

# **City of Bristol College**

## **Members' report and financial statements**

For the year ended 31 July 2021

## **Professional advisers**

Financial statements auditor:	KPMG LLP 66 Queen Square, Bristol, BS1 4BE
Internal auditors:	Bishop Fleming 10 Temple Back Bristol BS1 6FL
Bankers:	National Westminster Bank plc 32 Corn Street Bristol BS99 7UG  Barclays Bank plc Bristol and North Somerset Group PO Box 207 Bristol BS99 7AJ  Lloyds TSB Canons House Canons Way Bristol, BS99 7LB
Solicitors:	Burges Salmon One Glass Wharf Bristol BS2 0ZX  Osborne Clarke 2 Temple Back East Temple Quay Bristol BS1 6EG

## **Members' report and financial statements**

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## Members' Report

### Operating and Financial Review

During 2020/21 City of Bristol College continued to strengthen its financial performance and sustainability, despite the impacts of the pandemic on the global and regional economy. After a period at the end of 2019/20 when the College had to close its four main centres in line with government guidance and move, very effectively, to a predominantly online delivery model, the summer of 2020 saw a return to in-person learning as students were welcomed back to all College sites. From August 2020 onwards, and taking into account national government guidance which directed colleges to move back online in January and February 2021, City of Bristol has continued to operate under a covid-secure environment to ensure the safety of students and staff whilst at the same time maintaining on site delivery, supplemented by distance learning where this helps the learner, across all areas.

In conjunction with a return to on site learning, September 2020 saw strong recruitment of students for 16-18 year old study programmes, with the College exceeding its ESFA allocated numbers for the year; though the full funding benefit from this recruitment will not be felt until 2021/22, recruitment was sufficiently strong to see exceptional in-year growth funding granted by ESFA. To some extent this increased funding offset a downturn in income from Apprenticeship activity, with Bristol's employers, when faced with the wider economic impact of the pandemic and in line with the rest of the UK, remaining cautious on their own recruitment of staff.

Alongside the ongoing improvement in the College's financial sustainability, the College's curriculum and quality improvement continued during 2020/21. Following the last full Ofsted inspection in November 2019, a monitoring visit in March 2021 assessed the College as making 'reasonable progress' noting that 'the provider's actions are already having a beneficial impact on learners, and improvements are sustainable and are based on the provider's thorough quality assurance procedures. Positive progress in this area signals that the College remains on target to be judged as 'Good' in the next full Ofsted inspection.

#### Financial highlights

The College delivered a sector-specific EBITDA (Earnings Before Interest Tax Depreciation and Amortisation) of £3m, which is a significant increase from the £1.7m generated in 2019/20. The EBITDA translates to a group operating deficit before other gains and losses of £2.8m in 2020/21 (2019/20: £3.7m deficit). £2.3m of this (2019/20 £1.8m) related to the annual FRS102 pension charge which is not a cash cost. The underlying trading position is cash generative showing cash generated from operations of £3.0m (2019/20: £1.96m).

COVID-19 has continued to present a challenging trading environment for commercial income, including apprenticeships. Income from tuition fees is £681k lower than in 2019/20 with income from apprenticeships being £164k lower than in 2019/20. These reductions have been offset by an increase of income from 16-18 year olds and associated high needs funding. Student numbers increased by 16% when compared to 2019/20 with an increase of 25% in high needs students. In total, the Group has seen an increase income from 16-18 year olds of £3.16m when compared to 2019/20.

The strengthening financial performance of the College has provided sufficient assurance to the College's lenders' Barclays and ESFA to waive previous loan covenant breaches, and in the case of Barclays reset covenant measures for future financial years. Covenant measures performed as at 31 July 2021 have either not been measured with agreement of the lenders or have been met, and as such there is no requirement to reclassify bank loans as due in <1 year as has been done in the past two financial years. Forecasts for future periods show that the College will be compliant with all its loan covenants going forwards.

The impacts of COVID-19 and the construction of the Advanced Construction Skills Centre (ACSC) have placed additional strain on the College's cash reserves, and therefore the net current assets position has deteriorated from 2019/20. During the year the College has secured the sale of its site at Ashley Down, as part of the long term strategy to move construction from Ashley Down to the new ACSC facility in South Bristol. The sale of this in September 2022 will give a significant boost to the College's cash reserves, strengthen the Balance Sheet and restore the financial health to 'good'. The College has recognised a book impairment of this asset of £2m during the year.

The financial health score for FY2020-21 is an automatic score of 'Requires Improvement'.

## Operating and Financial Review *(continued)*

### Financial Performance 2020/21

In order to compare total operating out-turn with cash-generating trading, a table is presented below. This shows the relationship between Total Deficit for the year and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), which is not shown separately on the Statement of Comprehensive Income, but provides a useful measure of underlying cash-based trading. Sector-specific EBITDA, a measure used by the ESFA in assessing financial health, is also shown below.

			<b>2021</b>	<b>2020</b>
			<b>£'000</b>	<b>£'000</b>
Total deficit for the year			(4,760)	(2,913)
Eliminate	Taxation	(note 12)	-	-
	Gains on sale of assets		(62)	(782)
	Depreciation and amortisation	(note 14)	3,318	3,426
	Impairment of fixed assets	(note 14)	2,034	-
	Interest	(note 11)	1,634	1,670
	<b>EBITDA</b>		<b>2,164</b>	<b>1,401</b>
Eliminate	Grant releases		(685)	(739)
Add Back:	FRS102 pension charge		1,562	1,034
	<b>Sector EBITDA</b>		<b>3,041</b>	<b>1,696</b>

The grant of £685k represents grant receipts released to income spread over the life of the assets for which the grants were made.

Sector EBITDA has increased significantly from £1.7m in 2019/20 to £3m in 2020/21. The below table shows income, pay and non-pay with the above adjustments removed.

	<b>2021</b>	<b>2020</b>	<b>Movement</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Income	39,573	36,759	2,814
Pay	(24,784)	(24,328)	(456)
Non-pay	(11,748)	(10,735)	(1,013)
<b>Sector EBITDA</b>	<b>3,041</b>	<b>1,696</b>	<b>1,345</b>

The Group has seen an overall increase of £2.8m in income impacting sector EBITDA.

The College was awarded 16-18 in-year growth funding due to significant growth in student numbers against allocation. When combined with the 16-19 tuition fund introduced during the year and the impact on income due of the lag funding methodology from a rise in students between 2018/19 and 2019/20 the Group has seen an increase income from 16-18 year olds of £3.2m when compared to 2019/20.

Adult education has seen growth of income of £466k as a result of additional Government funding in response to the COVID-19 pandemic. The majority of this growth in income is generated through the devolved West of England Combined Authority.

Apprenticeships have been impacted by COVID-19 pandemic as employers have delayed recruitment activity. Income from apprenticeships has reduced by £164k compared to 2019/20, however the pipeline for the 2021/22 year is looking much stronger.

Tuition fees have continued to be the most significantly impacted area due to the COVID-19 pandemic and as such income from HE and FE courses has reduced by £681k compared to 2019/20.

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

The College maintained, or in growth areas increased the capacity of its staff base through the pandemic to be in a strong position to deliver services to the increased number of students and businesses in 2021/22. To support this, the College accessed the Coronavirus Job Retention Scheme (CJRS) for certain posts not covered by public funding, offsetting £221k of pay costs during the year.

The group has sought to reduce its non-pay costs where possible as a result of the College closures and reduced staff and student presence on site. These savings have largely been offset by continuing to ensure that the College buildings are COVID safe as well as creating testing facilities on site. Non-pay costs also include £410k of spend relating to the FE Condition Data Collection (FE CDC) Grant which is matched by grant income.

The College has continued its capital investment programme with the £9m Advanced Construction Skills Centre (part funded by the West of England Combined Authority) which has welcomed students from September 2021 as well as investment in essential IT equipment for students and staff. The investment in IT equipment was instrumental in the College's response to the COVID-19 pandemic, and enabled to the College to provide IT equipment to students who would otherwise be unable to participate in online learning.

Total comprehensive income for the year is £196k (2020 £13.2m deficit), reflecting actuarial gains in the LGPS pension scheme of £5.2m (2020 £10.3m loss) and reversal of previous revaluations of £269k. The net LGPS pension liability as at July 2021 has reduced by £2.9m primarily as a result of the actuarial gain with the return on plan assets more than offsetting increases in assumptions based upon inflation increases.

### **Going Concern**

The financial statements are prepared on a going concern basis notwithstanding that the Group reported an operating loss for the year ended 31 July 2021 of £4.8 million and has net current liabilities as at 31 July 2021 of £4.4 million.

No banking covenants were in breach at the year-end following both lenders waiving previous breaches, and covenants for FY2021 being either not measured by lenders or measures being reset. Covenants are forecast to be met in FY2022.

The Board of Governors has prepared cash flow forecasts which indicate that, taking account of severe but plausible downsides, including the continued impact of COVID-19, the Group and College will have sufficient funds to meet their liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements (the going concern assessment period).

### **Financial Objectives**

The College submitted a new two year financial plan to the Education and Skills Funding Agency in July 2021. The Agency assesses financial health of organisations by the scoring of three key metrics:

- adjusted current ratio;
- Sector EBITDA (Earnings before Interest, Taxation, Depreciation and Amortisation) as a percentage of income;
- and borrowing as % of income.

