ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 July 2022

Barnet and Southgate College Corporation
Southgate Campus
High Street
Southgate
N14 6BS

Contents

Reference and Administrative Details

Board of Governors

The following Governors served during the year ended 31 July 2022 and at the date of signing this report:

A Almeida-Jones

S Baker (appointed March 2022)

N Brew (resigned July 2022)

S Dawson (resigned July 2022)

R Faramarzian (appointed July 2022)

I Galvin

A Goldstein (Chair)

D Mepham (Chief Executive)

D Moore (appointed July 2022)

J Jarvis

C O'Riordan

C Scott (appointed March 2022)

H Sheath

M Sweeney

M Taylor (appointed May 2022)

A Middleton (appointed June 2021)

C Tsattala (Term ended November 2021)

C Scott (appointed January 2022)

S Baker (appointed January 2022)

B Mebrak (student governor) (resigned July 2022)

E Yama Ozturk (student governor) (resigned November 2021)

S Quettawala (student governor) (resigned July 2022)

Head of Governance

L Lloyd-Williams (from September 2021, resigned July 2022)

L Jackman (appointed September 2022)

Executive Leadership Team

D Mepham

N Coker

T McIntosh

M Sellis

Principal and Registered Office

Barnet and Southgate College, High Street, Southgate N14 6BS

Professional advisors

External Auditors	MHA MacIntyre Hudson
Internal Auditors	Scruton Bland
Solicitors	Eversheds Sutherland (International) LLP
Bankers	Lloyds Bank

STRATEGIC REPORT

The members of the Board of Governors present their report and the audited financial statements for the year ended 31 July 2022.

A list of all the Governors who served on the Board at any point during 2021-22 and up to the date of signing, together with their roles, is to be found in the statement of corporate governance and internal control.

Legal Status

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

Mission, Vision, Strategy and Objectives

The Board has retained its long-standing values and agreed a new Expression of Purpose and three Strategic Priorities as a part of a revised Strategic Plan for 2020-23:

Expression of Purpose

To provide high quality, relevant and impactful training and learning opportunities through a very broad-based education offer – aimed at adults over the age of 16 years. By relevant and impactful we mean that the learning opportunities equip students to make positive forward steps in their employment and career, ongoing education, or personal development.

Focus on Quality of our Provision

We wish to ensure that we are delivering high quality relevant training and learning in all the markets which we operate in and that we do so in a cost-effective way. This means focusing relentlessly on improvement and maintaining high quality learning opportunities for all our students. It also means exiting some markets where it is not possible for us to meet these standards. This is true of our delivery to young people and to adult students in our local communities and of our commercially funded training and learning both locally and elsewhere across the UK.

Focus on Growth

We will grow and develop our portfolio of learning opportunities ensuring that they remain relevant to students, the communities, and industries with which we work and that they are cost effective. We will do this through a combination of expanding delivery where we are already successful so that we can support and meet the needs of a larger number of students and through carefully selecting new markets to enter.

Focus on Financial Sustainability

We will improve the financial sustainability of the College by moving within three years to a position of annual surplus generation.

The impact of COVID-19 and the recommendations of the Government and Department for Education in respect the virus control measures has had an impact on the College activities and operations. There has been a reduction in adult education, commercial and fee paying income generated by the College due to the closure of premises during national lockdowns. This has been mitigated by a reduction in non-pay costs. The College has made good use of the Government's Tuition Fund for 16–18-year-olds to catch up learning and development missed during the pandemic.

During 2021-22 the College had the number of students funded under arrangements made by the

Secretary of State for Education set out in table 1 below:

Table 1. Number of students in 2021-22

Type of student	**Number**
Students (mainly 16-18)	2,924
16-18 Apprentices	17
19+ Apprentices	86
Other adult students	8,812
Higher Education Students (funded by the Office for Students)	116

This is not a comprehensive listing of the College's total student population. Amongst students not listed above are adults not studying for qualifications and students studying "non-funded" qualifications designed to improve life chances and social well-being.

Resources

The College employs 517 people, of whom 245 are teaching staff.

The Group has £43.2 million of net assets (after allowing for £10 million pension liability). Tangible resources include the main College sites and £9.0 million held in current assets and current asset position of £2.4m. The College occupied four premises during the year.

1) The Wood Street campus in High Barnet including Tudor Hall
2) The Southgate Campus, lying to the west of the High Street, which also accommodates the Enfield Business Hub.
3) The Colindale campus which also accommodates the local public library and some community facilities.
4) Leased premises in Edmonton Green, Enfield.

The College has a good reputation locally, regionally, and nationally, working closely with partners, and especially employers, to design and deliver provision that meets their needs, those of students and of the local and wider community. Well-established partnerships exist with many organisations, including local and regional businesses, local authorities, NHS trusts, universities, community-based organisations, and the charitable sector, many of which result in significant enrichment opportunities for students.

Over 1000 employers provide work experience placements across the College because of the good links with businesses and other organisations.

Most curriculum areas have active links and partnerships with employers to enrich and inform curriculum delivery. Increasingly such partnerships are being used effectively to design a distinctive curriculum offer that meets their specific needs and meets employer demand locally and regionally.

Stakeholders

The College has many stakeholders including:

- its current, future and past students.
- its staff and their trade unions (UCU, Unison and NEU)
- the employers it works with.
- the professional organisations in the sectors where it works.
- The Universities of Bolton
- the wider College community.
- the London Boroughs of Barnet and Enfield and other local authorities across London and Hertfordshire
- the Greater London Assembly
- several sports organisations providing coaching and training for students, including the National Football League (NFL), the Tottenham Hotspur Foundation and Boreham Wood football Club

During the year the College continued its links and influence with all the above and sought to play a significant part in local business and community affairs. The College is represented at key strategic partnership meetings and works with local resident groups to further the objectives of improving community partnership and strategic collaboration.

DEVELOPMENT AND PERFORMANCE

In March 2022, the College was inspected by Ofsted and was graded as Good for Overall Effectiveness and Good across all 8 areas inspected.

Financial Results

The Group achieved a small improvement in its financial target, generating a deficit before other gains and losses of £930k. Adjusting for non-operating costs relating to pensions, the operating position was a gain of £1,204k.

Deficit before other gains and losses	**(£930k)**
Add: LGPS Service Charge	£1,500k
Add: FRS102 Pension Interest Charge	£634k
Operating Gain	**£1,204k**

Income was £852k lower than in the previous year largely due to lower levels of delivery of adult education.

Developments

The College's redevelopment involved tangible fixed asset additions during the year amounting to £518k. This was split between refurbishment costs of £126k, and equipment purchased of £392k.

Reserves

The Group has accumulated reserves of £43.2 million and cash and short-term investment balances of £7.8 million. The Group wishes to accumulate reserves and cash balances to create a contingency fund and to continue its programme of investment in facilities for students.

Sources of income

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2021/22 the FE funding bodies provided 82.7% (81% - 2020/21) of the Group's total income.

Group companies

The College has one subsidiary company, Minchenden Business Centre Limited. The company is not traded since 31 July 2021 and is the process of being wound up. Any surpluses generated by the subsidiary are transferred to the College under deed of covenant. In the current year, a deficit of £6k was generated, before any release of intercompany debt.

FUTURE PROSPECTS

Developments

The College continues to respond flexibly to the challenges posed by the aftermath of Covid-19 pandemic, making good use of government funds such at the small group tuition fund to help learners catch up on missed learning. Teaching and learning has returned fully to the College's campuses, with some learners, particularly those taking Higher Education courses, taking advantage of hybrid learning opportunities. The College continues to invest in new mobile technology, to facilitate flexible working for both staff and students.

The College has continued to invest in its facilities and aims to increase student numbers across the College sites. The College will work closely with the local community and businesses to plan courses that meet their needs.

Financial plan

The College Governors approved a financial plan in July 2022 which sets objectives for the period to 2024.

