



## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 July 2017**

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

**KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISORS****Key Management Personnel**

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

David Byrne - Principal and CEO; Accounting officer  
Stephen Forster - Director of Finance & Corporate Operations  
Toni Beck - Director of Quality & Learner Experience  
Lizzie Jones - Director of Organisation Development  
Tracey McIntosh - Director of Employer Partnerships  
Peter Harrison -- Interim Director of Curriculum

**Board of Governors**

A full list of governors is given on page 13 of these accounts

**Professional advisers****Financial statements and regularity auditor:**

MHA MacIntyre Hudson  
New Bridge Street House  
30 – 34 New Bridge Street  
London  
EC4V 6BJ

**Internal Auditors:**

Mazars LLP  
Tower Bridge House,  
St. Katherine's Way  
London  
E1W 1DD

**Bankers:**

Lloyds TSB Bank PLC,  
25 Gresham Street,  
London  
EC2V 7HN.

**Solicitors:**

VWV LLP  
Second Floor, 3 Brindleyplace  
Birmingham  
B1 2JB

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## **STRATEGIC REPORT**

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

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

A list of all the governors who served on the Corporation at any point during 2016-17, 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. Barnet and Southgate College is an exempt charity for the purposes of Part 3 of the Charities Act 2011. Following the Machinery of Government changes in July 2016 the Principal Regulator is the Secretary of State for Education.

### **Public Benefit**

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

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

- High quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for the students
- Links with employers, industry and commerce.
- Links with the London Economic Action Partnership (formerly the LEP)

In July 2015, the College commissioned an EMSI Economic Impact Analysis which demonstrated that for every £1 invested in Barnet and Southgate College, society receives £4.20 in benefits in terms of reduced crime, lower unemployment and increased health and well-being. For every £1 of taxpayers funds invested in the College, the corresponding benefit-cost ratio is £3.50 in terms of tax revenues stemming from learners' higher lifetime incomes and avoided costs relating to reduced demand for government-funded social services.

### **Strategic Objectives**

The Corporation has retained its vision, mission and strategic aims from its most recent Corporate strategy, which is focussed on: quality and standards; jobs and progression; and innovation and inspiration.

**STRATEGIC REPORT (continued)****Strategic objective: Quality and Standards**

During 2016-17 the College had the number of students and trainees set out in table 1 below:

**Table 1. Number of students and trainees in 2016-17**

Type of student	Number
Students (mainly 16-18) funded under arrangements made by the Secretary of State for Education	3,157
16-18 Apprentices funded under arrangements made by the Secretary of State for Education	139
19+ Apprentices funded under arrangements made by the Secretary of State for Education	1,275
Other adult students funded from the Secretary of State for Education	6,120
Higher Education Students funded by the Higher Education Funding Council	280

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

Each student enters an individual learning agreement with the College which lists the qualifications the student wishes to attain. The most significant measure of whether the College is achieving its quality improvement objectives is the proportion of students achieving their qualifications.

The College has a robust quality assurance program through its Self-Assessment Report (SAR), lesson observation scheme and Teaching and Learning Coaches. The overall strengths and areas for improvement for the whole College SAR are informed by the self-assessment reports for curriculum and business support areas. These reports have been validated at a series of Self-Assessment Validation Boards. The overall effectiveness of the College was judged to be 'Good' in the last Ofsted inspection in 2015, with a number of strengths and areas for improvement. Strengths include:

- Continuing improvements in overall success rates
- Good development of employability skills with good progression onto further learning or work
- Good teaching and learning in a number of curriculum areas that stretches learners and engages and motivates them
- Very good personal and pastoral support, including information, advice and guidance

Although the College's pass rates have been maintained in 2016-17, the overall achievement rates have dropped, with a major factor being lower retention rates on 16-18 provision. The College's overall success rate data is given in table 2 below:

**Table 2. Student success rates**

Year	College Data	National Average
2016/17	85.00%	82.00%
2015/16	86.00%	82.00%
2014/15	83.00%	82.00%

**Strategic objective: Jobs and Progression**

Externally validated data on progression within the College is not yet available for 2016/17 but records indicate this remains good.

As part of its strategic vision for providing the best opportunities for student employability, the College has negotiated an exclusive arrangement with REED NCFE to "guarantee" 16-18 students either a job opportunity, apprenticeship or an employment placement as a result of successfully completing their studies with the College. REED NCFE also delivers specialist employability training to 16-18 students. These courses equip students with the relevant skills to secure progression into work.