## Operating and Financial Review (continued)

The College's auto-score for the year to July 2021 was Requires Improvement. The College's objective is to have a financial health score of Good. The planned financial health for the following years is as follows:

		2022 budget	2023 plan
<b>Ratios</b>			
1	Adjusted current ratio	0.60	1.52
2	EBITDA as a % of income - education specific	9.33%	9.21%
3	Borrowing as a % of income	32.84%	29.25
<b>Calculation of grade</b>			
4	Adjusted current ratio	20	70
5	EBITDA as a % of income - education specific	90	90
6	Borrowing as a % of income	60	70
7	<b>Total points</b>	<b>170</b>	<b>230</b>
8	<b>Financial health grade (automated)</b>	<b>Requires Improvement</b>	<b>Good</b>

In addition to the ESFA financial health assessment, the College has set a full range of quality and financial KPIs, encompassing short-term and long-term targets which are delivered by the Financial Plan. This full suite of KPIs is monitored by the College and Governors.

The College has adopted the key financial benchmark KPIs published by the FE Commissioner (FEC) to monitor its financial performance. Performance against these KPIs is as follows:

	2020/21 (actual)	21/22 (budget)	22/23 (plan)	FEC benchmarks	Within target range by FY23
Adjusted operating surplus as a % of income (excluding impairment)	-1.09%	1.5%	1.5%	>1%	Yes
Debt service cover ratio	1.05	1.51	1.53	>2	No
Lowest month cash days in hand	1	8	27	>25	Yes
Adjusted current ratio	0.54	0.60	1.52	>1.4	Yes
Staff costs as % of income (group position)	69.4%	67.9%	67.5%	<65 % (GFE)	No
Staff costs as % of income (College only position)	68.7%	67.1%	66.6%	<65 % (GFE)	
Financial health grade	Requires Improvement	Requires Improvement	Good	Good or Outstanding	Yes

The group views staff costs as a % of income as both the group figure and the figure for the College only. Separation is important since the subsidiary the South West Apprenticeship Company Ltd has a high ratio due to the nature of it being an Apprenticeship Training Agency (ATA) and this therefore skews the College measure.

### Treasury policies and objectives

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

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

The College has a separate treasury management policy in place which sets out the objectives of treasury management to: -

- provide a means by which the College can meet its commitments;
- ensure that sufficient sums are available at short or no notice to meet foreseeable requirements; and
- earn an acceptable rate of return on surplus funds without undue risk.

### **Sustainability and Environment**

The College has established a sustainability group, which consists of members of the executive team and members of staff. The College is committed to reducing its carbon footprint which strongly aligns with the City of Bristol's status as a green capital. The College already employs the use of PV cells at its four main centres, solar hot water and uses electric vehicles in its fleet. The new Advanced Construction Skills Centre has only 2% of its waste diverted to landfill and recycles waste wood on site.

### **Cash flows**

In the year ended 31 July 2021 net cash outflow was £397k (2019/20 cash outflow £1,254k). The College has generated operating cash inflows of £3m which is in line with its EBITDA.

Capital investment, net of grants received was £2,079k (19/20 £1,442k) predominantly due to the continued construction of the new Advanced Construction Skills Centre in Hengrove, South Bristol. The College also benefitted from deposits and prepayments on the sale of Davey House of £1.2m during the year.

Debt and finance repayments totalled £2,860k (2019/20 (£2,561k), which included an additional £391k repaying the College's ESFA loan due to the sale of land in the prior financial year.

The College continues to monitor its cash flow on a regular basis to ensure that commitments are met and that ongoing financial sustainability is maintained.

### **The College**

City of Bristol College is a large further and higher education college situated in the heart of Bristol.

It offers a wide range of academic and vocational qualifications across Bristol, with more than 1,000 courses available from entry to degree level and provides education and training to over 14,000 learners.

### **Public Benefit**

City of Bristol College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1<sup>st</sup> September 2014, is regulated by the Department of Education as Principal Regulator for all Further Education Corporations in England.

The members of the Governing Body, who are trustees of the charity, are disclosed on pages 15 to 16.

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:

- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.



## Operating and Financial Review *(continued)*

### College Centres

The College operates four main centres in Bristol at; Ashley Down, College Green, Parkway/Advanced Engineering Centre and South Bristol Skills Academy, offering excellent facilities including purpose-built, well-equipped classrooms and workshops.

### Investment in New Facilities

In February 2021 the College commenced the construction of its Advanced Construction Skills Centre in Hengrove, Bristol which opened for its first intake of students in September 2021. The new facility will greatly enhance the geographical range and breadth of the College's offer in both traditional and civil construction training, with the support of local employers. The £9m project is being supported through £6m of LEP funding with the remainder being funded by the College through asset sales.

The College also invested heavily in its IT equipment during the year with the upgrade of all staff IT equipment which has giving greater flexibility to working patterns and locations which will support the increase in online learning and ensuring that the College facilities are COVID safe.

The College benefitted from a £1.1m condition improvement grant during the year which was fully spent by 30 September 2021. The grant has been used to improve the condition of the College's estate in a broad variety of areas.

### Staff

The college employs a total of 870 staff (as of July 2021). The college year has been dominated by the effects of the coronavirus pandemic and, in line with broad national trends, the staff population saw a markedly lower level of both turnover and sickness absence compared to previous years as a result. Use of the government backed job-retention scheme was used through the national lockdowns to good effect. This, coupled with student recruitment performance that was in line with or exceeded expectations saw staff growth in a number of key areas. Staff development, engagement and reward remain matters of high priority for the college recognising our staff as our most valuable asset; a college-wide cultural change programme to coincide with the re-shaping of the college strategic vision and plan is planned for the coming year.

### Learners

**14-19 year-olds:** The College is the main provider of post-16 education in Bristol with 3,600 16-18 year old students following College-based or Apprenticeship programmes. The College also links with several local schools to provide learning for 14 – 16 year olds.

**Adults:** Over 10,500 adults choose to study with the College each year at one of our four main centres, at one of its local community partner venues or in their own workplace.

**Apprentices:** The College is a large provider of Apprenticeships with around 1,000 of its students aged 16-18 and 19+ studying for an Apprenticeship at the College.

**Higher Education students:** By working together with universities and awarding bodies, the College has made significant contributions to the delivery of Higher Education in Bristol. These include developing specialist courses for the region, and generally widening participation in Higher Education in the area. There were some 350 students studying on HE courses with the College in 2020-21.

### Employers

The College has significantly revised its approach to employer engagement through a collaborative model with other providers and through growth in its subsidiary companies. Consultation with employers is informing the Strategic Plan 2021/22 – 2024/25 and is a key part of the revised approach to Curriculum Planning. The College works with a large number of employers in the region in a wide variety of sectors.

## Operating and Financial Review *(continued)*

### Regulatory Activity

The College's final Notice of Concern (financial health) was lifted in April 2020 and represents the end point of all regulatory intervention which was formally in place for the organisation.

### Strategic plan

During 2020/21 the College issued a Strategic Plan covering the period 2021 to 2023. The Strategic Plan outlined the achievements the College has made during the last planning period (2016 to 2020) as well as highlighting the response to the coronavirus pandemic. Due to significant changes in the internal and external environment the College is re-drafting the plan for 2021/22 – 2024/25 consulting widely. The plan focuses around four key areas – student achievement, a valued work force, working collaboratively with partners in the City and ensuring long term financial sustainability.

The plan will be aligned to the Risk Register and key performance indicators for close and timely monitoring by the Executive Team, Strategic Leadership Team and Corporation through Committees and Main Board.

### Transparency arrangements

The Corporation has adopted the FE Code of Good Governance For English Colleges and assesses that it is fully compliant with the provisions of the Code. The Corporation also has regard to the Corporate Governance Code (2018) and the Charity Governance Code (2018) drawing upon best practice available and regulatory requirements as they relate to the Further Education and Charity sectors.

In 2020/21 the Corporation established two Task & Finish Groups as sub-committees of the Curriculum & Quality Committee.

Board Minutes are published on the website once they have been approved and adopted at the next meeting.

Full minutes of all meetings (except Remuneration Committee and Confidential Minutes) are available upon request from the Clerk to the Corporation by email: [governance@cityofbristolcollege.ac.uk](mailto:governance@cityofbristolcollege.ac.uk) or by writing to

The Clerk to the Corporation  
City of Bristol College  
College Green Centre  
St Georges Road  
Bristol BS1 5UA

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is published on the College website on the Corporate Governance pages.

### Legal status

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

### Subsidiary Companies

The College has three subsidiary companies.

Any surpluses generated by these subsidiary companies are transferred to the College under Gift Aid.

<b>Name</b>	<b>Nature of business</b>	<b>Trading status</b>
Partners in Bristol Limited	Education & Training	Trading
Bristol Professional Services Limited	Staff services	Trading
South West Apprenticeship Company Limited	Apprenticeship Training Agency	Trading

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

### **Staff and student involvement**

Good continued communication with staff remains very important to the college. Alongside the use of College Voice, all staff receive email communication and regular updates from the Chief Executive and senior members of staff. This year has seen extensive use of virtual hosted events to promulgate key messages to staff. A reinvigorated staff awards ceremony was held at the end of the year to recognise creditworthy performance and CPD events have been delivered virtually throughout the coronavirus pandemic. As the college returns to on-site delivery a number of on-site meetings have been arranged at departmental and site-wide level.

The College operates a full Student Union in order to engage students more fully with the management of the College. This, together with the Student Voice group, are prime sources of student influence in the operation of the organisation.

### **Taxation**

The majority of the College's activities are not subject to corporation tax.

### **Reputation**

The College's reputation continues to improve, as recognised in its recent Ofsted inspection and strengthening results in all major areas. In addition, the College's provision for students with additional support needs is held in high regard by stakeholders.