Treasury policies and objectives

The College has treasury management policy and arrangements in place to manage cash flows, banking arrangements and the risk associated with those activities. All borrowings require the authorisation of the Board of Governors. The renegotiated loan has been approved by the Board of Governors with the updated terms of a security against the Wood Street Campus and a fixed rate of interest of 5.127% and a margin of 3%.

Cash flows and liquidity

At £5.0m (2020/21 £4.6m), net cash inflow from operating activities. The College has sufficient liquidity to pay for its current liabilities with cash reserves of £7.8m, excluding the bank loan.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded. Borrowing in the form of bank loans reduced to £14.0m (£14.8m in 2020/21).

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £33.1 million (2021: £3.3 million). It is the Board of Governors' intention to provide reserves for reinvestment through the generation of annual operating surpluses.

Going Concern

The aftermath of the Covid-19 pandemic continued to impact the College, in the areas of commercial letting income and apprenticeships, but there has been significant growth in sector-based work academies to prepare the unemployed for work.

Whilst there is a reduction in the number of 16–18-year olds enrolled for 2022/23, this will impact the funding in 2023/24 with a potential decrease in funding of around £1m. Taken together with increases in energy costs, cost of living wage increases and inflation in goods and services, there is a potential impact on banking covenants in 2023/24. The leadership team are taking steps in year to mitigate against the risk of a covenant breach with the bank having already agreed to relax a key covenant for 2022/23. The cashflow forecast for the next 12 months and beyond remains strong and shows the college will be able to pay its debt as it falls due.

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

Post Balance Sheet Event

Following a review by the Office for National Statistics, it has been formally announced, on 29 November 2022, that FE Colleges and their subsidiaries will be reclassified as forming part of central government sector. See note X of the Financial Statements for further details.

PRINCIPAL RISKS AND UNCERTAINTIES

During 2021/22 the College embedded its revised approach to risk management. This started with a complete reassessment of the Corporate Risk Register to focus on the key risks facing the College in the context of its strategic priorities.

The Audit Committee has responsibility for the oversight of risk management processes and met in September, December, March, May and July during 2021/22 including a meeting dedicated to an in-depth review of the corporate risk register. The considerations of the Audit Committee relating to risk were reported to the Board by the Committee Chair.

The revised Corporate Risk Register was reviewed and amended by the Executive Leadership Team regularly throughout the year and presented to Audit Committee meetings for discussion and feedback. The risk register now includes mapping of sources of assurance against each key risk.

As well as the raw risk score mitigated by existing controls, the risk register focuses on the ongoing actions to reduce the risk further to a target level. The actions have an owner and a due date and together form the Risk Action Plan. The board also considered the College's Risk Appetite and how this relates to the Target Risk level for each of the Corporate level risks.

The Corporate Risk Register is dynamic and risks have been added, removed and adjusted during the year, in consultation with the Audit Committee.

A Risk Management Committee was established during 2021/22 with the remit to oversee the development of local risk registers for individual departments and a review of the corporate level risks.

Taken together, these actions are considered to have improved the effectiveness of both the Risk Register and the risk management approach during the year, with further improvements underway in the 2022/23 academic year.

Main Risks identified through the Risk Register in 2021/22	**Key Mitigating Actions**
Failure to sustain high quality learning and student experience resulting in poor outcomes for students and poor categorisation of the college by funders and regulators e.g. Ofsted.	Performance management by the college Senior Leadership Team of a comprehensive Quality Improvement Plan developed from a robust Self Assessment Report Comprehensive scrutiny and challenge by Executive Leadership Team and board Quality Steering Group An intensive care methodology has been developed and used and can be put in place quickly as required. External review and challenge of the Quality Improvement Plan Staff development and support activity focused on consistent quality improvement

Financial stability - the College is not able to meet planned budget assumptions (particularly outturn or cashflow) due to non-achievement of income targets and /or inability to realize planned savings – resulting in poor financial health categorization and /or need for external intervention	Detailed business planning across each income stream Monthly performance management and tracking of income lines by budget holders with escalation of any anticipated adverse variance Monthly management accounts reported to Executive Leadership Team and Finance Steering Group incorporating rolling forecasts Track key risks and opportunities identified during the budget process in each management accounts pack 12 month rolling cashflow forecasting
Significant safeguarding failure resulting in harm to a student that could have been averted through action by the college	Individual contact with vulnerable students Monitoring in year by safeguarding and wellbeing committee underpinned by a safeguarding framework against which we assess our performance Fortnightly review and update between the Designated Safeguarding Officer and Principal Scrutiny and review by the board and safeguarding governor
Major ICT failure that compromises college delivery due to lack of investment, maintenance, or security - including data security	Multi factor authentication protocols on portable or own equipment rolled out to all staff Data protection protocols and mandatory training in place Revised Business Continuity plan developed and shared with the Audit Committee Implementation of prioritised improvements to address vulnerability via Cyber Essentials Plus certification
An accident or health and safety breach results in serious injury or death of students, staff or visitors	Established mechanisms to review Health & Safety policy, incidents, learning and best practice Qualified and experienced Health and Safety manager Planned and targeted training and testing of procedures Regular (weekly) Health & Safety Committee meetings to review Covid specific responses in place Regular Health and Safety Committee meetings, together with a subgroup to communicate operational detail to trade union representatives Mandatory Health & Safety Training and induction
Industrial relations deteriorate leading to strike action or action short of strike action, impacting the quality of education	Regular Joint Trade Union (JTU) meetings to discuss and resolve issues of concern (L,I) Well-established consultation mechanisms to discuss change proposals (L) Programme of projects to address workload issues agreed with trade unions HR Policies and Procedures agreed with unions representatives Monthly publication of detailed financial performance information to all staff

KEY PERFORMANCE INDICATORS

Key performance Indicator	Measure/Target	Actual for 2021/22
Student number targets (16-18)	3,514	2,924
Student overall achievement	85%	85.6%
Operating Surplus (Deficit)/EBITDA as % of income	9.31%	9.42%
Ofsted rating	Good	Good

Student achievements

Students continue to prosper at the College. The overall achievement rate was 85.6% (85.1% for 2020/21). Most students moved into employment, further or higher education after they completed their College course. Of those who applied to university 85% were placed and 53% obtained their first choice institution.

OTHER INFORMATION

Public Benefit

Barnet and Southgate College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Board of Governors, who are trustees of the charity, are disclosed on page 15 In setting and reviewing the College's strategic objectives, the Board of Governors has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to over 12,000 students, including over 300 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and Maths courses. The College adjusts its courses to meet the needs of local employers and provides training to apprentices and pre-employment courses via sector based work academies. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

Equality

The College is committed to ensuring equality of opportunity for all its learners, staff and the broader community which it serves. We welcome, celebrate and value the diversity of our learning community and seek to promote an inclusive learning and working environment where everyone can achieve to their full potential. We have a zero tolerance of discrimination, harassment or bullying of any kind. This policy is monitored and reviewed on an annual basis. The College's Equality, Diversity and Inclusion Policy is published on the College's Intranet and website.

The College publishes an Annual Equality, Diversity and Inclusion Report and three yearly Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College is a ‘Positive about Disabled People’ employer and has committed to the principles and objectives of the Positive about Disabled People standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. 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, as far as possible, provide identical opportunities to those of non-disabled employees.

The College has committed to the ‘Mindful Employer’ initiative to assist the mental health wellbeing of staff. The College achieved the Investors in Diversity Award in February 2017. The College provides training on Equality& Diversity on a regular basis and equality and diversity forms part of the induction training for all new starters.

The Single Equality Scheme

The College’s Single Equality Scheme contains a statement on Disability as follows:

The College recognises that people with disabilities, learning difficulties and mental health needs experience discrimination within society.