The College works proactively with Job Centre Plus and Employers to support the strategic priorities for reducing worklessness in the Boroughs of Barnet and Enfield and helping employers recruit trained staff. Specifically the College is one of the largest providers of Sector Based Work Academies, delivery skills aligned to Local Employer needs.

The College has excellent relationships with both of its neighbouring local authorities and is an active partner and key contributor to their strategic partnerships and employment and skills priorities and is represented at senior level on a range of employment and skills boards.

## **STRATEGIC REPORT (continued)**

### **Strategic objective: Innovation and Inspiration.**

All staff are supported through the College's Professional Development Review process. As part of this commitment the College has regular staff development days and has introduced a 'Grow Wednesday' initiative which is aimed at providing a dedicated time for team work and professional development.

Computing facilities are readily available to students. The number of computers available for student access is shown in table 3 below:

**Table 3. Personal computers and laptops available to students**

<b>Type of computer</b>	<b>Number</b>
All PCs and laptops available for student access at the end of July 2017	1,983
All PCs with open access for students (included in figure above)	260

## **CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE**

### **Curriculum development and learning success**

Yet again Barnet and Southgate College was at the forefront of development and innovation. Commendations and awards recognising the talents, skills and commitment of our learners and teachers continued to accumulate over the year.

The college's high standards in preparing our learners for employment and progression to higher education through good and outstanding learning, assessment and teaching were endorsed at our last Ofsted inspection in 2015. Inspectors confirmed that we continue to operate at a 'Good' standard.

Highlights from the inspection report included the fact that the number of work experience placements for students had significantly increased due to the strong links with employers. Ofsted also recognised employers' involvement in planning and adapting the College curriculum to ensure that students learn the latest working practices and its impact in boosting their chances of progressing to employment in fields such as digital media where there is strong competition for employment.

The provision for disabled learners and those with learning difficulties was also commended for the diversity of courses combining work-related skills to cater for a wide range of needs, including students with profound and complex learning difficulties and life-limiting conditions. The facilities based at the Southgate campus were also deemed to be excellent.

Barnet and Southgate College continues to establish itself as at the heart of the communities we serve with a range of activities, events and awards that all build on student success. Key highlights in the year include:

- Matthew Offord, MP for Hendon visited the new Colindale campus in April 2017 to unveil a range of new gas engineering courses. The College is working with local employers to address the current skills shortage, specifically in gas engineering and plumbing. The College worked in partnership with Enfield Council to provide art and design training local primary school teachers and Art and Design students worked on a project for Enfield Community Children's Clinic to create a bright and creative mural.
- The College has been working in partnership with Job Centre Plus and Intu Watford on the Retail Gold Program. The program has been specifically designed for those seeking work within the retail sector. In January 2017, Barnet and Southgate College GCSE Science students participated in a competition 'Be a Polymath' organised by University College London. As part of this, 16 year old Isidor Furera won first place for his individual work and also the silver award in the CEPMaBC team competition.

## **STRATEGIC REPORT (continued)**

### **CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (Continued)**

Barnet and Southgate College Health and Social Care Higher Education students recently won the prestigious Deans Award from Derby University for achieving the highest grades across the board in their Foundation Degree in Children and Young People's services (Fda CYPS). To close events of national Apprenticeship Week 2017, the College held a Classic Car Show in March 2017. The event marked the launch of the new historic car apprenticeships. The event was attended by many local employers as well as enthusiasts who brought their own vehicles.

#### **Future Prospects**

The College is undertaking an £8m refurbishment project of its Southgate campus as part of a project partly funded by the London Economic Action Partnership (LEAP). The project has enabled the creation of a new centre for medical sciences, with state-of-the art facilities for Dentistry. The College has already enrolled the first students on courses for Dental Technicians and Dental Nurses. Higher level courses are being run in partnership with the University of Bolton. The other area to be completed is the Centre of Excellence for Tele-Assisted care (CETEC) which is generating interest from industry partners and has led to a new strategic alliance with PA Consulting. Subsequent phases of the project will lead to the creation of new facilities for Science Technology Engineering and Maths (STEM), specifically in Advanced Engineering in a newly refurbished wing and the creation of a new advanced engineering workshop. The Main Block at the Southgate campus will be reclad to be more energy efficient and improve the quality of the teaching accommodation. In total, over 4,000 sq. metres of the campus will be improved by August 2018.

