2,210	118	106%
19+ Class-based Funding (incl. Traineeships; ESOL Mandated and ALS and DLS)	£3,709,126	£3,820,000	£110,874	103%
24+ loans	£856,000	£706,446	-£149,554	83%

Table information as at 30th September 2019. Actuals not confirmed until final funding claim based on R14 (17th October 2019)

The College did not achieve its 24+ Loan allocation, however there is scope for growth in the future.

Apprenticeships Success Rates

Achievement rates are key performance indicators that are monitored by the ESFA. Both overall and timely achievement rates increased by 3.4% and 2.8% respectively.

Area	2018/19 Target	2018/19 Outturn
Apprenticeship Framework	69%	67%

Achievement cannot be confirmed until final claim based on R14 (17th October 2019)

The College achieved £1,775,793 (89.5%) of its internal funding target of £1,983,292 for all Apprenticeships.

Staffing

All College teaching staff have maintained a continuing professional development portfolio. 96% hold teaching qualifications and 32% are qualified to post graduate level.

Ofsted

Bolton College is graded Good/Grade 2 in all aspects of delivery by Ofsted, as follows:

The College Nursery was assessed as Good/Grade 2 in May 2019 (previously Grade 3 in October 2018).

The College, along with Bolton Council, was also inspected and Grade 2 was achieved for Adult and Community Learning in January 2019.

The College was last inspected in February 2018 and was assessed as Good. The main grades for the College are as follows:

- | | |
|--|---------|
| • Outcomes for learners | Grade 2 |
| • Quality of Teaching, Learning & Assessment | Grade 2 |
| • Effectiveness of Leadership and management | Grade 2 |

REPORT OF THE GOVERNING BODY (continued)

FINANCIAL POSITION

Financial results

Under challenging circumstances again, the College has achieved a satisfactory financial result.

Our focus and efforts will always be concentrated on our Learners and committing the correct level of resources on academic quality. Bolton College is rated as "Good" by Ofsted.

Income was slightly below expectations due to falls in Apprenticeships and HE Learner numbers.

The College continues to rely significantly on the funding bodies for its principal funding source from recurrent grants. The ESFA provides 81.0% of the College's total income.

The deficit in the period is £5,488k - but crucially this included a loss in respect of Pension Schemes (£3,223k), a loss on the Transfer of Assets (£5,598k) and revaluation of Land and Buildings and the creation of a new Revaluation Reserve of £4,809k.

The College generated an improved net inflow of cash from its operating activities of £2,814k – with cash at the end of the period at £1.25m. The College had long term loan debt of £9.948m as at 31 July 2019.

The College has adopted the accruals method for the reporting of capital grants as a result of which the capital grants now form part of current and long term liabilities. Bolton College had a significant building project which was completed in 2010 and associated capital grant of which £36m is still being amortised over the life of the building.

Treasury Policies and Objectives

Treasury management is the management of the College's cash flows, its banking, money market and leasing transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks. The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Principal. Such arrangements are restricted by limits in the College's Financial Memorandum agreed with the ESFA. All other borrowings require the authorisation of the Board and to comply with the Financial Memorandum.

Taxation

The College is not liable for any Corporation Tax arising from its charitable activities during the period.

Reserves Policy

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures there are adequate reserves to support the College's core activities.

The College reserves include £10k held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at (£10,307k). It is the Board's intention to increase reserves over the life of a new Strategic Plan through the generation of annual operating surpluses

Financial Health

The College's Financial Health is rated by the College and ESFA as "Satisfactory" for 2018/19 – and is forecast to be "Good" in FY 2019/20.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Learner numbers

In Academic Year 18/19, the College delivered courses to 2,210 students aged 16-19 years. This was above the income target and the "lag-funding" system deployed by ESFA and will result in higher grant income for 2019/20. Income for adult learners and Apprenticeships exceeded expectation. The College continues to deliver successfully to increasing numbers of learners with high needs learning difficulties and disabilities.

The funding methodology has been fully embraced and embedded in the courses offered by the College with a much greater emphasis on full-time study programmes which include English and maths.

Adults

Adult funding has reduced for a number of Periods as a result of Government policy and with the devolution of this funding to Greater Manchester from 2019/20, there is uncertainty over how this will develop going forward.

A great deal of emphasis is now placed on income generating provision and full-cost courses which will continue going forward. The College will continue to appraise projects and submit bids to funding agencies that support developmental opportunities for working with adults within the College community.

Curriculum Developments

Bolton College continues to review its curriculum in order to better meet learner needs. This includes creating and maintaining a line of sight from first step programmes through to Higher Education – and this has increased curriculum alignment with the University of Bolton both pre and post-merger.

Many of the College's learners have low levels of prior educational achievement and the College is increasing the range of courses aimed at learners who are returning to education. These include entry level 3, foundation learning and basic skills programmes.

The addition of new vocational foundation level options is a major component in addressing the local not-in-education, employment or training (NEETs) agenda and ensuring that young people are able to prepare themselves for the next stage in their lives.

Because the College responds to the needs of Bolton learners, the College curriculum is weighted towards foundation learning and Level 1 programmes as other post-16 providers in the town focus largely on Level 3 with some Level 2. However, additional curriculum gaps will be identified, developed and delivered in areas of key priorities identified through key economic analysis of Greater Manchester, Bolton and the community. Developments include an emphasis on STEM subject and level 3/4 programmes, consistent with the STEM Centre strategy and building.

Other courses and initiatives prepare learners for University. These include:

- Increased offer for GCSEs in English and Maths;
- Significant HE Access courses for adults;
- Development of Level 4 courses including HNCs and degrees where they clearly fit the needs of our learners and Industry.

With regard to the delivery of Bolton Authority Community Learning, the College has worked with the Council to ensure that, increasingly, courses prepare our most vulnerable learners and citizens for their first or next step towards employment.

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. During the period to 31 July 2019, the College incurred no interest charges in respect of late payment for this period.