Within three years, we want to take substantial and concrete steps to challenge this and to help ensure fairness and equality of access to all aspects of college life. We will:

- actively oppose stereotyped responses to disabled people and work to promote a positive and inclusive environment in relation to education, training and employment in every area of college life
- ensure that students with learning difficulties, disabilities or mental health needs are an integral part of the College community and share fully in a positive ethos and culture of celebrating success
- continue to provide high quality learning through our specialist LLDD Centre of Excellence
- ensure that there is access to all learning and wider College facilities within the framework of the relevant legislation
- ensure that harassment or bullying of students with learning difficulties, disabilities or mental health needs is not tolerated in any area of college life. Any such behavior will be challenged through appropriate College procedures
- make reasonable adjustments to enable the employment of staff with disabilities or mental health needs on equal terms and conditions with all other staff
- ensure that staff and students from a representative range of learning difficulties, disabilities or mental health needs have full opportunity to impact on college policy and procedure
- continue to work within the principles of the Mindful Employer Charter
- ensure that employment policies and procedures will reflect this position statement.

The Board of Governors aims to ensuring a diversity of make-up, so that its membership reflects the community that the college serves.

Staff involvement

The Board of Governors considers good communication with its staff to be very important. As such, several communication methods are in operation to ensure that information flows throughout the organisation. A range of communication methods have been implemented and discussed with staff to ensure regular and relevant communication flows within the organisation.

Communication methods currently in use include:

- weekly management meetings held with all Heads of Service to communicate key messages from the Executive Leadership Team for cascading to teams.
- weekly newsletters to all staff.
- regular email updates and/or video messages from the CEO and the other members of the Executive Leadership Team.
- regular departmental team meetings.
- termly all staff briefings; half termly meetings with recognised trade unions.
- monthly organisational development Committee meetings with representatives from each department; and
- a staff intranet site.

The information flow and methods of communication have been publicised to all staff to encourage engagement and feedback and are under regular review through the organisational development Committee.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College

Numbers of employees who were provided with union facility time arrangements in the relevant period	16 (all between 1-50% of time)
FTE employee number	2.25FTE in total (based on remission time given)
Total cost of facility time	£116k
Total pay bill	£23m
Percentage of total bill spent on facility time	0.50%
Time spent on paid trade union activities as a percentage of total paid facility time	100%

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998 requires Colleges, in the absence of agreement to the contrary, to make payment to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2021 to 31 July 2022, the College paid 95 per cent of its invoices within 30 days.

Disclosure of information to auditors

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

Approved by order of the members of the Board of Governors on 15th December 2022 and signed on its behalf by:

Adam Goldstein

Chair of the Board of Governors

15th December 2022

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. The statement covers the period 1st August 2021 to 31st July 2022 and up to the date 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 College Code of Good Governance for English Colleges ("The Code").

In the opinion of the Governors, the College complies with all the mandatory provisions of the Code, and it has complied throughout the year ended 31 July 2022. The opinion is based on an internal review of compliance with the Code and an external review of Governance undertaken between October and December 2019.The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to always observe the highest standards of corporate governance. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, although the Board has not formally adopted the Code.

The Board of Governors

The Governors who served on the Board during the year and up to the date of signature of this report were as listed below. Membership of task and finish Groups is not included.

Name	Date of Appointment & Reappointment	Term of Office	Resignation	Status of Appointment	Attended at scheduled Board meetings 2021-22
Alessandra Almeida-Jones	01/09/2019	4 years		External	2 out of 5
Nana Brew	26/09/2019	4 years			1 out of 5
Alex Middleton	29/06/2021			Co-opted Member	1 out of a possible 1
Sheila Dawson	01/09/2013 13/07/2017 15/07/2021	5 years – extended by 1 year to 31 July 2022	31 July 2022	External	5 out of 5
Mark Taylor	14/05/2022	4 years		External	0 out of a possible 1
Imelda Galvin	01/09/2019	4 years		External (Vice Chair)	4 out of 5
Adam Goldstein	27/04/2020	4 years		External (Chair of Board)	5 out of 5
Darren Mepham	06/01/2019	Ex-Officio		Chief Executive and Accounting Officer	5 out of 5
Cait O'Riordan	10/12/2020	4 years		External	3 out of 5
Hannah Sheath	29/06/2021	4 years		External	3 out of 5
Jenny Jarvis	28/01/2021	4 years		External	4 out of 5
Mark Sweeney	28/01/2021	4 years		External	4 out of 5
Sakina Quettawala	November 2020	Whilst a student	31/07/2022	Student	0 out of a possible 5
Ezgi Yama Ozturk	November 2020	Whilst a student	November 2021	Student	1 out of a possible 1
Biza Mebrak	November 2021	Whilst a student	31/07/2022	Student	3 out of a possible 4
Christalla Tsattala	11/11/201 10/11/2017 9/11/2019	2 years		Staff	5 out of 6
Sue Baker	24/01/2022	2 years		Staff	2 out of a possible 3
Chalene Scott	24/01/2022	2 years		Staff	3 out of a possible 3

Lorna Lloyd-Williams, the Head of Governance, resigned in July 2022 and was replaced by Lana Jackman from September 2022.

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

The Board is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Board looks after student interests through the receipt of timely student feedback and is developing a strategy to increase engagement with learners. The Board scheduled six meetings during 2020-21 and had one strategic away day. During the period, the Chair convened one additional Special Board meeting during the period to deal with urgent issues. As this was a special meeting and therefore outside the normal notice requirements it has not been included in the attendance figures

The Board of Governors has operated a 'Carver'-style until the end of academic year 2021. It had three standing committees with Terms of Reference, which have been approved by the Board. These committees are Audit, Remuneration and Search. In addition, it had a finance working group and a Quality, Teaching and Student experience working group. From the start of the academic year 2021/22 the board has operated a committee system with the following committees:

- Audit and Risk
- Finance
- Quality, Teaching and Student experience
- Search and Development
- Remuneration and appraisal

Full minutes of Board meetings, except those deemed to be confidential by the Corporation, are available from the College website (barnetsouthgate.ac.uk) and or from Head of Governance at the College's registered address.

During periods of College closure, due to Covid-19, the Board of Governors and its Committees continued to meet by video conferencing and was able to perform its statutory duties without interruption or hindrance.

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

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

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

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

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

Appointments to the Board of Governors

Any new appointments to the Board of Governors are a matter for the consideration of the Board as a whole. The Board has a Search Committee, consisting of four Governors, which is responsible for the selection and nomination of any new governor for the Board's consideration. The Board is responsible for ensuring that appropriate training is provided as required.

During the period 2020-21, the Board appointed five new external Governors on the advice of the Search Committee.

Governors are appointed for a term of office not exceeding four years and, having regard to the recommendations made in the AoC Code of Good Governance in English Colleges, no more than eight years will normally be served by members unless in exceptional circumstances.

College Performance

The governing body self-assesses its performance and that of its committee annually, reviewing skills gaps and identifying areas for improvement. The last external review of governance was in 2019, and the governing body is in the process of commissioning a suitably qualified external advisor to perform an updated review during 2022/23.

Governors attended a comprehensive Safeguarding and Prevent Training held by the College Designated Safeguarding Lead in 2021-2022 after completion of the College mandatory online training courses. Governors were encouraged, by the Chair, to undertake individual CPD courses across the year to develop their understanding of governance, to inform them on the seriousness of their roles and responsibilities. The Head of Governance attended AoC Clerk's network conferences and Education Training Foundation briefings.

Remuneration Committee

Throughout the year ended 31 July 2022, the Board's Remuneration Committee comprised five external Governors, including the Chair and Vice-Chair of the Board. The Committee Chair was not the chair of the Board. The Committee's responsibilities are to review the performance of the Accounting Officer, other Senior Post Holders and the Clerk, to determine appropriate salary levels and to advise the Board accordingly.

The Board of Governors has adopted the AOC's Senior Staff Remuneration Code and publishes an annual Remuneration report in line with the Code.