The College is developing its curriculum strategy for 2017-20 which aims to ensure that by 2020 Barnet and Southgate College will be renowned nationally for our apprenticeship provision by developing a distinctive offer aligned to our specialisms and the needs of employers in the region and across the UK. The College will build on current provision in Construction, Childcare, Dentistry, Motor Vehicle Body and Paint and professional skills. The aim is that many of our apprentices will progress into Higher and degree-level apprenticeships, for example as Chartered Managers, Dental Technologists and Dental Practice Managers.

The developing vision for full-time 16-18 year old learners is for Barnet and Southgate College to be the regional college of choice for technical and professional learning for young people. Adult participation will increase during the lifetime of the plan supported by the Adult and Community Learning contracts the London Boroughs of Barnet and Enfield. An increased range of Access to Higher Education programmes will be developed in addition to a portfolio of specific specialist training and updating qualifications for example in Accounting and Electrical Installation.

Our Higher Level Skills offer will be expanded significantly and we will continue to prioritise recruitment of 'non-traditional' part-time students to significantly increase the participation rate of students from disadvantaged backgrounds. Our aim is to achieve the Teaching Excellence Framework (TEF) rating of 'Gold' by 2021.

The East and South London Area Review reported in February 2017 with a recommendation that Barnet and Southgate College and Waltham Forest College merge with a target date of 31 July 2017. In April 2017, the Corporations of both colleges concluded they should continue their collaboration as partners but not to pursue a full merger.

## **STRATEGIC REPORT (continued)**

### **CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (Continued)**

The College has prepared its accounts on the 'going concern' basis. The College is currently in 'Outstanding' Financial Health as assessed by the Education and Skills Funding Agency (ESFA) and has strong cash reserves following a number of capital receipts from the disposal of land and buildings. A rolling 12 month cash flow shows the College has adequate liquid resources to meet its operational needs and conclude the capital improvement programme currently in progress. There is a well developed risk management process in place.

#### **Resources**

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

Tangible resources include the three main College campus locations, including a new £22.0m Technical and Vocational Skills Centre in Colindale and £17.6m held in cash and cash equivalents.

#### **Financial**

The College Group has £22.6m in net assets (including £30.0m pension liability) and long term debt of £17.95m.

#### **People**

The College employs 489 people (expressed as full time equivalents), of whom 230 are teaching staff.

#### **Reputation**

The College has an excellent reputation in provision for Learners with Learning Difficulties and Disabilities (LLDD) and has built on its investment in a new Centre of Excellence at its Southgate campus. In August 2016, the College opened a new £22m Technical and Vocational Skills Centre in Colindale with specialist facilities in a range of areas, including gas fitting, plumbing and electrical installation. Many areas of the College's provision are graded 'Good' and the College has a very good reputation for its employability work and collaborative working for those Not in Employment Education or Training (NEET) and hard to engage groups. It is highly regarded for its delivery of technical skills and apprenticeships.

The College has reviewed its processes and procedures in relation to the Prevent Duty and has well developed and resourced teams in place. These arrangements have been reviewed by Internal Audit and found to be satisfactory.

#### **Financial health and other sector measures**

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency (ESFA). The ESFA has a four point scoring system for college financial health ranging from "unsatisfactory" to "outstanding". Using this methodology for the submission of the Financial Plan as at 31 July 2017 produces a financial health grading. The College's current rating of 'Outstanding' is considered a positive outcome.

The College has adopted a dashboard-style Key Performance Indicator report for the Corporation to highlight key measures which impact on performance and have longer term implications for future funding, quality and standards of provision. The key measures being monitored include: staff turnover; achievement of funding targets; learner attendance and retention; success rates; teaching observations; operational surplus and cashflow; learner satisfaction, health and safety, safeguarding incidents and measures on value for money. The dashboard has been kept under review and a revised set of measures will be monitored during 2017-18.