Staff and Learner Involvement

The College believes good communication with staff and learners to be of the utmost importance and continues to develop effective communication strategies and tools. The Principal holds termly all staff meetings which have a strategic focus and overview of College performance in addition to covering general College business. The College Management Team (CMT) continues to meet on a regular basis. The College has an embedded electronic form of communication, i.e. the 'weekly stop press' bulletins. These are bulletins aimed at staff and are a vital way of ensuring that all staff have access to the same information and are aware of key College information / notices etc. The 'stop press' newsletter has a focus on learner based news items which are designed to enhance their experience at College and improve communication with Learners.

Learners receive news and communication from their tutors through the online learner portal known as SiD.

The Principal and Director of HR meet formally on a termly basis with the recognised trade unions. In addition, staff are able to elect two staff Governors. Learner representatives are members of the College Board, and a learner forum supported by a sub-forum for each curriculum area.

The Principal, supported by the Senior Management Team, chairs the termly Learner Forum which enables learners to bring issues to the key decision makers in the College. Each Period learners are invited to give feedback to the College through enrolment, induction and learner satisfaction surveys.

Future developments

The College continues to improve efficiency wherever possible, and the College plans where possible to reduce dependency on the ESFA and has pursued European Social Fund (ESF) funded project delivery, growth in apprenticeship provision for young people as well as commercial (full-cost) provision. The campus at Deane Road is complete. The opening of the STEM Centre adjacent to the original building has allowed for expansion of the technical curriculum and increased numbers of learners at Level 3. The availability of capital funding is a requirement for the College to develop further – and the merger with the University of Bolton will ultimately lead to re-design of the curriculum offer to our learners and employers.

Bolton College of Medical Sciences (BCMS)

The most significant estates development since the STEM Centre, is the new Bolton College of Medical Sciences (BCMS). Planning for BCMS was approved in June 2019 – and the College is working closely with partners - and in particular the University of Bolton and Bolton NHS Trust for a new build project in the town. BCMS will be a £30m new build in the grounds of Royal Bolton Hospital, and is scheduled to open for the start of Academic Period 2021/22. The project is part-funded by a £10m grant from the Greater Manchester Combined Authority, and the remaining funding is – at the time of writing – nearly secured for the full build and fit out. The building will host the College's Health provision as well as assist the College – and the wider University of Bolton group - to grow learner numbers from 2021. It is intended to deliver from Levels 2 to 7, and the aspiration is for BCMS to transform both training and employment opportunities in the Healthcare Sector locally in Bolton and Greater Manchester. It will provide training for existing and new staff, giving local people a direct route into healthcare employment and existing staff the opportunity to upskill.

ADA

The College has invested significantly in an in-house development of Ada. A pioneering chatbot – Ada earned a top prize for the most effective use of technology at the AOC Beacon Awards in March 2019. Bolton College is one of the first UK colleges to have introduced a Chatbot which uses artificial intelligence to answer more than 1,000 queries each day from students and staff. Ada has increased learner retention, reduced teacher workload and bureaucracy, increased mental wellbeing and enhanced support for visually impaired students. With ambitions to commercialise Ada – the College has created an Intangible Asset - and signed a NDA with a multi-national PLC to develop and market Ada further within all spheres of Education nationally and internationally.

RESOURCES

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

People

The College employed an average of 449 people (expressed as full time equivalents) at 31 July 2019. Of this number 165 FTE are teaching staff. Staffing agencies are used to supply staff for curriculum delivery where demand does not justify the employment of a permanent full time or fractional member of staff.

Reputation

The College has a good reputation locally and nationally. This is essential for the College's success at attracting learners and employers. The Principal and Senior Management Team actively pursue external relationships which have strategic relevance. The Principal is strategic lead for the Bolton Skills Strategy and has been Chair of the Greater Manchester Colleges' Group.

Financial

The College has £54.695m of fixed assets, provisions of £13.955m and loan debt of £9.948m.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has undertaken further work during the Period to develop and embed 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 plan, the Senior Management Team undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent Period's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Senior Management Team will also consider any risks which may arise as a result of a new area of work being undertaken by the College. The College's Senior Management Team review risk at every meeting thereof, identifying any new risks – consequently a Risk Register is maintained at College level. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. The College's Risk Register and Risk Management Action Plan, identifies sub groups and College committees responsible for maintaining, monitoring and controlling each risk. Each Period, all such groups or committees review and reassess their relevant risks, which informs the report to the College's Audit Committee.

Government Funding

The College is heavily reliant on Government funding through the ESFA and Office for Students. 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. However, there is tangible hope of increases in funding from 2020/21.

The College is acutely aware of several issues which may impact on future funding – particularly Apprenticeships funding and the devolution of the Adult Education Budget – which commences for 2019/20.

The College, in conjunction with its key stakeholders, is developing a strategy for growth in response to the devolution agenda and to the apprenticeships reform. It is recognised that the introduction of the apprenticeship levy will significantly affect that marketplace though the full implications are not yet known as government policy continues to develop.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- Merger with the University of Bolton
- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships and dialogue with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.

Tuition fee policy

Post-Merger with the University of Bolton, the College agrees fee levels with the University going forward.

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. This risk is mitigated by an agreed deficit recovery payment plan with the Greater Manchester Local Government Pension Scheme. Under the definitions set out in FRS 102 (28.11), the Teachers' Pension Scheme (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.

Failure to maintain the financial viability of the College

The College's current financial health grade is classified as "Satisfactory". This is largely the consequence of a low level of surplus/cash generation and the burden of loan facilities. Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on FE funding arising from the ongoing cuts to public sector funding whilst maintaining the student experience. Risk is mitigated in a number of ways:

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

STAKEHOLDER RELATIONSHIPS

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

- Learners;
- Education sector funding bodies;
- FE Commissioner
- Staff;
- Schools and parents;
- Local and regional employers and employer organisations;
- Bolton Council;
- Greater Manchester Combined Authority;
- Bolton Sixth Form College, the University of Bolton and regional HEI's;
- The local community and voluntary sector organisations;
- Trade unions; and
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through active involvement in key fora and events, through meetings and through the College website.