Details of remuneration for the year ended 31 July 2022 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee terms of reference provide that it will comprise of a minimum of three external governors and may co-opt up to two members who are not governors. The Accounting Officer, the Chair of the Board, and staff and student governors are not eligible to be members The Committee operates in accordance with written Terms of Reference which comply with the requirements of the Post 16 Accounting Code of Practice and are reviewed annually and approved by the Board.

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

Name	Audit & Risk Committee
Sheila Dawson (Chair)	4 out of 4
Alex Middleton	3 out of 4
Mark Sweeney	4 out of 4

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

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

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

The Committee advises the Board on the College's arrangements for risk management and for securing economy, efficiency and effectiveness (value for money). The Committee also oversees the Board's policies on fraud, irregularity and whistleblowing and ensures that all allegations of fraud or irregularity are properly followed up and that investigation outcomes are reported to the auditors and funding body as appropriate. During the academic year 2021/22, the Audit committee met on 5 separate occasions.

Internal Control

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

The Board has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to him in the Funding Agreement between Barnet and Southgate College and the funding bodies. He is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going 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 Barnet and Southgate College for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts.

Capacity to handle risk
The Board is (and has been through the year) aware of the main risks (finance, quality and growth) facing the College and the actions that are in place. The Board is of the view that there is a regular review of the College's strategic risks by the Executive Leadership Team for the period ended 31 July 2022 and up to the date of approval of the annual report and accounts. Risk Management arrangements are reviewed by the Board through the Audit Committee.

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

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

The College engages an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board of Governors on the recommendation of the Audit Committee. In addition to regular reports to Audit Committee, the internal auditor provides the Board of Governors with an annual report on internal audit activity in the College. The report includes the service provider's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the Corporation and significant control weaknesses identified

The Corporation identifies, evaluates and manages risk based on key risks identified in context of its strategic priorities using the Corporate Risk Register. The Executive Leadership Team regularly reviews and amends the register throughout the year. The register includes mapping of sources of assurance against each key risks. The key risks identified in the year failure to sustain high quality of student learning and experience, financial sustainability, safeguarding failure, ICT failure, health and safety breaches and industrial relations

The principal risks faced by the Corporation and the mitigations put in place are described in the section 'Principal Risk and Uncertainties' on page 8.

Control Weaknesses identified

During the 2021/22 academic year the internal audit service completed seven audit assignments (one of which was advisory and not graded) and one follow-up audit of previous recommendations. They assigned six 'significant' assurance opinions and concluded that 'reasonable progress' had been made in the implementation of prior year Internal Audit recommendations. There were no high risk recommendations during 2021/22. There were three medium risk recommendations in the areas of Payroll, Funding Assurance and High Needs Learner Support. The medium risk recommendation relating to Payroll was to address an issue we identified with staff starters, whereby the incorrect pay scales had been recorded on the Payroll system, resulting in incorrect payments being made to some members of staff. The medium risk recommendation relating to Funding Assurance was to address an issue with the calculations and recording of off-the-job hours for apprentices, to help ensure that accurate data was being reported on the ILR. The medium risk recommendation relating to High Needs Learner Support was to address a series of errors identified on the spreadsheets used by the College to record and calculate high needs costs.

Responsibilities under funding agreements

The College has met its contractual responsibilities under funding agreements with the ESFA and Greater London Authority by providing regular and accurate reporting through Individualised Learner Records (ILR) and other returns as required. Any funding claims made are based on the funding agreement.

Statement from the audit Committee

The Audit Committee has advised the Board of Governors that the corporation has an adequate framework for governance and internal control in place.

The Committee considers that the College's Internal and External Audit arrangements are operating effectively and that they are adequate, both in terms of resource input and the scope of the work, to provide assurance on the key risks facing the College.

The specific areas of work undertaken by the Audit Committee in 2021/22 and up to the date of the approval of the financial statements included the following.

- The Internal Audit Strategy update and operational plan for 2021-22 was agreed by the Audit Committee on 22 September 2021. Although the intention had been to complete all the work included in the plan by the end of academic year, three reports remained outstanding and were considered by the Committee at its meeting on 28 September 2022. Audits focused payroll, learner recruitment, risk management, income and debtors, partnerships and high needs learner support and learner numbers. Of the audits completed in 2021-22, seven were assurance based and of these, six were rated 'green', and one 'amber'. This is an improvement to the level of assurance provided in the previous year. No assurance opinion was given for the risk management work as this was an advisory review. The Internal Auditors gave a significant assurance opinion in their annual report.

- The IAS conducted one Follow Up audit during the year, reviewing the status of 38 recommendations made in 2020-21 and previous years. Of these, 20 recommendations were verified as implemented or superseded and 3 remained in progress. 3 were not yet implemented. The auditors considered that there was no evidence available as yet to assess the status of the remaining 12 recommendations.
- A Funding Assurance Review of the GLA adult education provision was undertaken by GLA appointed auditors re 2020-21. A number of errors were identified which, although not significant in financial terms, exceeded the 5% sample error rate and this automatically resulted in an 'unsatisfactory' grading. This has not triggered a further audit in 22-23 as yet.
- A confirmation from the auditors that their opinion on the Financial Statements and their assurance report on Regularity would both be unqualified.
- The Committee discussed and recorded its assessment of the performance of the external and internal audit providers at its 1 December meeting. The performance of both providers was judged as good, with most of the performance criteria being met.
- The Committee is responsible for ensuring the College's risk management arrangements are adequate and effective and that appropriate action is taken to mitigate risks. The Committee recognised that the risk register in place prior to 2020-21 was not adequate and that it required restructuring to allow governors better oversight of the key risks facing the College. A revised corporate risk register has been devloped to improve the quality of information used within the college and provided to governors. The latest iteration includes an indication of the level of risk considered acceptable (risk appetite) and sources of assurance. The Committee also received reports outlining the revised management arrangements in the College, designed to improve the overall risk management framework and to ensure that robust processes are in place. As a result, the Committee is of the view that there has been a significant improvement in the College's risk management arrangements over the past year

Review of effectiveness

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

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

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

The Executive Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Executive Leadership Team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The

Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board's agenda includes a regular report on risk and control from the Audit Committee and the Executive Leadership Team. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2022 meeting, the Audit Committee carried out the annual assessment of risk and internal control for the year ended 31 July 2022 by considering documentation from the Executive Leadership Team and internal audit and taking account of events since 31 July 2022.

Based on the advice of the Audit Committee and the Accounting Officer, the Board is of the opinion that the College’s framework for governance, the management of strategic risks and internal control is adequate, and that the Board has fulfilled its statutory responsibility for “effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets”.

Approved by order of the members of the Corporation on 15th December 2022 and signed on its behalf by:

Adam Goldstein	Darren Mepham
Chair of the Board of Governors	Accounting Officer

Statement of Regularity, Propriety and Compliance

As accounting officer I confirm that the corporation has had due regard to the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am 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 ESFA, or any other public funder.

I 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 ESFA.

Darren Mepham
Accounting Officer
Date:

Statement of the chair of governors

On behalf of the corporation, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.

Mr Adam Goldstein

Chair of governors

22/12/2022

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA and *GLA*, the corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period.
Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice. 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

The corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, 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(s); 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 and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by 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 ESFA and other public bodies are not put at risk.

Approved by order of the members of the corporation on **15 December 2** and signed on its behalf by:

Adam Goldstein, Chair of the Board of Governors

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNORS OF THE CORPORATION OF BARNET AND SOUTHGATE COLLEGE

Opinion

We have audited the financial statements of the Corporation of Barnet and Southgate College (the 'College') and its subsidiary (the 'Group') for the year ended 31 July 2022 which comprise the Consolidated Statements of Comprehensive Income, the Consolidated and College Statement of Changes in Reserves, Group and College Balance sheets, Consolidated Statement of Cash Flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- give a true and fair view of the state of the Group and College's affairs as at 31 July 2022 and of the deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion, in all material respects

- funds from whatever source administered by the Corporation for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- funds provided by the Office for Students and the Education and Skills Funding Agency have been applied in accordance with the relevant terms and conditions.