### **Principal risks and uncertainties**

Based on the strategic plan, the Strategic Leadership Team undertakes a comprehensive review of the key risks to which the College is exposed as part of its Accountability Framework. The Framework identifies 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 monthly reviews evaluate their effectiveness and progress against risk mitigation actions.

An Accountability Framework is therefore generated by the Strategic Leadership Team and maintained at the College level which is reviewed by the Audit Committee. The framework identifies the key risks, the likelihood of them occurring, their potential impact on the College and the actions being taken for them to be reduced and mitigated. Risks are prioritised using a consistent scoring system and a "Risk Owner" is identified. The risks are reviewed at relevant committees of governors, and by managers, on an ongoing basis and any movement in the impact assessment (positive or negative) is recorded.

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

The principal risk factors identified in the Accountability Framework during 2020/21 that affected the College were failure to:

- Improve quality to Ofsted “good” or to meet OFS regulatory standards;
- Plan and deliver a relevant curriculum tailored to student and employer needs;
- Attract new students or to progress existing students to meet annual recruitment targets
- Effectively manage the College’s costs and revenues results in serious financial weakness, financial covenant breach and/or a deterioration of the College’s financial health;
- Develop a relevant estates infrastructure and strategy results in an inability to invest in the College’s future;
- Ensure staff are sufficiently engaged in order to achieve the college’s strategic goals;

### **Quality**

City of Bristol College was last inspected in November 2019. At that time, inspectors judged the overall effectiveness of the provision to require improvement.

In March 2021 Ofsted conducted a monitoring visit which focused on the extent to which leaders and those responsible for governance are taking effective action to provide education and training in the current circumstances. Ofsted judged that the college was making “Reasonable Progress” in this area.

The College places quality at the heart of its strategic plan with a commitment to improve academic outcomes for students, invest in staff and facilities and enhance our digital capability and environmental sustainability. Quality improvement at the college is linked to key four strategic drivers:

- Management of Risk
- Engaging with Student Partnership
- Development of Specialist Knowledge and Skills
- Advancing equality of Opportunity

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

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. The College’s Equality, Diversity and Inclusion Policy, and annual report against the public sector equality duty, is published on the College’s web site.

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

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

### **Disability statement**

The College has implemented an Equality Framework which aims to reduce disadvantages, discrimination and inequalities of opportunity, and which promotes diversity in terms of its learners, workforce, the community and partners as well as in the services it delivers. As part of this the College recognises its legal responsibilities set out in the Equality Act 2010.

The College wants disabled people learning, working and visiting City of Bristol College to be enabled to participate fully by: -

- Removing barriers and changing attitudes that prevent disabled people from getting access to education, employment and services provided by the College and its partners.
- Promoting Disability Equality at all levels within the College.
- Working together with disabled people, organisations of disabled people and disability access groups to achieve equality of opportunity.
- Involving disabled people including our disabled employees and students on employment matters and the services we provide.
- Training its own employees, so they are aware of and have the skills to take positive action in removing barriers placed in the way of disabled people by society.
- Creating a culture where harassment and discrimination against disabled people is unacceptable and will be stopped, should it occur.
- Creating a culture where both learners and employees feel able to declare their disability so that accurate information is available to help us look at such things, reasonable adjustments, priority areas and targets for improvement.
- Act as an example of good practice to other organisations.
- Utilising our Single Equalities Scheme and Action Plan to cover all Faculties, Units and activities within the College.

The College aims to remove any identified barriers to obtaining its services and will seek to ensure that the services provided are those that are required.

### **Disclosure of Information to Auditor**

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

### **Members' report approval**

Approved by order of the members of the Corporation on 13 December 2021 and signed on its behalf by:



.....  
**P Rilett**  
*Chair*

## Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2020 to 31 July 2021 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of Corporate Governance. The College formally adopted the Code of Good Governance for English Colleges issued by the Association of Colleges (December 2011) in April 2012 and adopted the revised Senior Post Holder Remuneration Code (December 2019) in July 2020.

The College has not adopted, and therefore does not apply, the UK Corporate Governance Code (2018) but draws upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the Further Education sector.

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 the opinion of the Governors, the College complies with all the provisions of the Code of Good Governance for English Colleges including the revised Remuneration Code, and it has complied throughout the year ended 31 July 2021.

### Public Benefit

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

### The Corporation

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

*Governors appointed up to the signing of the accounts with attendance figures for 2020/21  
up to 31 July 2021*

<b>Name</b>	<b>Date Appointed</b>	<b>Term of Office (years)</b>	<b>Date of Resignation/ Retirement</b>	<b>Committees Served</b>	<b>Attendance for 2020/21</b>
<b>External Members</b>					
Dan Amin	20 May 2021	Four		Audit (from AY 21/22)	1/1
Lis Anderson	21 Oct 2015	Four (Second term)			4/4
Tony Antonius	April 2019 (category change 16 July 2020)	Four		Audit	8/8
Andrea Arlidge	25 March 2019	Four		Curriculum & Quality	6/8
Steve Bennett	15 July 2019	Four		Curriculum & Quality	8/8
Stephen Boardman	30 March 2020	Four		Business Services	8/8
Max Campbell-Jones	July 19	Four	December 2020	Audit	0/4
Geoffrey Channon (Vice Chair)	31 July 2013	Four (Second term)		Curriculum & Quality, Remuneration Search & Governance	13/13
Richard Gaunt (Vice Chair)	19 March 2014 (category change)	Four (Second term)		Business Services Remuneration (Chair) Search & Governance	12/13
Sandra Gordon	4 January 2021	Four		Business Services	4/4
Daniel Howarth	26 April 2016	Four (extended for one year)	December 2020	Audit	3/4
Keith Hutton	14 Dec 2016	Four (extended for one year)		Curriculum & Quality	5/8
Peter Rilett (Chair)	16 November 2016	Four (second term)		Business Services Curriculum & Quality Remuneration Search & Governance	17/17
Shawn Smith	20 May 2021	Four		Audit	2/2
Zoe Taylor	15 March 2017	Four (Second term)		Audit Committee (Feb 21 until end A/Y 2021)	4/6
David Williams	15 March 2017	Four	6 October 2020	Business Services	N/A
Marc Griffiths	13 December 2021	Four		Business Services	NA (appointed after year-end)

<b>Principal &amp; Chief Executive</b>					
Andy Forbes	11 November 2019	Ex Officio	August 2021	Business Services Curriculum & Quality Search & Governance	15/16
Richard Harris	23 August 2021	Ex Officio		Business Services Curriculum & Quality Search & Governance	NA (appointed after year-end)
<b>Staff Governors</b>					
Alison Beckingham	20 July 2021	Three		Curriculum & Quality	N/A
Jonny Elphinstone	30 March 2020	Three	November 2020	Business Services	1/1
Tony Green	15 January 2021	Three		Business Services	4/4
Emma Richer	30 March 2020	Three	August 2021	Curriculum & Quality	6/7
<b>Student Governors</b>					
Martisse Thompson	September 2020	End of enrolment	July 2021	Curriculum & Quality	5/7
Jason Budd	21 October 2021	End of enrolment		Curriculum & Quality	NA (appointed after year-end)
Alice Gray	21 October 2021	End of enrolment		Curriculum & Quality	NA (appointed after year-end)
<b>Co-opted Members</b>					
Asma Ahmad	October 2019	Four		Curriculum & Quality	4/4
Felicity Brown	December 2020	Four		Audit	3/3
Jo Greenwood	September 2020	Four		Audit	4/4
Vanessa Moon	May 2016	Four (second term as co-opted)		Search & Governance	4/4
Kassin Yakhlef	March 2021	One	September 2021	Curriculum & Quality	1/2

Joanne Ward acted as the Clerk to the Corporation during 2020/21. From 14 September 2021 the Acting Clerk is Liz Gorman.

The Principal & Chief Executive, Andy Forbes left the College in August 2021 and was replaced by Richard Harris as CEO & Acting Principal.

### **The governance framework**

The Corporation conducts its business through the following committees: Audit; Curriculum and Quality; Business Services; Remuneration; and Search and Governance. Each committee has terms of reference which have been approved by the full Corporation. Two Task & Finish Groups operated as sub-committees of the Curriculum & Quality Committee during 2020-21.

The following persons acted as directors of the College's wholly owned subsidiaries Partners in Bristol Limited:

- Andy Forbes from 15 November 2019 – 27 August 2021
- Richard Harris from 16 July 2019
- Simon Face (Independent Director) from 24 September 2020
- Simon Arnold (Managing Director) from 19 December 2019



The South West Apprenticeship Company:

- Andy Forbes from 14 November 2019 – 10 September 2021
- Richard Harris from 28 February 2019
- Luke Menzies (Independent Director) from 12 February 2016
- Clare Vertigen (Managing Director) from 11 May 2012
- Joanne Ward from 9 September 2021

Bristol Professional Services (formerly SBLN Ltd – name change registered with Companies House 9 July 2021)

- Andy Forbes from 24 September 2020 – 22 September 2021
- Richard Harris from 16 July 2020
- Jim Richardson from 24 September 2020

The following persons acted as directors of the companies in which the College has membership:

Trust in Learning (academies) - Andy Forbes, Principal & Chief Executive from 5 February 2020 until 24 March 2021  
Company number 08089704

Trust in Learning – Andy Forbes, Principal & Chief Executive from 5 February 2020 Company number: 06610908

## **The Corporation**

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference which have been approved by the Corporation. These committees are Curriculum & Quality, Business Services, Audit, Remuneration and Search and Governance.

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on key issues as and when they arise.