Equality

Bolton College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equality Policy is published on the College's Intranet site. The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis. A single Equality action plan is published each Period and monitored by members of the Equality and Diversity Committee, Managers and the Board.

Disability Statement

The College seeks to achieve the objectives set down in the Equality Act 2016, and the College has had to ensure it has met its obligations to make reasonable adjustments to goods and services for current or potential learners with disabilities:-

- *The College's main campus is fully compliant with equality legislation with specific regards to access requirement. This has included a full DDA access audit from a qualified access consultant using Part M of the Building Regulations and BS8300 as the design standard. Disabled Go (which the College subscribes to) has also undertaken a survey to record the facilities the building offers which are published via their website.*
- *the College's Head of Learner Support, provides information, advice and arranges support where necessary for learners with disabilities;*
- *there is a range of specialist equipment, such as portable loops and Touch Typing Reading and Spelling (TTRS), which the College can make available for use by learners;*
- *the College has enhanced the size of the staff team who support learners with disabilities as to continue to develop the range and scope of support the College can offer;*
- *the staff corporate induction and wider staff development programme is in place which outlines the College's continuing commitment to current equalities legislation;*
- *there is a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities;*
- *specialist courses are available to meet a variety of learners' needs; there is a large team of specialist support tutors, signers and classroom assistants who ensure learners with disabilities or difficulties are not treated less favourably than a non-disabled learner;*
- *counselling and welfare services are described in the College Charter, which is issued to learners together with the Complaints and Disciplinary Procedure leaflets at induction;*
- *the College is assessed on an annual basis by Job Centre Plus as part of its Disability Confident scheme, this is ensure that the College is committed to being "positive about disabled people" and as such is entitled to use the "disability confident employer" symbol;*
- *the Director of HR, working with the HR team and College managers provides advice and support to staff who become disabled through working closely with organisations such as Access to Work.*
- *the College has developed a Single Equality Scheme. The Scheme describes in a single document how the College will fulfil its statutory duties to promote and foster equality of opportunity and avoid discrimination, demonstrate its commitment to placing the promotion and fostering of equality and diversity at the centre of every aspect of the College's work;*
- *the College was noted to be a "welcoming place in which to study and work, Leaders have embedded equality of opportunity extremely well throughout the College community, staff and learners reflect well the diverse cultural heritage of the local community" (Ofsted - February 2018).*

Disclosure of information to auditors

The members of the Board 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 of the Board 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 the Board of Bolton College on 6th November 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A Roberts', written in a cursive style.

**Dr. A Roberts
Chair of the Board**

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 8th February to 31st July 2019 and up to the date of the approval of the report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with seven principles identified by the Committee on standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in the Code of Good for Governance English Colleges ("the Code");
- iii. having due regard to the UK Corporate Governance Code 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 Board has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with all the provisions of the Code in so far as they apply to the Further Education Sector, and it has complied throughout the period ended 31st July 2019.

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 for Governance English Colleges issued by the Association of Colleges in March 2015, which it formally adopted in July 2015 and the Accountability annex to the foundation code that was issued in March 2013 and adopted by the College in July 2014.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Board - who are also the Trustees for the purposes of the charities Act 2011 - can 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.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (Continued)

The Board

Membership and members' respective Board and sub-committee attendance for the period was as follows:

Member	Date Appointed	Office Term	Date Resigned	Status of Appointment	Committees Served and Attendance	Board Attendance %
Mr. Chris Ball	03/04/2019	4 Years		Member	Audit – 100%	50%
Mrs G. Brennan	01/09/2018	4 Years		Member	Audit – 66%	80%
Mrs M. Edwards	21/03/2018	4 Years	01/07/2019	Staff Member		60%
Mr A. Fawcett (Vice Chair)	01/09/2018	4 Years		Member	Chair of Audit – 100% Search & Governance – 100% Standards & Performance – 75%	100%
Mrs K. Flood	01/09/2018	4 Years		Member	Standards & Performance – 75%	100%
Mr D. Haslam	21/03/2018	2 Years		Staff Member	Standards & Performance – 50%	80%
Dr K. Kandadi	01/10/2018	4 Years		Member nominated by University of Bolton		100%
Mr. L. Jones	03/04/2019			Student Member		100%
Mrs S. Lomax	01/09/2018	4 Years		Member	Standards & Performance – 100%	80%
Ms S. Nixon	01/09/2018	4 Years		Member	Audit – 66%	40%
Mr R. Peet	01/09/2018	4 Years		Member	Search & Governance – 50%	60%
Dr A. Roberts (Chair)	01/09/2018	4 Years		Member nominated by University of Bolton	Search & Governance – 100% Finance & Resources – 100%	100%
Mr W. Webster	12/02/2019			Principal/Chief Executive	Search & Governance – 100% Standards & Performance – 100% Finance & Resources – 100%	100%
Miss W. Scarle	21/03/2018		01/07/2019	Student Member		60%
Prof G. Holmes	01/09/2018	Ex-Officio		Member nominated by University of Bolton	Finance & Resources – 33%	80%
Prof J. Leeming	01/09/2018	4 Years	03/01/2019	Member nominated by University of Bolton	Audit – 100%	50%
Prof W. Morris	01/09/2018	4 Years		Member nominated by University of Bolton		80%
Mr T. Unsworth	01/09/2018	4 Years		Member nominated by University of Bolton	Finance & Resources – 66%	60%
Mrs G. Waugh	01/09/2018	4 Years		Member nominated by University of Bolton	Standards & Performance – 0%	100%
Average attendance						81%
Ms M. Bagshaw was Clerk to the Board until 12 December 2018. Mrs F. Hussein is Clerk to the Board with effect from 14 January 2019.						

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The Board (continued)

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

The Board 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 Board normally meets four times per Period.