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matters:

- The Corporation's grant and fee income, as disclosed in note number 2 to the financial statements, has been materially misstated.

We have no matters to report arising from this responsibility.

Responsibilities of the Corporation of Barnet and Southgate College

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any instances of known or suspected instances of fraud;
- Enquiry of the Corporation staff and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing the design and implementation of control systems in place
- Testing the operational effectiveness of the controls;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with 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 as a body, for our audit work, for this report, or for the opinions we have formed.

MHA MacIntyre Hudson

MHA MacIntyre Hudson
Chartered Accountants and Registered Auditor
London, United Kingdom

Date 22/12/2022

Independent Reporting Accountant's Report on Regularity to The Corporation of Barnet and Southgate College and Secretary of State for Education, acting through Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 26 October 2019 and further to the requirements and conditions of funding in ESFA's 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, in all material respects, the expenditure disbursed and income received by Barnet and Southgate College during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

This report is made solely to the corporation of Barnet and Southgate College and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Barnet and Southgate College and 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 Barnet and Southgate College and ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Barnet and Southgate College and the reporting accountant

The corporation of Barnet and Southgate 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, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by 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 and propriety.

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 and propriety of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of self-assessment questionnaire including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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 2021 to 31 July 2022, has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities that govern them nor have been improper.

MHA MacIntyre Hudson

MHA MacIntyre Hudson
Chartered Accountants and Registered Auditor
London, United Kingdom

Date: 22/12/2022

Barnet and Southgate College
Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2022 Group £'000	2022 College £'000	Year ended 31 July 2021 Group £'000	2021 College £'000
INCOME					
Funding body grants	2	34,414	34,414	33,514	33,514
Tuition fees and education contracts	3	5,680	5,680	6,196	6,196
Other grants and contracts	4	1,310	1,310	1,007	1,007
Other income	5	779	783	909	893
Endowment and investment income	6	8	8	3	3
Total income		**42,191**	**42,195**	**41,629**	**41,613**
EXPENDITURE					
Staff costs	7	25,197	25,197	24,464	24,464
Other operating expenses	8	13,018	13,011	14,979	15,168
Depreciation	11	3,114	3,114	2,980	2,976
Interest and other finance costs	9	1,792	1,792	1,467	1,467
Total expenditure		**43,120**	**43,114**	**43,890**	**44,075**
(Deficit)/surplus before other gains and losses		**(930)**	**(919)**	**(2,261)**	**(2,462)**
Profit on disposal of assets	11	-	-	(2)	-
(Deficit)/surplus before tax		**(930)**	**(919)**	**(2,263)**	**(2,462)**
Taxation	10	-	-	-	-
(Deficit)/surplus for the year		**(930)**	**(919)**	**(2,263)**	**(2,462)**
Actuarial loss in respect of pensions schemes		30,522	30,522	1,487	1,487
Total comprehensive income for the year		**29,592**	**29,603**	**(776)**	**(975)**

All items of income and expenditure relate to continuing activities

Barnet and Southgate College
Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Group			
Balance at 1st August 2020	3,866	10,471	14,337
Surplus/(deficit) from the income and expenditure account	(2,263)	-	(2,263)
Other comprehensive income	1,487	-	1,487
Transfers between revaluation and income and expenditure reserves	203	(203)	-
	(573)	(203)	(776)
Balance at 31st July 2021	3,293	10,268	13,561
Surplus/(deficit) from the income and expenditure account	(930)	-	(930)
Other comprehensive income	30,522	-	30,522
Transfers between revaluation and income and expenditure Reserves	203	(203)	-
Total comprehensive income for the year	29,738	(203)	29,675
Balance at 31st July 2022	**33,088**	**10,065**	**43,153**
College			
Balance at 1st August 2020	4,004	10,471	14,475
Surplus/(deficit) from the income and expenditure account	(2,642)	-	(2,642)
Other comprehensive income	1,487	-	1,487
Transfers between revaluation and income and expenditure reserves	203	(203)	-
	(772)	(203)	(975)
Balance at 31st July 2021	3,232	10,268	13,500
Surplus/(deficit) from the income and expenditure account	(919)	-	(919)
Other comprehensive income	30,522	-	30,522
Transfers between revaluation and income and expenditure reserves	203	(203)	-
Total comprehensive income for the year	29,887	(203)	29,686
Balance at 31st July 2022	**33,036**	**10,065**	**43,103**

Barnet and Southgate College
Consolidated and Colleges Balance sheets as at 31 July

	Notes	Group	College	Group	College
		2022	**2022**	**2021**	**2021**
		£'000	**£'000**	**£'000**	**£'000**
Fixed assets					
Tangible fixed assets	11	86,948	86,947	89,544	89,543
Investments	12	-	–	-	-
		86,948	**86,947**	**89,544**	**89,543**
Current assets					
Trade and other receivables	13	1,256	1,250	1,753	1,742
Investments	14	4,092	4,092	4,084	4,084
Cash and cash equivalents	21	3,749	3,703	1,147	1,120
		9,097	**9,045**	**6,984**	**6,946**
Less: Creditors – amounts falling due within one year	15	(6,686)	(6,683)	(6,747)	(6,769)
Net current assets		**2,411**	**2,362**	**237**	**177**
Total assets less current liabilities		**89,359**	**89,309**	**75,837**	**75,975**
Less: Creditors – amounts falling due after more than one Year	16	(35,725)	(35,725)	(37,351)	(37,351)
Provisions					
Defined benefit obligations	20	(10,073)	(10,073)	(38,385)	(38,385)
Other provisions	20	(408)	(408)	(484)	(484)
Total net assets		**43,153**	**43,103**	**13,561**	**13,500**
Unrestricted reserves					
Income and expenditure account		33,088	33,036	3,293	3,232
Revaluation reserve	19	10,065	10,065	10,268	10,268
Total unrestricted reserves		**43,153**	**43,103**	**13,561**	**13,500**
Total reserves		**43,153**	**43,103**	**13,561**	**13,500**

The financial statements on pages 29 to 50 were approved and authorised for issue by the Corporation on 15 December 2022 and were signed on its behalf on that date by:

Adam Goldstein
Chair of the Board of Governors

Darren Mepham
Accounting Officer

Barnet and Southgate College
Consolidated Statement of Cash Flows

	Notes	2022 £'000	2021 £'000
Cash inflow from operating activities			
Surplus/(deficit) for the year		(930)	(2,263)
Adjustment for non cash items			
Depreciation		3,114	2,980
(Increase)/decrease in stocks		-	15
(Increase)/decrease in debtors		498	498
Increase/(decrease) in creditors due within one year		(118)	1,798
Increase/(decrease) in provisions		-	(43)
Pensions costs less contributions payable		1,500	870
Deferred capital grants released to income		(801)	(671)
Adjustment for investing or financing activities			
Investment income		(8)	(3)
Interest payable		1,792	1,467
(Profit)/Loss on sale of fixed assets		-	2
Net cash flow from operating activities		**5,047**	**4,650**
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	5
Investment income		8	3
Deferred capital grants received		18	1,549
Payments made to acquire fixed assets		(480)	(2,529)
Donated assets		(38)	(89)
		(492)	(1,061)
Cash flows from financing activities			
Interest paid		(1,158)	(913)
Repayments of amounts borrowed		(786)	(836)
		(1,945)	(1,749)
Increase / (decrease) in cash and cash equivalents in the year		**2,611**	**1,840**
Cash and cash equivalents at beginning of the year	21	5,231	3,391
Cash and cash equivalents at end of the year	21	7,842	5,231

1. Accounting policies

Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2021 to 2022 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, Minchenden Business Centre Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. MBC was dormant throughout the period. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities and currently does not have a student union.