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

There is a clear division of responsibility in that the roles of the Chair of the Corporation and the Principal & Chief Executive of the College are separate.

## **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search & Governance Committee which comprises of four governors and one co-opted member with relevant experience and is responsible for recommending to the Board potential members for the Corporation's consideration.

During 2020/21 the Committee conducted successful search activity and an open advertisement for recruiting new governors and succession planning for vacancies including for co-opted members with specialist skills and experience to support committees.

The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years except for the staff members (three years) and student members who are appointed for the duration of their studies.

Members can apply for an additional four year term through the Search & Governance Committee for final decision by the Corporation as a whole.

## **Corporation performance**

The Corporation reviews its performance as a part of an annual self-assessment. For 2020/21 a review has been conducted against the criteria in The English College's Foundation Code of Governance. Individual committee self-assessment is undertaken annually alongside the review of the Terms of Reference. The Chair conducts 1:1 meetings with individual governors

## **Remuneration Committee**

Throughout the year ending 31 July 2021, the College's Remuneration Committee comprised of four members. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal & Chief Executive and designated senior post holders including the Clerk.

The Corporation adopted the AoC's Senior Staff Remuneration Code at its July 2019 meeting and has complied with the code throughout 2020/21

Details of remuneration for the year ended 31 July 2021 are set out in note 9 to the financial statements.

## **Audit Committee**

The Audit Committee comprises of five members, the Chair is a full member of the Corporation, and two members are co-opted members. Several members of the Committee are Chartered Accountants with significant audit experience. The Chair of the Corporation, the Principal & Chief Executive, members of the Business Services committee and the staff governor are excluded from membership.

The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets at least once each term and provides a forum for reporting on the College's internal and financial statement 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 ESFA and other funding bodies, as they affect the College's business.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

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

The Audit Committee also advises the Corporation on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

### **Internal Control Scope of responsibility**

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

The Corporation has delegated day-to-day responsibility to the Principal & Chief Executive, as Accounting Officer, (from 23 August 2021 this was to the Chief Executive & Acting Principal), 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 the post holder is personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between the College and the ESFA and other funding bodies. The post holder is also responsible for reporting to the Corporation any material weaknesses or break-downs in internal control.

Risk Management reporting, which includes the key results of risk identification and evaluation of these risks is a standing agenda item at each Audit Committee meeting and includes the review of business operational, compliance and financial risk. The Risk Register brings together, and sets out, the accountabilities of the Strategic Leadership Team in relation to risks and Key Performance Indicators (KPIs). The purpose of the framework is to make clear the accountability and leadership of KPIs and risks and the identification of committee responsibilities in relation to assurance monitoring and reporting. In 2020/21 each committee reviewed the relevant risks and KPIs as a standing agenda item each meeting. The Audit Committee and Main Board reviewed all the risks and all KPIs as a standing agenda item at each meeting.

### **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 City of Bristol College for the year ended 31 July 2021 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The Corporation has reviewed the key risks to which the College is exposed together with the business, operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

### **The risk and control framework**

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

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

The College's internal auditors operate in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal auditors is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum, annually, the Internal Auditors provide the Governing body with a report on internal audit activity at the College.

The College's Financial Regulations govern its approach to procurement, which ensures regularity and propriety in the use of public funding, as well as securing value for money as part of the commitment to achieving efficiency, economy and effectiveness. As part of the scope of the internal and external auditors work any non-compliance with the College's Financial Regulations would be reported to the Audit Committee and the Corporation.

#### **Statement of the Audit Committee**

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

#### **Financial Notices of Concern**

The one remaining Financial Notice of Concern issued by the Skills Funding Agency that was in place at the start of the year was lifted in April 2020.

#### **Review of effectiveness**

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

- The work of the internal auditors;
- The work of the Strategic Leadership Team within the College who have responsibility for the development and maintenance of the internal control framework;
- Comments made by the College's financial statements auditors and regularity auditors in their management letter and other reports. The input of the Audit Committee, including the annual report of the Audit Committee to the Corporation.

The Principal & Chief Executive has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditors and other sources of assurance including the College's Risk Register, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Principal & Chief Executive and Strategic Leadership Team receive regular reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms, which are embedded across the college and reinforced by risk awareness training. The Principal & Chief Executive, members of the Strategic Leadership Team (as appropriate) and Audit Committee also receive regular reports from the internal auditors, 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 emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Strategic Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting, the Corporation carried out the annual assessment for the year ended July 2021 by considering documentation from the Strategic Leadership Team and the internal auditors, and taking into account of events since 31 July 2021.

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

There have been no significant internal control weaknesses identified during the period to July 2021 and up to the date of approval of the annual report and financial statements.. The Audit Committee considers that there are no other recommendations that are not receiving adequate management attention and that the timescale for the implementation of recommendations is being observed. The College has demonstrated good progress in implementing actions agreed to address internal audit recommendations.



.....  
P Rilett  
*Chair*



.....  
R Harris  
*Chief Executive & Acting Principal*

## Statement of Regularity, Propriety and Compliance

The corporation has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the corporation's grant funding agreements and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of grant funding agreements and contracts with the ESFA.

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

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



.....  
P Rilett  
Chair



.....  
R Harris  
Chief Executive & Acting Principal

## **Statement of responsibilities of the members of the corporation**

The members of the corporation, as charity trustees, are required to present audited financial statements for each financial year. Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA, WECA and OfS, the corporation – through its accounting officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 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 gives a true and fair view of the state of affairs of the corporation and surplus/deficit of income over expenditure for that period.

In preparing the financial statements, the corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the corporation will continue in operation 17

The corporation is also required to prepare a Members' Report that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation. The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The corporation is responsible for the maintenance and integrity of its website; the work carried out by auditors does not involve consideration of these matters and, accordingly, auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA, and any other public funds, are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA, or any other public funder.

Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the corporation on 13 December 2021 and signed on its behalf by:



P Rilett

Chair

## Independent Auditor's Report to the Corporation of City of Bristol College

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of City of Bristol College ("the College") for the year ended 31 July 2021 which comprise the Consolidated and College Statements of Comprehensive Income, Consolidated and College Balance Sheets, Consolidated and College Statement of Changes in Reserves, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2021, and of the Group's and the College's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### Going concern

The Corporation has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the College or to cease their operations, and as they have concluded that the Group and the College's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Corporation's conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the Group and College's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Corporation's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the College's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the College will continue in operation.

#### Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Corporation, the audit committee, internal audit and inspection of policy documentation as to the College's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the College's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.



- Reading Board and audit committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from adult funding is subject to clawback and that income is recorded in the wrong period and the risk that College's management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as pension assumptions.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation of the design and implementation of some of the College-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Inspecting cash receipts in the period prior to and following 31 July 2021 to verify income had been recognised in the correct accounting period.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Corporation and other management (as required by auditing standards), and discussed with the Corporation and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), pensions legislation and specific disclosures required by higher education related legislation, including the Accounts Direction issued by the Office for Students on 25 October 2019, post-16 education and skills legislation and regulation, charities legislation and related legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: compliance with higher education regulatory requirements of the Office for Students, recognising the regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations

#### **Other information**

The Corporation is responsible for the other information, which comprises the Members' Report and the Corporation's Statement of Governance and Internal Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in Members' Report and the Corporation's Statement of Governance and Internal Control is consistent with the financial statements.

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

Under the Post-16 Audit Code of Practice 2020 to 2021 (March 2021) issued by the Education and Skills Funding Agency we are required to report to you if, in our opinion:

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

we have nothing to report in these respects.

#### **Corporation's responsibilities**

As explained more fully in their statement set out on page 23, the Corporation is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 it either intends to liquidate the Group or the parent College or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction').

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the articles of government;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students

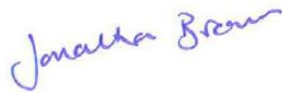
### **Matters on which we are required to report by exception**

We are required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the College's grant and fee income, as disclosed in note 7 to the financial statements has been materially misstated.

We have nothing to report in these respects.

### **THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

This report is made solely to the Corporation and Article 22 of the of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation for our audit work, for this report, or for the opinions we have formed.



**Jonathan Brown**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
66 Queen Square  
Bristol  
BS1 4BE  
17 December 2021

## **Reporting Accountant's Report on Regularity to the Corporation of City of Bristol College and the Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA)**

In accordance with the terms of our engagement letter and further to the requirements and conditions of funding in ESFA grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by City of Bristol College during the period 1 August 2020 to 31 July 2021 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 issued by the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the ESFA or devolved authority has other assurance arrangements in place.

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

### **Respective responsibilities of City of Bristol College and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Post-16 Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 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 Post-16 Audit Code of Practice 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 college's income and expenditure.

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the College;

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

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Post-16 Audit Code of Practice.