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

Bolton College,
Deane Road Campus,
Deane Road
Bolton,
BL3 5BG

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

All Governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Board, 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 Board 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 Board has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Board 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 of the Board and Principal are separate.

Appointments to the Board

Any new appointments to the Board are a matter for the consideration of the Board as a whole. The Board has a Search & Governance Committee comprising the Chair, the Principal and two other Governors, which is responsible for the selection and nomination of any new member for the Board's consideration. The Board is responsible for ensuring that appropriate training is provided as required.

Members of the Board are appointed for a term of office not exceeding 4 Periods.

Board Performance

There is an annual schedule of meetings during the Period and all meetings were quorate. The annual schedule of meetings covers all statutory requirements. An annual skills audit seeks to maintain the balance of skills, experience and expertise of Governors and Governors make an annual declaration of the eligibility to serve as governors and complete an annual register of interest. There is a standing item on all agendas covering declarations of interest. Progress on implementation of actions from each meeting is reported and monitored at subsequent meetings. The Board also undertakes an annual self-assessment review.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Remuneration Committee

Throughout the period ended 31 July 2019, the College's Remuneration Committee comprised the Chair, the Vice Chair and two other members. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal, other senior post-holders and the Clerk.

Details of remuneration for the period ended 31 July 2019 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises four members of the Board (excluding the Chair, the Principal and members of the Resources) – one of whom is a finance/audit specialist. The Committee operates in accordance with written terms of reference approved by the Board and based on the Post 16 Audit Code of Practice.

The Audit Committee meets 3 times per Period 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 review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report 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 Board on the appointment of internal, regularity and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Board.

Internal Control

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bolton College for the period ended 31 July 2019 and at the legacy College up to the date of approval of the annual reports and accounts in the new designated institute.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Capacity to handle risk

The Board 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 Board 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 ended 31 July 2019 and at the legacy College up to the date of approval of the annual reports and accounts in the new designated institute. This process is regularly reviewed by the Board.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board;
- regular reviews by the Board 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; and
- the adoption of formal project management disciplines, where appropriate.

The College employs internal audit service providers, which operate in accordance with the ESFA's 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 Board on the recommendation of the Audit Committee. At minimum annually, the internal audit service providers supply the Board with a report on internal audit activity in the College. The report includes their 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. The Principal's 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; and
- comments made by the College's financial statements auditors and the regularity auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses to 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 Audit

BOLTON COLLEGE
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

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 Board 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 November 2018 meeting the Board carried out the annual assessment for the period ended 31st July 2019 by considering documentation from the senior management team and internal audit, taking account of events since 31 July 2019.

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

Approved by order of the members of the Board of Bolton College on 6th November 2019 and signed on its behalf by:



Dr A Roberts
Chair of the Board



Mr W Webster
Accounting Officer

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

We confirm on behalf of the Board, 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 terms and conditions of funding under the College's grant funding agreement and contracts with ESFA.

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



Dr A Roberts
Chair of the Board

Date: 6th November 2019



Mr W Webster
Accounting Officer

Date: 6th November 2019

STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE BOARD

The members of the Board, as charity trustees, are required to present audited financial statements for each financial period.

Within the terms and conditions of the college's grant funding agreements and contracts with ESFA, the Board – through its accounting officer – is required to prepare financial statements and an operating and financial review for each financial period in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the college and its surplus / deficit of income over expenditure for that period.

In preparing the financial statements, the Board 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; and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the college will continue in operation.

The Board is also required to prepare a Report of the Governing Body which describes what it is seeking to do and how it is going about it, including the legal and administrative status of the College.

The Board 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 including the Further and Higher Education Act 1992 and Charities Act 2011, and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the College website. 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 other jurisdictions.

Members of the Board are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA are used only in accordance with the grant funding agreement and contracts with ESFA and any other conditions that may be prescribed from time to time. Members of the Board must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Board 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 funding bodies are not put at risk.

Approved by order of the members of the Board of Bolton College on 6th November 2019 and signed on its behalf by:



Dr A Roberts
Chair of the Board

Opinion

We have audited the financial statements of Bolton College Limited, a Designated Institution under the Further and Higher Education Act 1992, for the period ended 31 July 2019, which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows, and the 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 College's affairs as at 31 July 2019 and of its results for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting for Further and Higher Education (2015); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 audit opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Governing Body (incorporating the Strategic Report) for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Governing Body (incorporating the Strategic Report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governing Body (incorporating the Strategic Report).

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

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

Responsibilities of the Board of the Designated Institution

As explained more fully in the Board of the Designated Institution' Responsibilities Statement on page 23, the Board of the Designated Institution are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of the Designated Institution 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 Board of the Designated Institution are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of the Designated Institution either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our 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 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. The description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Board of the Designated Institution, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Board of the Designated Institution, as a body, those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Designated Institution and the Board of the Designated Institution, as a body, for our audit work, for this report, or for the opinions we have formed.



Nick Bennett (Senior Statutory Auditor)
for and on behalf of
Scott Moncrieff, Statutory Auditor
Exchange Place
3 Semple Street
Edinburgh
EH3 8BL

Date: 7th November 2019

Reporting accountant's assurance report on regularity

To the Board of Bolton College, a Designated Institution in Further Education (Company number 1198091) ("the Designated Institute") and Secretary of State for Education acting through the Department for Education and Skills Funding Agency ("ESFA")

In accordance with the terms of our engagement letter dated 9 October 2019 and further to the requirements of funding in ESFA's grant funding agreements and contracts we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that, in all material respects, the expenditure disbursed and income received by Bolton College (Until 1 August 2018 a College Corporation, incorporated under the Further and Higher Education Act 1992 (the Legacy College)) during the period 1 August 2018 to 31 July 2019 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 ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the ESFA has other assurance arrangements in place.