All financial statements are made up to 31 July 2022.

Going concern

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

The College currently has £14.02m of loans outstanding. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. The number of students enrolled for 16-18 year olds is lower than budgeted and will impact in 23/24, however the leadership team is taking actions to mitigate against this shortfall.

Accordingly, the Governors have assessed the use of going concern and have considered possible events or conditions that might cast significant doubt on the ability of the College to continue as a going concern including the impact of higher utility costs, cost of living and interest rate increases. The Governors have made this assessment for a period of at least one year from the date of the approval of these financial statements. The Governors have concluded that there is a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. The College therefore continues to adopt the going concern basis in preparing these financial statements

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the 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 Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

1. Accounting policies (contd.)

Recognition of income
Revenue grant funding (cont.)

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

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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

Capital grant funding
Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model 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 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.

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

Investment Income
All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

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

Accounting for post-employment benefits

Post-employment 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 Second Pension, and the assets are held separately from those of the College.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

1. Accounting policies (contd.)

Barnet Local Government Pension Scheme (LGPS)
The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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

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

Termination benefits
The College entered in a voluntary arrangement with 3 members of its staff at an overall cost of £53k. This was all paid in the year.

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The College recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Enhanced pensions

The actual cost of any enhanced continuing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the continuing 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.

Access and participation plan

The College has not signed up to the access and participation expenditure plan with Office for Students.

Non-current assets - tangible fixed assets

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

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. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure reserve on an annual basis.

Building improvements and additions made since July 2000 are included in the balance sheet at cost. Freehold land is not depreciated. Freehold and leasehold buildings are depreciated over their expected useful economic life to the College of 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of 50 years.

1. Accounting policies (contd.)

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 not capitalised as part of the cost of those assets.

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

Land and buildings acquired between in Corporation and July 2000 are included at a frozen valuation on adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1994, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

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. They are not depreciated until they are brought in use.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase 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:

a. Asset capacity increases
b. Substantial improvement in the quality of output or reduction in operating costs
c. Significant extension of the asset's life beyond that conferred by repairs and maintenance
d. Market value of the fixed asset has subsequently improved

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. Equipment inherited from the local education authority is included in the balance sheet at valuation.

All other equipment is depreciated over its useful economic life as follows:

e. equipment – 5 years on a straight-line basis
f. motor vehicles – 4 years on a straight-line basis
g. computer equipment and software – 5 years on a straight-line basis
h. furniture, fixtures and fittings – 10 years on a straight-line basis.

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.

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

Investments

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

1. Accounting policies (contd.)

Stock

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Taxation 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 around 3% 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 company is subject to Corporation Tax and VAT in the same way as any commercial organisation.

Cash and cash equivalents

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

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

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

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 period with all resulting exchange differences being taken to income in the period in which they arise.

Provisions and contingent liabilities

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

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

1. Accounting policies (contd.)

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. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

· *Tangible fixed assets*

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

· *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 2020 has been used by the actuary in valuing the pensions liability at 31 July 2022. 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.

Barnet and Southgate College
Notes to the Accounts (continued)

2 Funding council grants

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency – adult	14,180	14,180	13,718	13,718
Education and Skills Funding Agency – 16 -18	18,311	18,311	17,950	17,950
Education and Skills Funding Agency - apprenticeships	393	393	369	369
Office for Students	107	107	164	164
Specific grants				
Teachers' pension scheme grant	622	622	642	642
Releases of government capital grants	801	801	671	671
Total	**34,414**	**34,414**	**33,514**	**33,514**

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	624	624	382	382
Fees for FE loan supported courses	262	262	364	364
Fees for HE loans supported courses	1,061	1,061	1,501	1,501
International students fees	-	-	-	-
Total tuition fees	1,947	1,947	2,247	2,247
Education contracts	3,733	3,733	3,949	3,949
Total	**5,680**	**5,680**	**6,196**	**6,196**

4 Other grants and contracts

	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
European Commission	445	445	233	233
Coronavirus Job Retention scheme Grant	13	13	23	23
Other grants and contracts	852	852	751	751
Total	**1,310**	**1,310**	**1,007**	**1,007**

The corporation furloughed some sales, customer services and estate staff under the government's Coronavirus Job Retention Scheme. The funding received of £13k (2021: £23k) relates to staff costs which are included within the staff costs note below as appropriate.

5 Other income

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	-	-	5	5
Other income generating activities	741	745	811	799
Miscellaneous income	-	-	4	-
Income from donated assets	38	38	89	89
Total	**779**	**783**	**909**	**893**

Income from donated assets relates to 127 laptops received from DFE capitalized at £299 each(2021: 299 laptops received from DFE capitalized at £299 each).

6 Investment income

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other investment income	8	8	3	3
Total	**8**	**8**	**3**	**3**

7 Staff costs - Group and College

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

	2022 No.	2021 No.
Teaching staff	245	245
Non teaching staff	272	269
	517	**514**

Staff costs for the above persons

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Wages and salaries	16,114	16,114	16,223	16,223
Social security costs	1,590	1,590	1,548	1,548
Other pension costs	5,355	5,355	4,805	4,805
Payroll subtotal	**23,059**	**23,059**	**22,576**	**22,576**
Contracted out staffing services	2,096	2,096	1,767	1,767
	25,155	**25,155**	**24,343**	**24,343**
Fundamental restructuring costs - Contractual	42	42	121	121
Total	**25,197**	**25,197**	**24,464**	**24,464**

Key management personnel

Key management personnel are those persons having authority and responsibility for planning directing and controlling the activities of the College and are represented by the Executive Leadership Team which comprises the Chief Executive Officer, College Principal, Executive Director of Corporate Services and Executive Director of Employer Partnerships. Staff costs include compensation paid to key management personnel for loss of office.

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

	2022 No.	2021 No.
The number of key management personnel including the Accounting Officer was:	4	4

7 Staff costs - Group and College

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions

	Key Personnel Management		Other Staff	
	2022	2021	2022	2021
	No.	No.	No.	No.
£0 to £10,000	-	-	-	-
£10,001 to £15,000	-	1	-	-
£15,001 to £20,000	-	-	-	-
£20,001 to £25,000	-	-	-	-
£25,001 to £30,000	-	-	-	-
£30,001 to £35,000	-	-	-	-
£35,001 to £40,000	-	-	-	-
£40,001 to £45,000	-	-	-	-
£45,001 to £50,000	-	-	-	-
£50,001 to £55,000	-	-	-	-
£55,001 to £60,000	-	-	-	-
£60,001 to £65,000	-	-	7	3
£65,001 to £70,000	-	-	1	2
£70,001 to £75,000	-	-	-	-
£75,001 to £80,000	-	-	1	3
£85,001 to £90,000	-	-	-	-
£90,001 to £95,000	-	-	-	-
£95,001 to £100,000	-	1	-	-
£100,001 to £105,000	1	-	-	-
£105,001 to £110,000	-	-	-	-
£110,001 to £115,000	1	1	-	-
£115,001 to £120,000	-	-	-	-
£120,001 t0 £125,000	-	-	-	-
£125.001 to £130,000	-	1	-	-
£130,001 to £135,000	-	-	-	-
£135,001 to £140,000	1	-	-	-
£140,001 to £145,000	-	-	-	-
£145,001 to £150,000	-	-	-	-
£150,001 to £155,000	-	-	-	-
£155,001 to £160,000	-	-	-	-
£160,001 to £165,000	-	-	-	-
£165,001 to £170,000	-	-	-	-
£170,001 to £175,000	1	1	-	-
	4	**4**	**9**	**8**

Key management personnel compensation is made up as follows:

	2022	2021
	£'000	£'000
Basic salary	523	512
Benefits in kind	-	-
	523	**503**
Pension contributions	116	114
Total emoluments	**639**	**626**

There were no amounts due to key management personnel that were waived in the year. The College has cycle to work and childcare vouchers salary sacrifice arrangements in place.