**STRATEGIC REPORT (continued)****CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (Continued)****Premises**

The College started the year with seven premises:

- 1) Wood Street premises, together with a smaller leased site in High Barnet – The Hyde Institute.
- 2) Freehold land and buildings in Southgate lying to the West of High Street: including circa 2,000m<sup>2</sup> state-of-the-art specialist Centre of Excellence for students with learning difficulties and / or disabilities (LLDD).
- 3) Colindale Skills Centre. The College completed construction of a new c6,500m<sup>2</sup> campus as part of the local area regeneration project in August 2016. The new campus includes specialist facilities for construction trades and hair and beauty, including a commercial hair salon. The building also accommodates a new public library and community facilities and is located close to the Colindale underground station.
- 4) Leased premises in Edmonton Green – no change is planned or took place for these premises.
- 5) Leased premises in Baird Road, Enfield. These premises are occupied by a wholly owned subsidiary company – Minchenden Business Centre Limited.
- 6) Leased premises in High Road, East Finchley - no change is planned or took place for these premises.

**Additional notes on premises**

Freehold land and buildings at Graseby House, High Barnet were identified as surplus to requirements and have been moved into assets held for resale. Legal contracts for the sale are close to being concluded as of December 2017. The proceeds from the sale will be used wholly for the furtherance of the College's charitable aims and objectives.

Grahame Park Way, Colindale. On 31 July 2014, the College disposed of this site to facilitate construction of the new Colindale campus. The conditional sale agreement included a phased transfer of title and agreed instalment payments. The final instalment was received on 1 July 2017. An overage clause was included in the sale contract and an additional gain on disposal in settlement of this obligation was realised in 2016/17.

**STRATEGIC REPORT (continued)****FINANCIAL POSITION****Financial Results**

The Group generated a deficit before other gains and losses in the year of £1.1m [2015/16 – deficit of £0.9m] with total comprehensive income of £2.4m, [2015/16 - £3.3m]. The total comprehensive income in 2016/17 is stated after accounting for the additional receipt relating to the disposal of the Grahame Park Way site in Colindale.

The Group has accumulated reserves of £111.5m [2015/16: £9.2m] and cash and short term investment balances of £17.6m [£9.6m as at 31 July 2015]. The Group wishes to continue to accumulate adequate reserves and cash balances in order to maintain a contingency fund and to reinvest in the development of the College's facilities and income generating activities.

Tangible fixed asset additions during the year amounted to £4.4m. In the main, this related to completion of the new Skills Centre at Colindale which opened in August 2016 and commencement of the modernisation works at the Southgate campus.

Long term borrowing in the form of unsecured bank loans reduced to £17.9m [£18.5m in 2015/16].

The defined benefit obligations of the Local Government Pension Scheme – which provides a pension for the College's business support staff - increased from £63.0m in 2015/16 to £63.5m. In the same period, the pension asset has reduced from £34.0m to £33.5m. The net pension liability has increased to £30.0m [2015/16: £29.0m].

The College's wholly owned subsidiary Minchenden Business Centre Ltd generated turnover of £1.0m [£0.5m in 2015/16] and posted a profit before tax of £0.3m [surplus of £0.0m in 2015/16].

**Treasury policies and objectives**

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

The College has a separate treasury management policy in place.

**Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make 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 2016 to 31 July 2017, the College paid 70% per cent of its invoices by value within 30 days.

**Post Balance Sheet Events**

The Corporation confirmed continued financial support to Minchenden Business Centre Ltd for a period of 12 months until December 2018.

**Future Developments**

A summary of the future developments for the College is contained under the heading of Current and Future Development and Performance on pages 3-6.

**STRATEGIC REPORT (continued)****PRINCIPAL RISKS AND UNCERTAINTIES**

The College has a comprehensive risk management approach that is supported by appropriate policies, procedures and training. A detailed risk register and risk reduction plan is maintained and these are regularly monitored and updated by the Executive Leadership Group. The College adopts a 'top down, bottom' up approach to identification, recording and assessment of risk, to ensure all significant risks are identified and assessed appropriately. The College has undertaken a range of staff development and Governor training sessions to raise awareness and embed the concept of risk management across the whole College.

The Audit Committee has oversight of the risk management control environment and scrutinises the risk register at each meeting. Risk management training is also provided to staff and managers.

During the year the Internal Audit Service reviewed the College's systems for governance, risk management and internal control and confirmed its opinion that the College's arrangements are generally adequate and effective to achieve the College's objectives. As in previous years, there were no fundamental weaknesses identified. The College has implemented an electronic version of the risk register to support risk management initiatives and to more closely align departmental and corporate level risks.