This report is made solely to the Board of the Designated Institute, as a body, and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Board of the Designated Institute and ESFA 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 Board of the Designated Institute, as a body, and ESFA, as a body, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Board of the Designated Institute and the reporting accountant

The Board of the Designated Institute 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 2018 to 31 July 2019 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 ESFA. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the Legacy 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 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Scott Moncrieff, Statutory Auditor
Exchange Place
3 Sempie Street
Edinburgh
EH3 8BL

7 November 2019

Bolton College
Statement of Comprehensive Income

	Notes	Period ended 31 July 2019
		£'000
INCOME		
Funding body grants	2	20,676
Tuition fees and education contracts	3	4,036
Other grants and contracts	4	8
Other income	5	816
Endowment and investment income	6	4
Total income		25,540
EXPENDITURE		
Staff costs	7	18,411
Other operating expenses	8	5,014
Impairment charge in respect of Land and Buildings	12	382
Depreciation	12	2,023
Interest and other finance costs	9	1,177
Total expenditure		27,007
Deficit before other gains and losses		(1,467)
Loss on disposal of assets		(9)
Loss on transfer of assets	1	(5,598)
Deficit before tax		(7,074)
Taxation	10	-
(Deficit) for the period		(7,074)
Actuarial (loss)/gain in respect of pensions schemes	25	(3,223)
Revaluation Reserve comprehensive income for the period		4,809
Total Comprehensive Income for the period		(5,488)

The accompanying notes form part of the financial statements

Bolton College
Statement of Changes in Reserves

	Income and Expenditure Account £'000	Trust Fund Reserve £'000	Revaluation Reserve	Total £'000
Balance at 8th February 2018	-	-	-	-
Deficit from the income and expenditure account	(7,084)	10		(7,074)
Other comprehensive income	1,586	-		1,586
Transfers between revaluation and income and expenditure reserves	(4,809)	-	4,809	-
Total Comprehensive Income for the period	(10,307)	10	4,809	(5,488)
Balance at 31st July 2019	(10,307)	10	4,809	(5,488)

The accompanying notes form part of the financial statements

Bolton College
Balance Sheet as at 31 July
Company Number - 11198091

	Notes	2019 £'000
Fixed Assets		
Intangible assets	11	152
Tangible fixed assets	12	54,543
		<u>54,695</u>
Current Assets		
Stocks		21
Trade and other receivables	13	1,911
Investments	14	1
Cash and cash equivalents	20	1,250
		<u>3,183</u>
Less: Creditors – amounts falling due within one year	15	(3,830)
Net Current Liabilities		<u>(647)</u>
Total Assets less Current Liabilities		<u>54,048</u>
Less: Creditors – amounts falling due after more than one year	16	(45,581)
Provisions		
Defined benefit obligations	25	(11,077)
Other provisions	19	(2,878)
Total Net Liabilities		<u>(5,488)</u>
Unrestricted Reserves		
Income and expenditure account		(10,307)
Restricted Reserve		
Trust fund reserve		10
Revaluation reserve	22	4,809
		<u>(5,488)</u>

The accompanying notes form part of the financial statements

The financial statements on pages 27 to 52 were approved and authorised for issue by the Board on 6th November 2019 and were signed on its behalf on that date by:



Dr A Roberts
Chair of the Board



Mr W Webster
Accounting Officer
Principal and Chief Executive

Bolton College
Statement of Cash Flows

	Notes	2019 £'000
Cash inflow from operating activities		
Deficit for the period		(7,074)
Adjustment for non cash items		
Depreciation		2,023
Impairment of assets		382
Decrease/(increase) in stocks		8
(Increase) in debtors		150
(Decrease)/increase in creditors due within one year		(37,784)
Increase/(decrease) in creditors due after one year		36,025
Increase/(decrease) in provisions		121
Pensions costs less contributions payable		1,206
Adjustment for investing or financing activities		
Investment income		(4)
Interest payable		656
Loss on sale of fixed assets		9
Loss on transfer of assets		7,096
Net cash flow from operating activities		2,814
Cash flows from investing activities		
Proceeds from sale of fixed assets		3
Investment income		4
Payments made to acquire fixed assets		(541)
		(534)
Cash flows from financing activities		
Interest paid		(656)
Repayments of amounts borrowed		(374)
Repayments of amounts borrowed		(1,030)
Increase in cash and cash equivalents in the period		1,250
Cash and cash equivalents at end of the period	20	1,250

1. Accounting Policies

Statement of Accounting Policies

The following accounting policies have been applied consistently, in so far as applicable given the basis of preparation adopted, in dealing with items which are considered material in relation to the financial statements.

Legal Status

On 1 August 2018, Bolton College merged with the University of Bolton – and Bolton College is a wholly owned subsidiary of the University of Bolton. Bolton College is a Designated Institution in Further Education and a company limited by guarantee (Company Number 11198091) registered in England and under The Further and Higher Education Act 1992, the College is an exempt charity for the purposes of the Charities Act.

Basis of Preparation

As part of the Merger process, the former Bolton College was formally dissolved and the assets and liabilities transferred to Bolton College (Limited). Bolton College uses the 'Limited' exemption on that date.

The assets and liabilities were transferred to Bolton College at their book value and a loss of £5,598k was posted to the Statement of Consolidated Income to recognise the transfer.

These Financial Statements are therefore the first financial statements of Bolton College and are prepared without comparative figures for 2017/18. The reporting period covers incorporation on 8 February 2018 to 31 July 2019 to be coterminous with the University of Bolton.

These financial statements have been prepared in accordance with *the Statement of Recommended Practice: Accounting in Further and Higher Education 2015* (the 2015 FE HE SORP), *the Accounts Direction for the 2016 to 2017 financial statements* and in accordance with Financial Reporting Standard 102 "*The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland*" (FRS102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

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

The financial statements are prepared in £ sterling.

The financial statements are prepared in accordance with the historical cost convention.

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

The College primarily meets its day to day working capital requirements through grant funding receivable from the ESFA, along with long-term debt from Barclays Bank plc. The College has a long term loan outstanding of £9.948m with bankers on revised terms from 1 August 2018. Presently the terms are until repayment in 2035.