### **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 2020 to 31 July 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Jonathan Brown**  
**For and on behalf of KPMG LLP, Reporting Accountant**  
**66 Queen Square**  
**Bristol BS1 4BE**  
**17 December 2021**

## Consolidated and College Statements of Comprehensive Income

	Notes	Year ended 31 July		Year ended 31 July	
		2021	2021	2020	2020
		Group	College	Group	College
		£'000	£'000	£'000	£'000
<b>INCOME</b>					
Funding body grants	2	29,013	29,013	27,178	27,178
Tuition fees and education contracts	3	8,893	8,837	7,576	7,561
Other grants and contracts	4	1,103	1,077	1,147	1,086
Other income	5	1,248	561	1,592	841
Investment income	6	1	1	5	5
<b>Total income</b>		<b>40,258</b>	<b>39,489</b>	<b>37,498</b>	<b>36,671</b>
<b>EXPENDITURE</b>					
Staff costs	8	26,257	24,978	25,131	24,232
Restructuring costs	8	89	86	231	226
Other operating expenses	10	11,748	12,663	10,735	10,771
Depreciation	14	3,316	3,314	3,374	3,372
Amortisation	15	2	2	52	52
Interest and other finance costs	11	1,634	1,634	1,670	1,670
<b>Total expenditure</b>		<b>43,046</b>	<b>42,677</b>	<b>41,193</b>	<b>40,323</b>
<b>Deficit before other gains and losses</b>		<b>(2,788)</b>	<b>(3,188)</b>	<b>(3,695)</b>	<b>(3,652)</b>
Gain on disposal of assets		62	62	782	782
Impairment of fixed assets	14	(2,034)	(2,034)	-	-
<b>Deficit for the year before tax</b>		<b>(4,760)</b>	<b>(5,160)</b>	<b>(2,913)</b>	<b>(2,870)</b>
Taxation	12	-	-	-	-
<b>Deficit for the year</b>	13	<b>(4,760)</b>	<b>(5,160)</b>	<b>(2,913)</b>	<b>(2,870)</b>
Actuarial gain/(loss) in respect of pensions schemes		5,225	5,225	(10,331)	(10,331)
Reversal of previous revaluations		(269)	(269)	-	-
<b>Total Comprehensive income/(deficit) for the year</b>		<b>196</b>	<b>(204)</b>	<b>(13,244)</b>	<b>(13,201)</b>

The accompanying notes 1 to 29 form part of these financial statements.

## Consolidated and College Statement of Changes in Reserves


<b>Group</b>	<b>Income and Expenditure account £'000</b>	<b>Revaluation reserve £'000</b>	<b>Total £'000</b>
<b>Balance at 1 August 2019</b>	<b>(8,789)</b>	<b>3,360</b>	<b>(5,429)</b>
Deficit from the income and expenditure account	(2,913)	-	(2,913)
Other comprehensive income	(10,331)	-	(10,331)
Transfers between revaluation and income and expenditure reserves	32	(32)	-
<b>Total comprehensive income for the year</b>	<b>(13,212)</b>	<b>(32)</b>	<b>(13,244)</b>
<b>Balance at 31 July 2020</b>	<b>(22,001)</b>	<b>3,328</b>	<b>(18,673)</b>
Deficit from the income and expenditure account	(4,760)	-	(4,760)
Other comprehensive income	5,225	(269)	4,956
Transfers between revaluation and income and expenditure reserves	418	(418)	-
<b>Total comprehensive income/(deficit) for the year</b>	<b>883</b>	<b>(687)</b>	<b>196</b>
<b>Balance at 31 July 2021</b>	<b>(21,118)</b>	<b>2,641</b>	<b>(18,477)</b>
<b>College</b>			
<b>Balance at 1 August 2019</b>	<b>(8,568)</b>	<b>3,360</b>	<b>(5,208)</b>
Deficit from the income and expenditure account	(2,870)	-	(2,870)
Other comprehensive income	(10,331)	-	(10,331)
Transfers between revaluation and income and expenditure reserves	32	(32)	-
<b>Total comprehensive income for the year</b>	<b>(13,169)</b>	<b>(32)</b>	<b>(13,201)</b>
<b>Balance at 31 July 2020</b>	<b>(21,737)</b>	<b>3,328</b>	<b>(18,409)</b>
Deficit from the income and expenditure account	(5,160)	-	(5,160)
Other comprehensive income	5,225	(269)	4,956
Transfers between revaluation and income and expenditure reserves	418	(418)	-
<b>Total comprehensive income/(deficit) for the year</b>	<b>483</b>	<b>(687)</b>	<b>(204)</b>
<b>Balance at 31 July 2021</b>	<b>(21,254)</b>	<b>2,641</b>	<b>(18,613)</b>

## Consolidated and College Balance sheets

	Notes	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
<b>Fixed assets</b>					
Tangible fixed assets	14	69,434	69,409	67,993	67,971
Intangible fixed Assets	15	40	40	42	42
Investments		-	3	-	3
		<b>69,474</b>	<b>69,452</b>	<b>68,035</b>	<b>68,016</b>
<b>Current assets</b>					
Stocks		53	53	85	85
Trade and other receivables	17	2,288	2,458	1,933	2,186
Cash and cash equivalents	22	1,149	1,120	1,546	1,528
		<b>3,490</b>	<b>3,631</b>	<b>3,564</b>	<b>3,799</b>
<b>Less: Creditors – amounts falling due within one year</b>	18	(7,850)	(8,105)	(22,540)	(22,492)
<b>Net current liabilities</b>		<b>(4,360)</b>	<b>(4,474)</b>	<b>(18,976)</b>	<b>(18,693)</b>
<b>Total assets less current liabilities</b>		<b>65,114</b>	<b>64,978</b>	<b>49,059</b>	<b>49,323</b>
<b>Less: Creditors – amounts falling due after more than one year</b>	19	(36,279)	(36,279)	(17,526)	(17,526)
<b>Provisions</b>					
Defined benefit obligations	21	(47,165)	(47,165)	(50,040)	(50,040)
Other provisions	21	(147)	(147)	(166)	(166)
<b>Total net assets</b>		<b>(18,477)</b>	<b>(18,613)</b>	<b>(18,673)</b>	<b>(18,409)</b>
<b>Unrestricted reserves</b>					
Income and expenditure account		(21,118)	(21,254)	(22,001)	(21,737)
Revaluation reserve	23	2,641	2,641	3,328	3,328
<b>Total unrestricted reserves</b>		<b>(18,477)</b>	<b>(18,613)</b>	<b>(18,673)</b>	<b>(18,409)</b>

The financial statements on pages 28 to 56 were approved and authorised for issue by the Corporation on 13 December 2021 and were signed on its behalf on that date by:

  
P Rilett  
Chair

  
R Harris  
Accounting Officer



## Consolidated statement of Cash Flows

	Notes	2021 £'000	2020 £'000
<b>Cash inflow from operating activities</b>			
Deficit for the year		(4,760)	(2,913)
<b>Adjustment for non-cash items</b>			
Depreciation and amortisation		3,318	3,426
Impairment of fixed assets		2,034	-
Decrease/(Increase) in stocks		32	(20)
(Increase)/Decrease in debtors		(416)	906
Increase/(Decrease) in creditors due within one year		352	(590)
(Decrease) in creditors due after one year		(685)	(739)
(Decrease) in provisions		(19)	(25)
Pensions costs less contributions payable		1,562	1,034
Taxation			-
<b>Adjustment for investing or financing activities</b>			
Investment income	6	(1)	(5)
Interest payable	11	1,634	1,670
Taxation paid		-	-
<b>Gains on sale of fixed assets</b>		(62)	(782)
		<hr/>	<hr/>
<b>Net cash flow from operating activities</b>		2,989	1,962
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		1,552	782
Investment income		1	5
Payments made to acquire fixed assets		(6,588)	(3,757)
Payments made to acquire intangible assets		-	-
Deferred Capital Grants received		4,509	2,315
		<hr/>	<hr/>
		(526)	(655)
<b>Cash flows from financing activities</b>			
Interest paid		(818)	(857)
Interest on finance leases		(18)	-
Capital element of finance lease rental payments		(245)	(80)
Repayments of amounts borrowed		(1,779)	(1,624)
		<hr/>	<hr/>
		(2,860)	(2,561)
		<hr/>	<hr/>
<b>Decrease in cash and cash equivalents in the year</b>		<u>(397)</u>	<u>(1,254)</u>
<b>Cash and cash equivalents at beginning of the year</b>	22	1,546	2,800
<b>Cash and cash equivalents at end of the year</b>	22	1,149	1,546

## **Notes**

*(forming part of the financial statements)*

### **1 Statement of accounting policies**

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

#### ***Basis of preparation***

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2020 (the 2020 FE HE SORP), the College Accounts Direction for 2020 to 2021 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

#### ***Basis of accounting***

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

#### ***Going concern***

The financial statements are prepared on a going concern basis notwithstanding that the Group reported an operating loss for the year ended 31 July 2021 of £4.8 million and has net current liabilities as at 31 July 2021 of £4.4 million.

No banking covenants were in breach at the year-end following both lenders waiving previous breaches, and covenants for FY2021 being either not measured by lenders or measures being reset. Covenants are forecast to be met in FY2022.

The Board of Governors has prepared cash flow forecasts which indicate that, taking account of severe but plausible downsides, including the continued impact of Covid-19, the Group and College will have sufficient funds to meet their liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements (the going concern assessment period).

#### ***Basis of consolidation***

The consolidated financial statements include the College and its subsidiaries controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2021.

## **1 Statement of accounting policies (continued)**

### ***Recognition of income***

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 or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from Office for Students (OfS) 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.

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 performance related conditions being met.

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.

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.

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 the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

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 deficit 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 other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

## **1 Statement of accounting policies (continued)**

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS). Contributions to the TPS are charged as incurred. Further details of the pension schemes are given in note 26.

The group also operates a NEST defined benefit contributions scheme in its subsidiary undertakings. Contributions are recognised as an expense in the income statement in the periods during which services are rendered by employees.

### ***Short term employment benefits***

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

### ***Enhanced pensions***

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the college's income 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.

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

#### ***Land and buildings***

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost. Cost includes purchase price plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 25 and 50 years and for the major adaptations to buildings, over the remaining period of their useful life.

Leasehold buildings are depreciated over the period of the lease. Building refurbishments are depreciated over 10 years.