The above compensation includes amounts payable to the Chief Executive Officer who is the Accounting Officer (who is also the highest paid member of staff), Their pay and remuneration is as follows:

	2022 £'000	2021 £'000
Basic salary	174	173
Pension contributions	37	38

The governing body adopted AoC's Senior Staff Remuneration Code in July 2020 and assesses pay in line with its principles.

The remuneration package of the key management staff, including the Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. The remuneration Committee assess the corporation's performance against KPI's and the attainment of the students in the year, as well as the progress against College's long term strategic objectives when reviewing the remuneration package of the key management personnel, including the Chief Executive. Qualitative measures of success, such as level of engagement of the staff and students are considered.

The level of pay is benchmarked against pay of similar Colleges in the prior financial year, taken from their financial statements, and the general trend within the sector is also considered.

Relationship of Chief Executive pay, and remuneration expressed as a multiple

	2022	2021
- Basic salary as a multiple of the median of staff	6.6	6.3
- Total remuneration as a multiple of the median of staff	7.4	7.7

Compensation for loss of office paid to former key management personnel

No payments were made for compensation for loss of office to former key management personnel (2020: Nil)
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.

8 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	7,291	7,291	9,520	9,484
Non teaching costs	2,953	2,941	2,378	2,853
Premises costs	2,774	2,779	3,081	2,831
Total	**13,018**	**13,011**	**14,979**	**15,168**

Other operating expenses include:	**2022 £'000**	**2021 £'000**
Auditors' remuneration:		
Financial statements audit	48	57
Internal audit	27	24
Hire of assets under operating leases	127	98

9 Interest payable - Group and College

	2022	2021
	£'000	£'000
On bank loans, overdrafts and other loans:	1,158	913
Net interest on defined pension liability (note 26)	634	554
Total	**1,792**	**1,467**

10 Taxation - group only

The members do not believe that the College was liable for any Corporation Tax arising out of its activities during either year.

11 Tangible fixed assets (Group)

	Land and buildings		Equipment	Assets in the course of construction	Total
	Freehold	Long leasehold			
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2021	108,434	1,280	8,702	143	118,559
Transfer	44	-	-	(44)	-
Additions	126	-	392		518
Disposals	-	-		-	
At 31 July 2022	**108,604**	**1,280**	**9,094**	**99**	**119,077**
Depreciation					
At 1 August 2021	22,205	935	5,875	-	29,015
Charge for the year	2,107	86	921	-	3,114
Elimination in respect of disposals	-	-		-	
At 31 July 2022	**24,312**	**1,021**	**6,796**	**-**	**32,129**
Net book value at 31 July 2022	**84,292**	**259**	**2,298**	**99**	**86,948**
Net book value at 31 July 2021	86,229	345	2,827	143	89,544

Barnet and Southgate College
Notes to the Accounts (continued)

11 Tangible fixed assets (College only)

	Land and buildings		Equipment	Assets in the course of construction	Total
	Freehold	Long leasehold			
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2021	108,433	1,280	8,703	143	118,559
Transfer	44			(44)	-
Additions	126	-	392		518
Disposals	-	-	-	-	-
At 31 July 2022	**108,603**	**1,280**	**9,095**	**99**	**119,077**
Depreciation					
At 1 August 2021	22,205	935	5,876	-	29,016
Charge for the year	2,107	86	921	-	3,114
Elimination in respect of disposals	-	-	-	-	-
At 31 July 2022	**24,312**	**1,021**	**6,797**	**-**	**32,130**
Net book value at 31 July 2022	**84,291**	**259**	**2,298**	**99**	**86,947**
Net book value at 31 July 2021	86,228	345	2,827	143	89,543

Land and buildings which then belonged to Barnet College were revalued at 31st July 1998 on the basis of depreciation replacement cost by CB Hillier Parker Ltd in accordance with guidance issued by the Royal Institute of Chartered Surveyors. Land and buildings which then belonged to Southgate College were revalued at 31st July 1994 on the basis of depreciated cost by the London Borough of Enfield in accordance with guidance issued by the Royal Institute of Chartered Surveyors.

Buildings with a net book value of £21,912k have been partially financed by exchequer funds through the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the LSC and its successor organisations, to surrender the proceeds.

If fixed assets had not been revalued, they would have been included at the following historical cost:

	Freehold Land and Buildings
Cost or Valuation	75,401
Aggregate depreciation	(11,524)
Net book value based on cost	63,877

The equipment additions includes 127 laptops donated by DFE at a costs of £299 each (2021: 299 at £299 each).

12 Non current investments

	College 2022 £'000	College 2021 £'000
Investments in subsidiary companies	-	-
Total	**-**	**-**

The College owns 100 per cent of the issued ordinary £1 shares of Minchenden Business Centre Limited (MBC Ltd) a company incorporated in England and Wales. The company is in the process of being wound down with transactions in the year relating to mainly finishing outstanding work. This investment was written down to £ nil in 2014.

13 Trade and other receivables

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Amounts falling due within one year:				
Trade receivables	566	560	661	650
Other Debtors	22	22	18	18
Amounts owed by group undertakings:				
Subsidiary undertakings	-	-	-	-
Prepayments and accrued income	668	668	1,074	1,074
Amounts owed by the ESFA	-	-	-	-
Total	**1,256**	**1,250**	**1,753**	**1,742**

14 Current investments

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Short term deposits	4,092	4,092	4,084	4,084
Total	**4,092**	**4,092**	**4,084**	**4,084**

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

15 Creditors: amounts falling due within one year

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans and overdrafts	824	824	767	767
Capital creditors	-	-	-	-
Trade payables	360	360	436	436
Other taxation and social security	397	397	400	425
Accruals and deferred income	3,445	3,445	3,582	3,582
Deferred income - government capital grants	671	671	671	671
Other creditors	989	986	891	888
Total	**6,686**	**6,683**	**6,747**	**6,769**

16 Creditors: amounts falling due after one Year

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans	13,192	13,192	14,035	14,035
Deferred income - government capital grants	22,533	22,533	23,316	23,316
Total	**35,725**	**35,725**	**37,351**	**37,351**

17 Maturity of debt

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
In one year or less	824	824	767	767
Between one and two years	902	902	824	824
Between two and five years	3,168	3,168	2,929	2,929
In five years or more	9,122	9.122	10,283	10,283
Total	**14,016**	**14,016**	**14,803**	**14,803**

A loan facility of £28,395k was entered into by the Corporation on 16 September 2008. As at 31 July 2012, £20,300k had been drawn. Interest on the principal element of the £14,803k loan is fixed at a rate of 8.03% (5.785%) until 24 June 2033 after renewal of terms were agreed in June 2021.

The loan is secured against the Wood Street Campus.

18 Deferred capital grants (Group and College)

	Funding Body Grants £'000	Other Grants £'000	Total £'000
At 1 August 2021	20,903	3,085	23,988
Cash received		18	18
Released to income and expenditure	(452)	(349)	(801)
At 31 July 2022	**20,451**	**2,754**	**23,205**

19 Revaluation reserve (Group and College)

	2022 £'000	2021 £'000
At 1 August	10,268	10,471
Transfer from revaluation reserve to general reserve in respect of:		
Depreciation of revalued Assets	(203)	(203)
At 31 July	**10,065**	**10,268**

20 Provisions

Group and College

	Defined benefit Obligations £'000	Enhanced pensions £'000	Total £'000
At 1 August 2021	38,385	484	38,869
Expenditure in the period	4,421	8	4,429
Transferred from income and expenditure account	(2,295)	-	(2,295)
Actuarial loss/(gain) during the year	(30,438)	(84)	(30,522)
At 31 July 2022	**10,073**	**408**	**10,481**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 25.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganization costs from which the College cannot reasonably withdraw at the balance sheet date.