The following areas were assessed as being the principal risks associated with the delivery of the College's strategic objectives in 2017/18:

<b>Risk Description of Main Risks experienced in 2016/17</b>	<b>Key Action taken</b>
Reductions in funding caused by management failure to respond to new funding initiatives or failure to secure curriculum changes and improvements and / or reductions in the rate of funding	Additional programmes being explored. Cost reduction measures and staffing reductions implemented. Monthly monitoring of key indicators to identify any areas of underperformance.
Failure to implement medium and long term accommodation plans might result in poor learner experience and loss of student income.	Use of independent project team to ensure timescales are adhered to and all parts of the projects remain compliant; Develop detailed plans for the modernisation of the Southgate campus with support from LEAP capital funding; Strategic Planning process to identify short and medium term accommodation needs.
IT systems failure, leading to loss of key students records, personnel or financial data, disruption to teaching and learning such as register taking , the Virtual Learning Environment or key business processes in Management Information Services or Finance.	The College has robust back up procedures for key data and system redundancy to keep key services running if part of the network infrastructure is lost. IT Disaster Recovery Plan in place which is updated and tested regularly.
Loss or damage to College buildings by fire or other incident, leading to injury or loss of life and disruption to teaching and learning with consequential impact on recruitment, substantial financial loss and / or reputational damage.	The College insures all its premises against fire and other perils with a reputable insurer. Business Continuity Plan in place that will mitigate the immediate impact of a major incident. Sourcing of alternative premises where there is spare capacity, or temporary accommodation. Regular fire evacuation procedures held at each site occupied by the College and dedicated fire risk action plan. Update training for Duty Principals. Review of fire precautions across all occupied sites.

**STRATEGIC REPORT (continued)****PRINCIPAL RISKS AND UNCERTAINTIES (Continued)**

<b>Risk Description of Main Risks experienced in 2016/17</b>	<b>Key Action taken</b>
Inadequate access to reliable and timely management information reports.	<p>FE sector standard data validation routines are run and checked regularly</p> <p>Curriculum Quality and Performance meetings held regularly to review quality, data and financial performance.</p> <p>Comprehensive MIS system with excellent reporting facilities in place and data dashboards to support management review and action.</p>
Failure of key franchise delivery partner	<p>Quarterly project group meetings to review any issues with partners arising from learner feedback, audits or unannounced visits so that action can be taken.</p> <p>Due diligence is carried out on all partners before contracting with a standard pre-approved contract to ensure they are financially sound and to reduce the risk. Termly financial checks alongside formal partner review meetings</p>

**STAKEHOLDER RELATIONSHIPS**

The College is committed to developing meaningful and productive relationships with all its many stakeholders. These include:

- Students
- Staff
- Commercial business sector
- Voluntary Sector organisations
- Disability groups
- Local authorities, including the GLA and LEAP
- Higher Education Institutions
- Funding Bodies
- Government Offices/Agencies
- Local Communities
- Regional employers
- Professional bodies
- Other further education providers
- Trades Unions

During the year the College extended its links and influence with all of 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 partnership working and strategic collaboration.

**Staff involvement**

The Corporation considers good communication with its staff to be very important. As such, a number of communication methods have been implemented and discussed with staff to ensure regular and relevant communication flows within the organisation.

Regular communications channels have been publicised to all staff and include: regular management team meetings and newsletters to all staff, update emails to all staff from the Principal, a College intranet site, regular meetings with the recognised trades unions, and an Organisation Development Committee with representation from all departments.

**STRATEGIC REPORT (continued)****STAKEHOLDER RELATIONSHIPS (continued)****Equal opportunities**

The College is committed to achieving equality and diversity 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. The College's Single Equality Scheme is regularly reviewed and is published on the College's website.

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

**Employment of Disabled Persons**

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

**STRATEGIC REPORT (continued)****STAKEHOLDER RELATIONSHIPS (continued)****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.
- We will ensure that learners with learning difficulties and disabilities are an integral part of the College community and share fully in a positive ethos and culture of celebrating success.
- We will ensure that there is access to all learning and wider College facilities within the framework of the relevant legislation.
- We will ensure that harassment or bullying of learners with learning difficulties or disabilities is not tolerated in any area of College life. Any such behaviour will be challenged through College Disciplinary Procedures.
- We will make reasonable adjustments to enable the employment of staff with disabilities on equal terms and conditions with all other staff.
- We will ensure that staff and learners from a representative range of learning difficulties and disabilities have full opportunity to impact on College policy and procedure.
- We will ensure that employment policies and procedures will reflect this position statement.