1. Accounting Policies (continued)

Recognition of Income

Revenue Grant Funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual 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. 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 are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any related conditions being met.

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 income and expenditure account in the period in which it is earned on a receivable basis.

Post-Retirement 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

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.

Greater Manchester 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.

1. Accounting Policies (continued)

Short term Employment Benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Intangible Assets

Intangible assets are initially recognised at cost and amortise over useful economic life of no more than 3 years. Adjustments may be made to the asset value should a business combination occur. At each reporting date the College will assess whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount. If such indication exists, an impairment loss will be recognised.

Tangible Fixed Assets

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

Land and Buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to fair value. As a subsidiary of the University of Bolton, Bolton College has a policy aligned to the University to ensure a full revaluation takes place at least every 5 years such that the fair value is not materially different to the current value. Depreciation and impairment losses are subsequently charged on the revalued amount. Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College. Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected economic life to the College of up to 50 years. No depreciation is charged on assets in the course of construction.

Equipment

Equipment costing less than £500 per individual item, £250 in the case of IT related equipment, is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

All assets are depreciated over their useful economic life as follows:

- | | | |
|--|---|------------------------|
| • Furniture and fittings | - | between 5 and 10 years |
| • Motor vehicles and general equipment | - | between 3 and 10 years |
| • Computer equipment | - | between 3 and 10 years |

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

1. Accounting Policies (continued)

Borrowing Costs

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

Financial Instruments

Financial instruments are recognised in the Balance Sheet and are classified as 'basic' in accordance with Chapter 11 of FRS102. All of the College's financial instruments are initially measured at transaction price.

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. Any lease premiums or incentives are spread over the minimum lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

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.

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 stocks.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all the resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable 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. Since Merger, the College has been in a VAT Group with the University of Bolton.

Cash and Cash Equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

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

1. Accounting Policies (continued)

Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds and advanced learner loan bursary. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether there are indicators of impairment of the College's tangible assets. 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

- *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 24 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 2019. 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.

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019 (continued)****2 Funding body grants**

	Period ended 31 July 2019 £'000
Recurrent grants	
Education and Skills Funding Agency - adult	5,473
Education and Skills Funding Agency – 16-19	11,195
Education and Skills Funding Agency - apprenticeships	1,807
Higher Education Funding Council	78
Special Grants	
Education and Skills Funding Agency	870
Releases of government capital grants	<u>1,253</u>
Total	<u><u>20,676</u></u>

3 Tuition fees and education contracts

	Period ended 31 July 2019 £'000
Adult education fees	1,198
Apprenticeship fees and contracts	42
Fees for FE loan supported courses	777
Fees for HE loan supported courses	<u>496</u>
Total tuition fees	<u>2,513</u>
Education contracts	<u>1,523</u>
Total	<u><u>4,036</u></u>

4 Other grants and contracts

	Period ended 31 July 2019 £'000
Other grants and contracts	<u>8</u>
Total	<u><u>8</u></u>

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019 (continued)****5 Other income**

Period ended
31 July 2019
£'000

Catering and residences	5
Other income generating activities	59
Other grant income	381
Miscellaneous income	371
	<hr/>
Total	816
	<hr/>

6 Investment income

Period ended
31 July 2019
£'000

Other interest receivable	4
	<hr/>

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019 (continued)****7 Staff costs - College**

The average number of persons (including key management personnel) employed by the College during the period, described as full-time equivalents, was:

	2019
	No.
Teaching staff	165
Non teaching staff	284
	<u>449</u>
Staff costs for the above persons	
	2019
	£'000
Wages and salaries	12,172
Social security costs	1,026
Other pension costs	2,813
	<u>16,011</u>
Payroll sub total	16,011
Contracted out staffing services	2,397
	<u>18,408</u>
Restructuring costs - non contractual	3
	<u>18,411</u>

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Senior Management Team which comprises the Principal, Deputy Principal and Directors of Curriculum and Support Services of the College. There was no compensation paid to key management personnel for loss of office.

Emoluments of key management personnel, accounting officer and other higher paid staff:

2019
No
<u>10</u>

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019 (continued)****7 Staff costs - College (continued)**

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions but including benefits in kind, on a headcount basis, in the following ranges was:

	Key management personnel 2019 No.
£10,001 to £15,000	1
£20,001 to £25,000	1
£55,001 to £60,000	5
£80,001 to £85,000	1
£90,001 to £95,000	1
£130,001 to £135,000	1
	<u>10</u>

No other staff other than key management personnel earn remuneration greater than £50,000

Key management personnel compensation is made up as follows:

	2019 £'000
Salaries	644
Employers National Insurance	78
Benefits in kind	-
	<u>722</u>
Pension contributions	<u>109</u>
Total emoluments	<u>831</u>

Included within Salaries is £9,538 paid to interim key management personnel through personal service companies. There were no amounts due to key management personnel that were waived in the period, nor any salary sacrifice arrangements in place.

The above compensation includes amounts payable to the two Senior Postholders.

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019 (continued)****7 Staff costs - College (continued)****Senior Post-holders Remuneration**

The Remuneration Committee of the Board considers the remuneration of the Senior Post-holders to be value and linked to the individuals' performance. Remuneration for the Senior Post-holders is considered to be in keeping with local and national benchmarks for the similar posts in the College Sector.

	2019
	£'000
Salaries - W. Webster	135
Salaries - M. Burgoyne	92
Benefits in kind - W. Webster	-
Benefits in kind - M. Burgoyne	-
	<hr/>
	227
	<hr/>
Pension Contributions - W.Webster	24
Pension Contributions - M. Burgoyne	15
	<hr/>
	39
	<hr/>

The members of the Board - 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.