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

Finance costs which are directly attributable to the construction of land and buildings are capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset(s) exceeds its recoverable amount. The recoverable amount is the higher of its value in use (being the present value of expected future cash flows) and its fair value less costs to sell.

The gain or loss on disposal of an asset is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

## **1 Statement of accounting policies (continued)**

### ***Subsequent expenditure on existing fixed assets***

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Assets capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the assets life beyond that conferred by repairs and maintenance

### ***Assets under construction***

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2021. They are not depreciated until they are available for use.

### ***Equipment***

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Cost includes purchase price plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Equipment inherited from the Local Education Authority has been fully depreciated. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its economic useful life as follows:

Inherited equipment and motor vehicles	-	25% per annum
Computer equipment	-	33.3% per annum
General equipment	-	20% per annum

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.

### ***Intangible assets***

Intangible assets are capitalised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the institution and the cost can be measured reliably. Amortisation is charged as follows:

Software Licences	-	20% per annum
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### ***Maintenance of premises***

The College has a 10 year planned maintenance programme which is reviewed on an annual basis. The cost of routine planned maintenance expenditure is charged to the income and expenditure account in the period it is incurred. The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

### ***Leased assets***

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

## **1 Statement of accounting policies (continued)**

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

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

### ***Capitalisation of finance cost***

Finance costs directly associated with capital work are capitalised along with other construction costs during the construction phase of fixed assets. Capitalisation of such financing costs will cease when substantially all the activities that are necessary to get the tangible fixed asset ready for use are complete.

### ***Investments***

Fixed asset investments are carried at historical cost less any provision for impairment in their value. Current asset investments are stated at the lower of their original cost and net realisable value.

### ***Stocks***

Stocks are stated at the lower of their cost and net realisable value on a First in First Out (FIFO) basis. 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 the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year with all 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. The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

### ***Deferred taxation***

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, calculated at the rates at which it is expected that tax will arise.

### ***Liquid resources***

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

## **1 Statement of accounting policies (continued)**

### ***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.

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.

### ***Cash***

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

### ***Financial instruments and equity***

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

All loans, investments and short-term deposits held by the group are classified as basic financial instruments in accordance with Section 11 and Section 12 of FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the college has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

### ***Agency arrangements***

The College acts as an agent in the collection and payment of learner support funds and adult learning grants. Related income received from the main funding body and subsequent disbursements to students are excluded from the income and expenditure account (and are shown separately in note 28), except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

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

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

## 1 Statement of accounting policies (continued)

### Other key sources of estimation uncertainty

- Tangible fixed assets*

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

- 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 26, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. 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.

## 2 Funding body grants

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>ESFA</b>				
Recurrent grant	18,427	18,427	17,716	17,716
Devolved Authorities	6,572	6,572	6,131	6,131
Work based learning	2,148	2,148	2,312	2,312
Releases of deferred capital grants				
Land & buildings	567	567	642	642
Equipment	47	47	-	-
CDC Grant Income	410	410	-	-
Other funds	33	33	32	32
<b>Specific Grants – Coronavirus additional funding</b>				
ESFA 16-19 Tuition Fund	475	475	-	-
COVID-19 Mass testing funding	104	104	-	-
	<b>28,783</b>	<b>28,783</b>	<b>26,833</b>	<b>26,833</b>
<b>Office for Students (OfS)</b>				
Recurrent grant	150	150	217	217
Releases of deferred capital grants				
Equipment	36	36	37	37
Widening participation	44	44	91	91
	<b>230</b>	<b>230</b>	<b>345</b>	<b>345</b>
	<b>29,013</b>	<b>29,013</b>	<b>27,178</b>	<b>27,178</b>

CDC Grant income relates to spend of £410k included in non-pay costs funded through the ESFA to improve the condition of the College's estate. This income relates to items that are not capital in nature and therefore the expense has been recognised in the income statement.

The corporation has been eligible to claim additional funding in year from government support schemes in response to the Coronavirus pandemic. The funding received from 16-19 tuition fund and COVID-19 mass testing funding covered matched associated pay and non-pay costs.



### 3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>Tuition Fees and charges</b>				
UK higher education students	2,107	2,107	2,238	2,238
EU and UK	2,258	2,202	2,808	2,793
Non-EU students	-	-	-	-
	<b>4,365</b>	<b>4,309</b>	<b>5,046</b>	<b>5,031</b>
<b>Education contracts</b>				
Local education authority	4,528	4,528	2,530	2,530
Other income	-	-	-	-
	<b>4,528</b>	<b>4,528</b>	<b>2,530</b>	<b>2,530</b>
<b>Total</b>	<b>8,893</b>	<b>8,837</b>	<b>7,576</b>	<b>7,561</b>

### 4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Releases from deferred capital grants (non main funding bodies)	35	35	60	60
Coronavirus Job Retention Scheme Grant	247	221	350	289
Teachers Pension Scheme Grant	821	821	737	737
Other grants and contracts	-	-	-	-
<b>Total</b>	<b>1,103</b>	<b>1,077</b>	<b>1,147</b>	<b>1,086</b>

### 5 Other income

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Residences, catering and conferences	269	269	561	561
Other income generating activities	25	25	29	29
Exam fees	1	1	8	8
Sale of materials	3	3	2	2
Student travel	139	139	149	149
Apprenticeship Training Agency income	681	-	744	-
Other income	130	124	99	92
<b>Total</b>	<b>1,248</b>	<b>561</b>	<b>1,592</b>	<b>841</b>

**6 Investment income**

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank interest receivable	1	1	5	5

**7 Sources of Grant and Fee Income**

The following disclosure relates to the requirements of the Office for Students (OfS) Accounts Direction and is in respect of Higher Education courses.

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant income from OfS	230	230	345	345
Grant income from other bodies	29,886	29,860	27,980	27,919
Fee income for taught awards	2,107	2,107	2,238	2,238
Fee income for research awards	-	-	-	-
Fee income for non-qualifying courses	2,258	2,202	2,808	2,793
<b>Total Grant and Fee Income</b>	<b>34,481</b>	<b>34,399</b>	<b>33,371</b>	<b>33,295</b>

**8 Staff costs - Group and College**

The average number of persons (including key management personnel) employed by the College during the year, described as average headcount, was:

	Year ended 31 July	
	2021	2020
Staff Numbers		
Teaching staff	414	411
Teaching - other	13	13
Teaching support services	189	191
Other support services	62	69
Administration and central services	71	70
Premises	30	29
Other	-	-
	<b>779</b>	<b>783</b>

Temporary and casual workers are excluded from the above head-count calculation.

## 8 Staff costs - Group and College (continued)

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
<b>Staff costs</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	19,321	18,153	18,679	17,827
Social security costs	1,598	1,533	1,533	1,510
Other pension costs (including FRS102 adjustments)	5,338	5,292	3,609	4,919
Payroll sub total	<b>26,257</b>	<b>24,978</b>	<b>25,131</b>	<b>24,232</b>
Contracted out services	-	-	-	-
Restructuring costs	89	86	231	226
	<b>26,346</b>	<b>25,064</b>	<b>25,362</b>	<b>24,458</b>

Restructuring costs relate to redundancy and severance payments, £20,854 which were non contractual entitlements (2020: £Nil).

### Key management personnel

Key management personnel are those people having authority and responsibility for planning, directing and controlling the activities of the College, The Principal & Chief Executive, The Vice Principal, Curriculum and Quality and the Vice Principal, Finance and Professional Services.

## 9 Emoluments of key management personnel, Accounting Officer and other higher paid staff

	2021	2020
	No.	No.
The number of key management personnel including the Accounting Officer was:	3	3

The above figures include the total number of individuals who held key management posts which remained at 3 during the current year and 3 in the prior year.

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

	Key Management Personnel		Other staff	
	2021	2020	2021	2020
	No.	No.	No.	No.
£60,001 to £65,000	-	-	5	6
£65,001 to £70,000	-	-	1	2
£85,001 to £90,000	1	-	-	-
£95,001 to £100,000	1	-	-	-
£105,001 to £110,000	-	1	-	-
£120,001 to £125,000	-	1	-	-
£145,001 to £150,000	1	1	-	-
	<b>3</b>	<b>3</b>	<b>6</b>	<b>8</b>

The above figures include 1 other staff and 1 key management personnel who joined during the year, and 2 other staff who left during the year. Annualised emoluments spread PILON and associated pension payments over the notice period rather than the date paid. During the year, total compensation for loss of office payments of £20,444 were paid to two staff member whose annualised salary was greater than £60,000.

**9 Emoluments of key management personnel, Accounting Officer and other higher paid staff (continued)**

Key management personnel compensation is made up as follows:

	<b>Year ended 31 July</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	307	363
Other emoluments	-	15
Benefits in kind	-	-
Pension contributions	70	83
	<b>377</b>	<b>461</b>
	<b>377</b>	<b>461</b>

**Highest Paid Individual**

Andy Forbes, the Principal & Chief Executive and accounting officer, was the highest paid individual. The above emoluments key management personnel compensation includes amounts payable to the principal (who was also the highest paid senior post-holder) as follows:

	<b>Year ended 31 July</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	150	110
Benefits in kind	-	-
Pension contributions	36	26
	<b>186</b>	<b>136</b>
	<b>186</b>	<b>136</b>

The governing body adopted the AoC's Senior Staff Remuneration Code at the 25 July 2020 meeting and assesses pay in line with its principles. The remuneration package for Key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking data to provide objective guidance. This data includes sector comparisons taking into account responsibilities, turnover and geography. The Principal and Chief Executive reports to the Chair of the Corporation, who undertakes an annual review of their performance taking into account the College's overall objectives using both qualitative and quantitative measures of performance.