21 Analysis of Change in Net Debt

Cash and cash equivalents	At 1 August 2021 £'000	Cash flows £'000	Other changes £'000	At 31 July 2022 £'000
Short term investments	4,084	8	-	4,092
Cash and cash equivalents	1,147	1,817	-	3,750
	5,231	**1,825**	**-**	**7,842**
Borrowings				
Debt due within one year	**(767)**	**786**	**(843)**	**(824)**
Debt due after one year	**(14,035)**		**843**	**(13,192)**
	(9,571)	**2,611**	**-**	**(6,174)**

22 Capital commitments

There are no capital commitments for the year (2021: NIL)

23 Lease Obligations

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

	Group and College	
	2022	**2021**
	£'000	**£'000**
Future minimum lease payments due		
Land and buildings		
Not later than one year	87	87
Later than one year and not later than five years	140	223
	227	310
Other		
Not later than one year	39	77
Later than one year and not later than five years	28	77
later than five years	-	-
	67	154
Total lease payments due	294	464

24 Contingent liabilities

No contingent liabilities existed at the end of the accounting period

25 Events after the reporting period

A direction order is being processed to transfer the assets and liabilities of pension fund at London Borough of Enfield to London Borough of Barnet pension fund. This relates to the assets and liabilities of deferred pensioners and pensioners who had not been transferred during the merger between Barnet College and Southgate College. Based on current valuation this is likely to have a positive impact on college pension liability.

Following a review by the Office for National Statistics, it has been formally announced, on 29 November 2022, that FE Colleges and their subsidiaries will be reclassified as forming part of central government sector. This reclassification will change the framework in which College operates. Having reviewed initial guidance from the Department for Education and the Association of Colleges the Governors do not believe this reclassification has an impact on the financial results prepared within these financial statements as conditions arose after the end of the reporting period. The College will continue to be funded and operate in the manner described within the members report and as such no adjustments have been made in regard to this event and any potential impacts will be recognised in future accounting periods.

26 Defined benefit obligations

The College's employees belong to two principal post-employment benefits plan; the Teachers' Pension scheme England and Wales (TPS) for academic and related staff; and the Barnet Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of TPS was at 31 March 2019 and of the LGPS at 31 March 2022.

Total pension cost for the year		**2022 £'000**		**2021 £'000**
Teachers' Pension Scheme: contributions paid		1,577		1,703
Local Government Pension Scheme:				
Contributions paid	2,228		2,232	
FRS 102 (28) charge	1,500		870	
Charge to the Statement of Comprehensive Income		3,728		3,102
Enhanced pension charge to Statement of Comprehensive Income		41		43
Total Pension Cost for Year		**5,346**		**4,805**

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.

26 Defined benefit obligations (continued)

FRS 102 (28)

The latest actuarial valuation review of TPS was carried out as at 31 March 2016. 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 2021-22 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £1,577,000 (2021: £1,703,000)

Local government pension scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by London Borough of Barnet. The total contribution made for the year ended 31 July 2021 was £2,656,000, of which employer's contributions totaled £2,228,000 and employees' contributions totaled £428,000. The agreed contribution rates for future years are 23.8% for employers and range from 7.4% to 11.7% cent for employees, depending on salary according to a national scale.

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 March 2022 by a qualified independent actuary

	At 31 July 2022	**At 31 July 2021**
Rate of increase in salaries	2.90%	2.90%
Future pensions increases	2.20%	2.20%
Discount rate for scheme liabilities	1.40%	1.40%
Inflation assumption (CPI)	2.40%	2.40%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2022	**At 31 July 2021**
	years	**years**
Retiring today		
Males	21.70	21.90
Females	24.30	24.40
Retiring in 20 years		
Males	23.10	23.30
Females	26.10	26.40

Sensitivity analysis	**At 31 July 2022**	**At 31 July 2021**
	£'000	**£'000**
Discount rate -0.1% (-0.5%)	(1,236)	(1,809)
CPI rate +0.1% (+0.5%)	(1,125)	(1,604)

Barnet and Southgate College
Notes to the Accounts (continued)

26 Defined benefit obligations (continued)

Local government pension scheme (Continued)

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

	Long-term rate of return expected at 31 July 2022	Fair Value at 31 July 2022	Long-term rate of return expected at 31 July 2021	Fair Value at 31 July 2021
		£'000		£'000
Equities		34,779		33,067
Bonds		14,228		14,467
Property		3,161		2,066
Cash		527		2,067
Total market value of assets		**52,695**		**51,667**
Weighted average expected long term rate of return	**7.30%**		**7.30%**	
Actual return on plan assets		**1,662**		**8,888**

The amount included in the balance sheet in respect of the defined benefit pension plan [and enhanced pensions benefits] is as follows:

	2022 £'000	2021 £'000
Fair value of plan assets	52,695	51,667
Present value of plan liabilities	(62,768)	(90,052)
[Present value of unfunded liabilities]	-	-
Net pensions (liability)/asset (Note 19)	**(10,073)**	**(38,385)**

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

	2022 £'000	2021 £'000
Amounts included in staff costs		
Current service cost	3,745	2,974
Past service cost	50	-
Total	**3,795**	**2,974**
Amounts included in investment income		
Net interest income	(626)	(545)
	(626)	**(545)**
Amounts recognised in other comprehensive income		
Return on pension plan assets	31,144	8,888
Experience losses arising on defined benefit obligations	271	(996)
Changes in assumptions underlying the present value of plan liabilities	(187)	(7,484)
Other experience	(790)	1,120
Amount recognised in Other Comprehensive Income	**30.438**	**1,528**

Barnet and Southgate College
Notes to the Accounts (continued)

26 Defined benefit obligations (continued)

Local government pension scheme (Continued)

Movement in net defined benefit (liability/asset during the year

	2022 £'000	2021 £'000
Surplus/(deficit) in scheme at 1 August	(38,385)	(38,498)
Movement in year:		
Current service cost	(3,795)	(2,974)
Employer contributions	2,295	2,104
Past service cost	-	-
Net interest on the defined (liability)/asset	(626)	(545)
Actuarial gain or loss	30,438	1,528
Net defined benefit (liability)/asset at 31 July	**(10,073)**	**(38,385)**

Asset and Liability Reconciliation

	2022 £'000	2021 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	(90,052)	(79,821)
Current Service cost	(3,795)	(2,974)
Interest cost	(1,460)	(1,129)
Contributions by Scheme participants	(437)	(401)
Experience gains and losses on defined benefit obligations	-	-
Changes in financial assumptions	31,144	(7,484)
Estimated benefits paid	1,748	1,633
Past Service cost	-	-
Curtailments and settlements	271	(996)
Other experience	(187)	1,120
Defined benefit obligations at end of period	**(62,768)**	**(90,052)**
Reconciliation of assets		
Fair value of plan assets at start of period	51,667	41,323
Interest on plan assets	834	584
Return on plan assets	(790)	8,888
Employer contributions	2,295	2,104
Contributions by Scheme participants	437	401
Estimated benefits paid	(1,748)	(1,633)
Fair value of plan assets at end of period	**52,695**	**51,667**

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long-term salary growth assumptions were 0.1% pa lower, then the past service cost disclosed here would be expected to reduce by £178k and conversely a 0.1% pa increase would increase the estimated cost by £178k.

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

The College has taken advantage of the exemptions allowed under FRS 8 not to disclose its transactions with its subsidiary undertakings.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2021: £Nil)

28 Amounts disbursed as agent

Learner support funds

	2022	2021
	£'000	£'000
Amount underspent previous year	409	203
Funding body grants – bursary support	484	349
Other Funding body grants	146	135
	1,039	687
Disbursed to students	(309)	(206)
Administration costs	(14)	(34)
Claw back	(171)	(38)
Balance unspent as of 31 July, included in creditors	545	409

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.