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple

	2019
	£'000
Principal and CEO's total remuneration as a multiple of the median of all staff	5.1
Principal's basic salary as a multiple of the median of all staff	4.5

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019 (continued)****8 Other operating expenses****Period ended
31 July 2019**

	£'000
Teaching costs	653
Non teaching costs	3,152
Premises costs	1,209
	<u>5,014</u>

**Period ended
31 July 2019****Other operating expenses include:****£'000**

Auditors' remuneration:	
Financial statements audit	30
Other Services from external auditors:	
All other assurance services	-
Internal audit	20
Other services provided by the financial statements auditors	1
Other services provided by the internal auditors	-
Losses on disposal of tangible fixed assets (where not material)	-
Hire of assets under operating leases	76

9 Interest payable**2019
£'000**

On bank loans, overdrafts and other loans:	656
	<u>656</u>
Bank Loan Diligence and Novation Charges	-
Interest on enhanced pension provision (note 19)	321
Pension finance costs (note 25)	200
	<u>1,177</u>
Total	<u>1,177</u>

10 Taxation**2019
£'000**

United Kingdom Corporation Tax	<u>-</u>
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The College is an exempt charity and therefore outside the scope of corporation tax on its charitable activities.

11 Intangible Fixed Assets

The College has created an Intangible Asset - having significantly invested in the development of a pioneering chatbot called Ada. With ambitions to commercialise Ada, the College has signed a NDA with a multi-national PLC to develop and market Ada further within all spheres of Education nationally and internationally. Ada earned a top prize for the most effective use of technology at the AOC Beacon Awards in March 2019. Bolton College is one of the first UK colleges to have introduced a Chatbot which uses artificial intelligence to answer more than 1,000 queries each day from students and staff. Ada has increased learner retention, reduced teacher workload and bureaucracy, increased mental wellbeing and enhanced support for visually impaired students.

Bolton College

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019 (continued)

12 Tangible fixed assets

	Land and buildings Freehold	Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 8 February 2018	-	-	-
Additions	49,405	2,745	52,150
Revaluation adjustment	3,343	-	3,343
Disposals	-	(12)	(12)
At 31 July 2019	52,748	2,733	55,481
Depreciation and impairment			
At 8 February 2018	-	-	-
Charge for the year	1,798	225	2,023
Elimination in respect of disposals	-	(1)	(1)
Revaluation adjustment	(1,084)	-	(1,084)
At 31 July 2019	714	224	938
Net book value at 31 July 2019	52,034	2,509	54,543
Net book value at 31 July 2018	0	0	0

Tangible Assets were revalued as at 31 July 2019 - with Land valued at £1,640k and Buildings at £48,840k. The net impairment charged to the Statement of Comprehensive Income is £382k and net surplus on revaluation charged to Other Comprehensive Income of £4,809k. The valuation was carried out by M J Scholey, BSc MRICS on 8th July 2019.

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019 (continued)****13 Trade and other receivables**

	Period ended 31 July 2019 £'000
Amounts falling due within one year:	
Trade receivables	970
Prepayments and accrued income	445
Other debtors	3
Amounts owed by the ESFA	190
Amounts owed by University of Bolton	303
Total	<u>1,911</u>
Amounts falling due after one year:	
Other debtors	-
Total	<u>1,911</u>

14 Current investments

	Period ended 31 July 2019 £'000
Trust Fund Investments	<u>1</u>

Trust fund investments relate to investments held in trust to provide annual prizes for students.

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019 (continued)****15 Creditors: amounts falling due within one year**

	2019 £'000
Bank loans and overdrafts	391
Trade payables	775
Other taxation and social security	248
Accruals and deferred income	978
Deferred income - government capital grants	1,252
Amounts owed to University of Bolton	186
Total	<u>3,830</u>

16 Creditors: amounts falling due after one year

	2019 £'000
Bank loans (note 18)	9,556
Deferred income - government capital grants	36,025
Total	<u>45,581</u>

17 Financial Assets and Liabilities

	2019 £'000
Financial Assets measured at amortised cost	<u>2,717</u>
Financial Liabilities measured at amortised cost	<u>11,886</u>

Financial assets measured at amortised costs comprise cash and cash equivalents and trade receivables, other debtors and amounts due from the ESFA

Financial liabilities measured at amortised cost comprise bank loans, trade and other creditors, accruals and amounts due to the ESFA

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019 (continued)****18 Maturity of debt****Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	Period ended 31 July 2019
	£'000
In one year or less	391
Between one and two years	415
Between two and five years	1,376
In five years or more	7,766
Total	<u>9,948</u>

The College had a secured facility with Barclays to finance the Deane Road campus building. This was a long term facility of £12.651m. As a result of the merger with the University of Bolton, the College and Barclays Bank agreed to a novation of the loan. The terms and covenants have therefore been revised from 1 August 2018 - and the University of Bolton has provided a parental guarantee on the new loan. The outstanding loan of £9,948k will be repaid by 2035.

Bolton College

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019 (continued)

19 Provisions

	Enhanced pensions	Other	Total
	£'000	£'000	£'000
At 8 February 2018	-	-	-
Expenditure in the period	2,557		2,557
Transferred from income and expenditure	321		321
At 31 July 2019	<u>2,878</u>	<u>-</u>	<u>2,878</u>

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:

	2019
Price inflation	2.20%
Discount rate	2.00%

20 Cash and cash equivalents

	At 8 February 2018	Cash flows	Other changes	At 31 July 2019
	£'000	£'000	£'000	£'000
Cash and cash equivalents	-	1,250	-	1,250
Overdrafts	-	-	-	-
Total	<u>-</u>	<u>1,250</u>	<u>-</u>	<u>1,250</u>

21 Capital commitments

	2019 £'000
Commitments contracted for at 31 July	<u>-</u>

Bolton College

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019 (continued)

22 Lease Obligations

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

	2019
	£'000
Not later than one year	87
Later than one year and not later than five years	102
Later than five years	-
	<u>189</u>

23 Contingent liabilities

The College has no contingent liabilities that need to be disclosed.