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

	<b>2021</b>	<b>2020</b>
Principal's and CEO's basic salary as a multiple of the median of all staff	5.4	5.2
Principal and CEO's total remuneration as a multiple of the median of all staff	5.9	5.4

The ratio has been calculated by calculating the basic salary and total remuneration of the one (2020 two) Principal and CEO for the time they held this post. The median pay excludes agency and casual workers and is based on July salary costs.

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

	<b>Year ended 31 July</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Compensation paid to former key management personnel	-	7
Estimated value of other benefits, including provisions for pension benefits	-	-
	-	7
	-	7

In the prior year the severance payment was approved by the College's Remuneration Committee. The payment relates to one individual.

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

**10 Other operating expenses**

	<b>Year ended 31 July</b>		<b>Year ended 31 July</b>	
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Teaching departments	2,637	2,482	2,712	2,701
Teaching support services	1,341	1,341	1,239	1,239
Other support services	128	128	33	33
Administration and central services	1,002	1,045	758	752
General education (Examinations and marketing)	1,205	1,203	969	969
Premises costs - running costs	1,815	1,815	1,604	1,604
Premises costs - maintenance	635	635	766	766
Premises costs - rents and leases	101	93	309	305
CDC Grant spend	410	410	-	-
Catering and residence operations	345	345	73	73
Franchised provision	2,115	3,128	2,231	2,289
Other expenses	14	38	41	40
	<b>11,748</b>	<b>12,663</b>	<b>10,735</b>	<b>10,771</b>
	<b>11,748</b>	<b>12,663</b>	<b>10,735</b>	<b>10,771</b>

Other operating expenses include:

Operating leases (buildings and equipment)	218	215	320	312
Auditors remuneration				
Financial statements audit	53	44	39	35
Other services	1	1	-	-
Total auditors remuneration	<b>54</b>	<b>45</b>	<b>39</b>	<b>35</b>
	<b>54</b>	<b>45</b>	<b>39</b>	<b>35</b>

**11 Interest payable - Group and College**

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
On bank loans, overdrafts and other loans	828	828	857	857
On finance leases	18	18	-	-
<b>Other interest payable:</b>				
Pension finance costs	788	788	813	813
	<b>1,634</b>	<b>1,634</b>	<b>1,670</b>	<b>1,670</b>

**12 Taxation - Group only**

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
United Kingdom corporation tax at 20%	-	-	-	-
Total	-	-	-	-

**13 Deficit on continuing operations for the year**

	Year ended 31 July	
	2021	2020
	£'000	£'000
College's deficit for the year	5,160	2,870
Retained by subsidiary undertakings	(400)	43
	<b>4,760</b>	<b>2,913</b>

## 14 Tangible fixed assets

Group	Land and buildings			Assets in the	Total
	Leasehold	Freehold	Equipment	Course of Construction	
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2020	12,979	83,855	13,376	3,767	113,977
Adjustment	(29)	132	2	-	105
Additions	-	233	588	6,556	7,377
Transfer	-	820	703	(1,523)	-
Disposals	-	(318)	(1,111)	-	(1,429)
<b>At 31 July 2021</b>	<b>12,950</b>	<b>84,722</b>	<b>13,557</b>	<b>8,800</b>	<b>120,029</b>
<b>Accumulated depreciation</b>					
At 1 August 2020	5,115	28,402	12,466	-	45,983
Adjustment	-	265	(160)	-	105
Charge for the year	259	2,280	777	-	3,316
Elimination in respect of disposals	-	-	(1,111)	-	(1,111)
Impairment	-	2,303	-	-	2,303
<b>At 31 July 2021</b>	<b>5,374</b>	<b>33,249</b>	<b>11,972</b>	<b>-</b>	<b>50,596</b>
<b>Net book value at 31 July 2021</b>	<b>7,576</b>	<b>51,473</b>	<b>1,585</b>	<b>8,800</b>	<b>69,434</b>
<b>Net book value at 31 July 2020</b>	<b>7,864</b>	<b>55,454</b>	<b>908</b>	<b>3,767</b>	<b>67,993</b>

The adjustment to cost and to depreciation lines in both the Group and College notes bring them in line with the Group and College fixed asset register and correct historic classification differences between asset categories and cost/depreciation. There is no net impact on the total NBV of assets.

**14 Tangible fixed assets (continued)**

College	Land and buildings			Assets in the course of construction	Total
	Leasehold	Freehold	Equipment		
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2020	12,979	83,836	13,371	3,767	113,953
Adjustment	(29)	132	2	-	105
Additions	-	229	588	6,556	7,373
Transfer	-	820	703	(1,523)	-
Disposals	-	(318)	(1,111)	-	(1,429)
<b>At 31 July 2021</b>	<b>12,950</b>	<b>84,699</b>	<b>13,553</b>	<b>8,800</b>	<b>120,002</b>
<b>Accumulated depreciation</b>					
At 1 August 2020	5,115	28,400	12,467	-	45,982
Adjustment	-	265	(160)	-	105
Charge for the year	259	2,279	777	-	3,315
Elimination in respect of disposals	-	-	(1,111)	-	(1,111)
Impairment	-	2,303	-	-	2,303
<b>At 31 July 2021</b>	<b>5,374</b>	<b>33,247</b>	<b>11,972</b>	<b>-</b>	<b>50,594</b>
<b>Net book value at 31 July 2021</b>	<b>7,576</b>	<b>51,452</b>	<b>1,580</b>	<b>8,800</b>	<b>69,409</b>
<b>Net book value at 31 July 2020</b>	<b>7,864</b>	<b>55,436</b>	<b>904</b>	<b>3,767</b>	<b>67,971</b>

The net book value of equipment in both the Group and College tables includes £528k (2020 - £177k) in respect of assets held under finance leases. The depreciation charge for the year for these assets was £282k (2020 - £88k).

As part of the College's estates strategy to move its construction provision from its Ashley Down campus to South Bristol, the College exchanged contracts for the sale of Davey House in March 2021. Davey House is one of two buildings on the Ashley Down campus, and provision will continue in the remaining building, Cabot House. Under the contract, deposits and prepayments of £1.1m were received during the year, however formal completion and exchange of title will not pass to the buyer until September 22 when the balance of sale proceeds will be received. The College will have full access and control of the building until the completion date to allow the move of the provision to the new Advanced Construction Skills Centre, which opened in September 2021. As a consequence, the property and associated equipment has not been disposed of during the year.

An impairment of Freehold land and buildings of £2m, and a reversal of previous upward revaluation of £269k recognised in other comprehensive income has been made in the financial statements against an original carrying value of the assets of £8.1m.



## 15 Intangible fixed assets

<b>Group and College</b>	<b>Software Licenses £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>		
At 1 August 2020	409	409
Additions	-	-
Transfer	-	-
Disposals	(36)	(36)
<b>At 31 July 2021</b>	<b>373</b>	<b>373</b>
<b>Accumulated depreciation</b>		
At 1 August 2020	367	367
Charge for the year	2	2
Elimination in respect of disposals	(36)	(36)
<b>At 31 July 2021</b>	<b>333</b>	<b>333</b>
<b>Net book value at 31 July 2021</b>	<b>40</b>	<b>40</b>
<b>Net book value at 31 July 2020</b>	<b>42</b>	<b>42</b>

## 16 Non-current Investments

	<b>Year ended 31 July</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Investments in subsidiary companies	3	3

The College owns 100 per cent of the issued ordinary shares of South West Apprenticeship College Limited, Partners in Bristol Limited, and Bristol Professional Services Limited (formerly SBLN Limited). All companies are incorporated in England and Wales. The principle business activity of South West Apprenticeship College Limited is the provision of apprenticeship training. The principle activity of Partners in Bristol Limited is that of a training provider. Bristol Professional Services Limited provides professional staff services.

## 17 Debtors

	<b>Year ended 31 July</b>		<b>Year ended 31 July</b>	
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>Group £'000</b>	<b>College £'000</b>	<b>Group £'000</b>	<b>College £'000</b>
Amounts falling due within one year:				
Trade debtors	580	537	505	479
Amounts owed by group undertakings	-	229	-	318
Other debtors	869	854	331	296
Prepayments and accrued income	835	834	576	572
Amounts owed by funding bodies	4	4	521	521
<b>Total</b>	<b>2,288</b>	<b>2,458</b>	<b>1,933</b>	<b>2,186</b>

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

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	680	680	10,030	10,030
Obligations under finance leases	214	214	74	74
Payments received on account	87	66	27	13
Trade creditors	1,356	1,330	464	464
Amounts owed to group undertakings	-	527	-	-
Corporation tax	-	-	-	-
Other taxation and social security	428	405	395	370
Holiday pay Accrual	658	652	574	574
Other Accruals	1,478	1,285	2,121	2,114
Loans from Government	1,180	1,180	7,061	7,061
Deferred income - government capital grants	766	766	597	597
Amounts owed to funding bodies	-	-	-	-
Other creditors	1,003	1,000	1,197	1,195
<b>Total</b>	<b>7,850</b>	<b>8,105</b>	<b>22,540</b>	<b>22,492</b>

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

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank loans	8,670	8,670	-	-
Obligations under finance leases	312	312	70	70
Loans from Government	4,782	4,782	-	-
Other Creditors	1,111	1,111	-	-
Deferred income - government capital grants	21,404	21,404	17,456	17,456
<b>Total</b>	<b>36,279</b>	<b>36,279</b>	<b>17,526</b>	<b>17,526</b>

## 20 Maturity of debt

### a) Bank loans and overdrafts

Loans and overdrafts are repayable as follows:

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
In one year or less	1,860	1,860	17,091	17,091
Between one and two years	1,624	1,624	-	-
Between two and five years	4,872	4,872	-	-
In five years or more	6,956	6,956	-	-
<b>Total</b>	<b>15,312</b>	<b>15,312</b>	<b>17,091</b>	<b>17,091</b>

A 25 year commercial loan of £17 million was taken in 2010, repayable in instalments by 2035. The rate on this loan is 7.1%. In 2020 the College restructured its remaining debt of £8.949 million with the Department for Business Innovation and Skills and is payable to the government over a period of 10 years. Interest is accruing at a rate of 0.99%.