Since its adoption in 2014, the College has introduced a number of measures to ensure a fair and positive experience and outcomes include:

- A wider range of mental health and disability related support services being made available
- Integrated timetables for learners with disabilities to maximise learning opportunities
- Specialist supported internships for students with disabilities and learning difficulties
- Establishing a Safeguarding and Equality Scheme which has delivered improvements to policy, practice and procedures
- Achievement of Investors in Diversity accredited status

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

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



Ann Zinkin  
Chair

## Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

- (i) In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- (ii) In full accordance with the guidance to Colleges from the Association of Colleges in the English Colleges' Foundation Code of Governance ("the Foundation Code"); and
- (iii) Having due regard to UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College / Board complies with the Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, although it has not been formally adopted. We have also not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Board Members, the College complies with all the provisions of the Foundation Code, and it has complied throughout the year ended 31 July 2017. The Board of Governance recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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

**Statement of Corporate Governance and Internal Control (Continued)****The Corporation**

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

<b>Name</b>	<b>Date of Appointment</b>	<b>Term of Office</b>	<b>Date of Resignation</b>	<b>Status of Appointment</b>	<b>Committees Served</b>	<b>Attendance</b>
Mervin Archer	11/09/2008 Re-appointed 03/11/2011 01/09/2013 15/06/2017	4 years		Ordinary	Audit (from 24/11/17)	Board 10 of 12  Audit 1 of 1
Ann Zinkin	03/11/2011 Re-appointed 01/09/2013 13/07/2017	4 years		(Chair of Corporation from 24 October 2013)	Remuneration Search	Board 11 of 12 Rem 1 of 1 Audit 5 of 5
Sheila Dawson	03/11/2011 Re-appointed 01/09/2013 13/07/2017	4 years		Ordinary	Audit Remuneration	Board 12 of 12 Rem 1 of 1 Audit 5 of 5
David Byrne	Ex-Officio 01/03/2012	4 years		Principal	Search	Board 11 of 12 Search 1 of 1
Graham Duncan	01/09/2013 Re-appointed 15/6/2017	4 years		Ordinary (Vice Chair of Corporation from July 2016)	Audit, Search & Remuneration	Board 12 of 12 Rem 1 of 1 Audit 5 of 5 Srch 1 of 1
Fiona Bulmer	01/09/2013 Re-appointed 15/06/2017	4 years		Ordinary	Search	Board 12 of 12 Srch 1 of 1
Oliver Gray	01/09/2013	4 years	31/07/2017	Ordinary	Audit	Board 7 of 9 Audit 3 of 3
Sue Baldwin	29/01/2015 Re-appointed 01/01/2017	2 years		Ordinary		Board 11 of 12
Christalla Tsattala	11/11/2015 Re-appointed 12/11/2017	2 years		Staff		Board 6 of 9
Sadia Hottak	12/11/2015	2 years	31/07/2017	Student		Board 7 of 9
Zubair Bazwan	12/11/2015	2 years	31/07/2017	Student		Board 4 of 8
Bernard Manson	01/09/2016	2 years		Ordinary		Board 11 of 12

The Clerk to the Corporation for the 2016-17 financial year was Diane Sage from 1 August 2016 and Melissa Drayson from 1 September 2017.

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

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

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

The Corporation conducts its business through three committees; each committee has Terms of Reference, which have been approved by the Corporation.

These committees are Remuneration, Audit and Search.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the College website and PA to the Principal at:

High Street  
Southgate  
N14 6BS

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

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

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

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

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

**Appointments to the Corporation**

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

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

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)****Remuneration Committee**

Throughout the year ended 31 July 2017, the College's Remuneration committee comprised the Chair and two other governors. The committee's responsibilities are to comment on performance of the Accounting Officer and other Senior Post Holders, to determine appropriate remuneration and benefits levels and to advise/inform the Board accordingly.

Details of remuneration for the year ended 31 July 2017 are set out in note 7 to the financial statements.

**Audit Committee**

The Audit Committee comprises three members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with written Terms of Reference approved by the Corporation.