24 Events after the reporting period

In October 2018, the High Court ruled that Guaranteed Minimum Pension (GMP) benefits must be equalised and that defined benefit pension schemes must compensate members for differences attributable to GMPs. This could result in an additional liability being recognised in respect of the LGPS. This is considered to be a non-adjusting post balance sheet event. The financial effect of this cannot be reliably estimated at this stage.

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019 (continued)****25 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 Greater Manchester Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Tameside Metropolitan Borough Council. Both are multi-employer defined-benefit plans.

Total pension cost for the period		2019
		£'000
Teachers Pension Scheme: contributions paid		822
Contributions paid	1,179	
FRS 102 (28) charge	<u>1,006</u>	
Charge to the Statement of Comprehensive Income		2,185
Enhanced pension charge to Statement of Comprehensive Income		-
Total Pension Cost for Period		<u>3,007</u>

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 2013.

Contributions amounting to £Nil were payable to the scheme and are included in creditors.

Teachers' Pension Scheme

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

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.

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.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) on 5 March 2019. The key results of the valuation are:

- New employer contribution rates were set at 23.68% of pensionable pay (including administration fees of 0.08%) - up from 16.48%;
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218.1 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196.1 billion giving a notional past service deficit of £22.0 billion;
- the rate of real earnings growth is assumed to be 2.2% above CPI. The assumed nominal rate of return is 4.45% (March 2012 - 5.06%)

The new employer contribution rate for the TPS was implemented on 1 September 2019. The cost for 2019/20 has been met by the DfE - with the Colleges receiving an ESFA grant to cover the cost. The Government has subsequently agreed to continue this grant support for 2020/21 also. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the period amounted to £822k

Bolton College

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019 (continued)

25 Defined benefit obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Tameside Metropolitan Borough Council. The total contribution made for the period ended 31 July 2019 was £1,485,000 of which employer's contributions totalled £1,179,000 and employees' contributions totalled £306,000. The agreed contribution rates for future years are 18% for employers and range from 5.5% to 7.5% cent for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2019 by a qualified independent actuary

	At 31 July 2019
Rate of increase in salaries	3.20%
Future pensions increases	2.40%
Discount rate for scheme liabilities	2.10%
Inflation assumption (CPI)	2.40%
Commutation of pensions to lump sums Pre April 2008	55%
Commutation of pensions to lump sums Post April 2008	80%

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 2019 years
<i>Retiring today</i>	
Males	20.6
Females	23.1
<i>Retiring in 20 years</i>	
Males	22.0
Females	24.8

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019 (continued)****25 Defined benefit obligations (continued)****Local Government Pension Scheme (Continued)**

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

	2019 £'000
Fair value of plan assets	42,056
Present value of plan liabilities	(53,133)
Present value of unfunded liabilities	-
Net pensions liability	<u>(11,077)</u>

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

	2019 £'000
Amounts included in staff costs	
Current service cost	1,849
Past service cost	336
Total	<u>2,185</u>

Finance Cost	200
	<u>200</u>

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	1,182
Experience losses arising on defined benefit obligations	
Changes in assumptions underlying the present value of plan liabilities	(4,405)
Amount recognised in Other Comprehensive Income	<u>(3,223)</u>

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019 (continued)****25 Defined benefit obligations (continued)****Local Government Pension Scheme (Continued)****Movement in net defined benefit liability during the period**

	2019
	£'000
Deficit in scheme at 8 February	-
Movement in year:	
Transfer of Pension Liabilities at 1 August 2018	(6,648)
Current service cost	(1,849)
Employer contributions	1,179
Past service cost	(336)
Net interest on the defined liability	(200)
Actuarial gain or (loss)	(3,223)
Net defined benefit liability at 31 July	<u>(11,077)</u>

Asset and Liability Reconciliation

	2019
	£'000
Changes in the present value of defined benefit obligations	

Defined benefit obligations at start of period	-
Transfer in of scheme obligations at 1 August 2018	46,136
Current Service cost	1,849
Interest cost	1,309
Contributions by Scheme participants	306
Changes in Demographic Assumptions	(2,720)
Changes in financial assumptions	7,125
Estimated benefits paid	(1,208)
Past Service cost	336
Defined benefit obligations at end of period	<u>53,133</u>

Reconciliation of Assets

Fair value of plan assets at start of period	-
Transfer in of scheme obligations at 1 August 2018	39,488
Interest on plan assets	1,109
Return on plan assets	1,182
Employer contributions	1,179
Contributions by Scheme participants	306
Estimated benefits paid	(1,208)
Assets at end of period	<u>42,056</u>

Bolton College

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST JULY 2019 (continued)

26 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 and in accordance with the College's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the period was £Nil. No Governor has received any remuneration or waived payments from the College or its subsidiaries during the period.

Pennine Telecom Limited - a company in which Dr A J Roberts, Chair is Managing Director.
Transactions totalling £102,040, relating to the maintenance of IT infrastructure. An amount of £3,300 was outstanding at the period end.

Alliance Learning Training Limited - a company in which Dr K R Kandadi is a Director.
Transactions totalling £10,548 relating to apprenticeship training. An amount of £5,062 was outstanding at the period end.

Greater Manchester Learning Provider Network - a company in which Mr A Fawcett, Vice-Chair is an employee. Transactions totalling £540 relating to services. No amounts were outstanding at the period end.

27 Amounts disbursed as agent

Learner support funds

	2019 £'000
Funding body grants	
Supplementary LSF awarded in year	
Other Funding body grants	
Interest earned	-
	<hr/> 0
Disbursed to students	
Disbursed to employers	
Administration costs	
Balance unspent as at 31 July, included in creditors	<hr/> <hr/> 0

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

28 Ultimate Parent Company

Bolton College is a subsidiary of the University of Bolton by way of control. The University of Bolton is the Ultimate Parent Entity and incorporate Bolton College in its consolidated financial statements. A copy of these financial statements can be obtained from Deane Road Campus, Bolton.