In FY20 the Group reclassified its loans from the bank and ESFA as falling due within one year, arising from a breach of loan covenants as at 31 July 2020. This breach was caused by the financial impact of the COVID-19 pandemic and the subsequent under-performance against non-publicly funded income targets, including apprenticeships and full cost activity. As at 31 July 2021 all previous breaches have been formally waived by the lenders and the covenants are all compliant, and therefore the non-current liability element of the loans have been reclassified as due in 1 year.

### b) Finance leases

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

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
In one year or less	214	214	74	74
Between one and five years	312	312	70	70
In five years or more	-	-	-	-
<b>Total</b>	<b>526</b>	<b>526</b>	<b>144</b>	<b>144</b>

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

## 21 Provisions

<b>Group and College</b>	<b>Defined benefit obligations</b>	<b>Other Pension obligations</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2020	50,040	166	50,206
Net pension scheme movement	(2,875)	-	(2,875)
Expenditure in the period	-	(19)	(19)
<b>At 31 July 2021</b>	<b>47,165</b>	<b>147</b>	<b>47,312</b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 26.

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.

## 22 Cash and cash equivalents

	<b>At 1 August 2020</b>	<b>Cash flows</b>	<b>Other changes</b>	<b>At 31 July 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	1,546	(397)	-	1,149
<b>Total</b>	<b>1,546</b>	<b>(397)</b>	<b>-</b>	<b>1,149</b>

## 23 Revaluation reserve

<b>Group and College</b>	<b>Year ended 31 July</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 August</b>		
Transfer from revaluation reserve to income and expenditure account in respect of:		
of:	3,328	3,360
Depreciation on revalued assets	(403)	(32)
Depreciation on disposal of revalued assets	(15)	-
Reversal of previous revaluations	(269)	-
<b>At 31 July</b>	<b>2,641</b>	<b>3,328</b>

## 24 Capital commitments

	<b>Group and College</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Commitments contracted for at 31 July	51	4,312

The College has £52k (2020 £4.312m) remaining to accrue on its contract to construct the Advanced Construction Skills Centre in South Bristol. In the 2019/20 financial statements the capital commitments were stated exclusive of VAT, which amounted to an additional £1,299,788. In the 2020/21 financial statements the capital commitments are stated inclusive of VAT.

## 25 Lease Obligations

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

	<b>Group and College</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Minimum lease payments falling due</b>		
<b>Land and buildings</b>		
Not later than one year	26	21
Later than one year and not later than five years	79	86
later than five years	-	-
	<u>105</u>	<u>107</u>
<b>Other</b>		
Not later than one year	180	60
Later than one year and not later than five years	405	25
later than five years	-	-
	<u>585</u>	<u>85</u>

## 26 Defined benefit obligations

The Group's employees belong to three principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Bath & North East Somerset Local Government Pension Scheme (LGPS) for non-teaching staff, and a NEST (defined benefit) pension scheme for employees in the subsidiary undertakings.

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Total pension cost for the year</b>		
Teachers' Pension Scheme: contributions paid	2,285	2,195
NEST Pension Scheme: contributions paid	11	6
Local Government Pension Scheme:		
Contributions paid	1,470	1,725
FRS 102 (28) charge	<u>1,562</u>	<u>1,034</u>
Charge to the Statement of Comprehensive Income	3,032	2,759
<b>Total Pension Cost for Year</b>	<u><b>5,328</b></u>	<u><b>4,960</b></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 2019 and of the LGPS 31 March 2019.

Contributions amounting to £396,514 (2020: £391,827) were payable to the schemes on 31 July 2021 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, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The 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 2019. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

## **Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the Bath & North East Somerset Local Authority. The total contribution made for the year ended 31 July 2021 was £1,914,552 (2020: £2,047,411), of which employer's contributions totalled £1,474,293 (2020: £1,632,833) and employees' contributions totalled £440,259 (2020: £414,578). The agreed contribution rates for future years are 17.3% for employers and range from 5.5% to 12.5% for employees, depending on salary.

## **Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary:

	<b>At 31 July 2021</b>	<b>At 31 July 2020</b>
Rate of increase in salaries	4.1%	3.8%
Future pensions increases	2.7%	2.4%
Discount rate for scheme liabilities	1.6%	1.6%
Inflation assumption (CPI)	2.6%	2.3%

**Local Government Pension Scheme (Continued)**

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

	<b>At 31 July 2021 years</b>	<b>At 31 July 2020 years</b>
<i>Retiring today</i>		
Males	23.3	23.2
Females	25.4	25.3
<i>Retiring in 20 years</i>		
Males	24.8	24.7
Females	27.4	27.3

Mortality assumptions as at 31 July 2021 have not been updated to reflect the potential effects of COVID-19 on the basis that it is not possible to draw any meaning conclusions on the potential impact of COVID-19 on mortality rates going forwards. This will be monitored in future periods and mortality rates updated as appropriate.

The College's estimated share of the assets in the plan and the expected rates of return were:

	<b>Fair Value at 31 July 2021 £'000</b>	<b>Fair Value at 31 July 2020 £'000</b>
Equities	33,415	30,279
Government Bonds	7,591	4,932
Other Bonds	6,339	1,850
Property	4,930	6,029
Other	24,573	23,361
Cash	1,409	2,055
<b>Total market value of assets</b>	<b><u>78,257</u></b>	<b><u>68,506</u></b>
<b>Estimated return on plan assets</b>	<b><u>10,366</u></b>	<b><u>2,998</u></b>

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

	<b>2021 £'000</b>	<b>2020 £'000</b>
Fair value of plan assets	78,257	68,506
Present value of plan liabilities	(125,399)	(118,521)
Present value of unfunded liabilities	(23)	(25)
<b>Net pensions liability (Note 21)</b>	<b><u>(47,165)</u></b>	<b><u>(50,040)</u></b>

**Local Government Pension Scheme (Continued)**

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	2,989	2,516
Past service cost	-	140
Curtailments	-	62
<b>Total</b>	<b>2,989</b>	<b>2,718</b>

**Amounts included in investment income**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Net interest expense	(788)	(813)
	<b>(788)</b>	<b>(813)</b>

**Amounts recognised in Other Comprehensive Income**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Return on pension plan assets	9,274	(4,161)
Experience gains arising on defined benefit obligations	2,502	1,795
Changes in assumptions underlying the present value of plan liabilities	(6,551)	(7,965)
<b>Amount recognised in Other Comprehensive Income</b>	<b>5,225</b>	<b>(10,331)</b>

**Movement in net defined benefit liability during the year**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Surplus/(deficit) in scheme at 1 August	(50,040)	(37,862)
Movement in year:		
Current service cost	(2,989)	(2,516)
Past service cost	-	(140)
Employer contributions	1,470	1,725
Administrative expenses	(43)	(41)
Curtailments	-	(62)
Net interest on the defined liability	(788)	(813)
Actuarial gain or loss	5,225	(10,331)
<b>Net defined benefit liability as at 31 July</b>	<b>(47,165)</b>	<b>(50,040)</b>



**Local Government Pension Scheme (Continued)**

**Asset and Liability Reconciliation**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	118,546	109,202
Current Service cost	2,989	2,516
Past Service cost	-	140
Interest cost	1,880	2,380
Contributions by Scheme participants	441	415
Experience gains and losses on defined benefit obligations	(2,502)	(1,795)
Changes in financial assumptions	6,551	7,965
Benefits paid	(2,483)	(2,339)
Curtailments and settlements	-	62
<b>Defined benefit obligations at end of period</b>	<b><u>125,422</u></b>	<b><u>118,546</u></b>

**Reconciliation of Assets**

<b>Fair value of plan assets at start of period</b>	68,506	71,340
Interest on plan assets	1,092	1,567
Return on plan assets	9,274	(4,161)
Administrative expenses	(43)	(41)
Employer contributions	1,470	1,725
Contributions by Scheme participants	441	415
Benefits paid	(2,483)	(2,339)
<b>Assets at end of period</b>	<b><u>78,257</u></b>	<b><u>68,506</u></b>

The above shows a past service cost of £Nil (2020 £140,000) in respect of the McCloud judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just over 0.4% of the total scheme liability as at 31 July 2020. The calculation of adjustment to past service costs, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption

## 27 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 immaterial and are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Exemption has been taken from disclosing transactions with wholly owned subsidiaries.

The total expenses paid to or on behalf of the Governors during the year was £Nil; (2020: £447; expenses were claimed by 2 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2020: None).

## 28 Amounts disbursed as agent

Learner support funds

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Funding body grants	834	1,038
	834	1,038
Disbursed to students	(693)	(1,016)
Administration costs	(34)	(54)
<b>Balance unspent as at 31 July, included in creditors</b>	<b>107</b>	<b>(32)</b>

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.

## 29 Events after the reporting period

There are no events after the reporting period.