The Committee provides assurance to the board that the College's internal control procedures and systems, governance processes and arrangements for risk management (RM), are adequate and effective.

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

The College's internal auditors 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 and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

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

**Internal Control***Scope of responsibility*

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

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

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)***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 2017 and up to the date of approval of the annual report and accounts.

*Capacity to handle risk*

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

*The risk and control framework*

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

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

Barnet and Southgate College has an internal audit service provider, 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 Corporation on the recommendation of the Audit Committee. At each Audit Committee meeting, the internal audit service provider provides the governing body with a report on internal audit activity in the College. The report includes the service providers' independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

*Review of effectiveness*

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

- . The Executive Limitations Policy
- . 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.

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

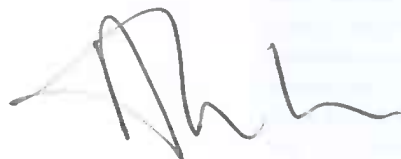
The Executive Leadership Group receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Executive Leadership Group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

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and 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".

**Going Concern**

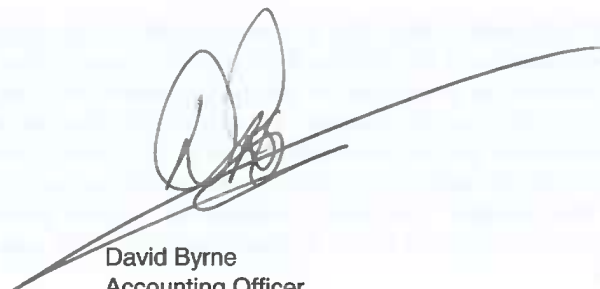
After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. The College is currently in 'Outstanding' Financial Health as assessed by the Education and Skills Funding Agency (ESFA) and has strong cash reserves following a number of capital receipts from the disposal of land and buildings. A rolling 12 month cash flow shows the College has adequate liquid resources to meet its operational needs and conclude the capital improvement programme currently in progress. There is a well developed risk management process in place.

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



Ann Zinkin  
Chair

Date 12 December 2017



David Byrne  
Accounting Officer

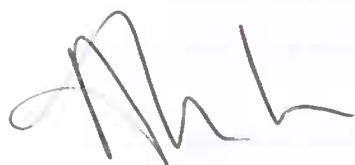
Date 12 December 2017

**GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE**

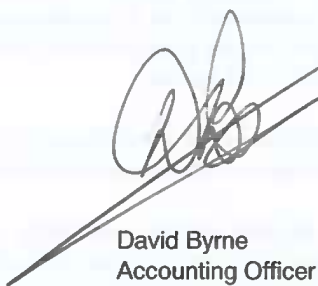
The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the financial memorandum / funding agreement in place between the College and the ESFA.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

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

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



Ann Zinkin  
Chair  
Date 12 December 2017



David Byrne  
Accounting Officer  
Date 12 December 2017

**STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION**

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

Within the terms and conditions of the Financial Memorandum agreed between the ESFA and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education and with the Accounts Direction for 2016 to 2017 financial statements issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

- . Select suitable accounting policies and apply them consistently
- . Make judgements and estimates that are reasonable and prudent
- . State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- . Prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation


The Corporation is also required to prepare a Strategic Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA are used only in accordance with the Financial Memorandum with the ESFA, and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the ESFA are not put at risk.

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



Ann Zinkin  
Chair

Date 12 December 2017

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

### Opinion

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

This report is made solely to the Governors, 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 Governors, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the affairs of the College and the Group as at 31 July 2017 and of the deficit for the year then ended;
- have been properly prepared in accordance with the 2015 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 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

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

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

### Other information

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

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BARNET AND SOUTHGATE COLLEGE (Contd)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the members' report or operating and financial review or the statement of corporate governance and internal control.

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 Department for Education requires us to report to you if our opinion:

- adequate accounting records have not been kept; or
- the annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

### **Responsibilities of Governors**

As explained more fully in the Governors' responsibilities statement, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors 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 Governors are responsible for assessing the Group'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 Governors either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

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

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governors.

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BARNET AND SOUTHGATE COLLEGE (Contd)

- Conclude on the appropriateness of the Governors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

MHA MacIntyre Hudson

MHA MacIntyre Hudson  
Chartered Accountants and Statutory Auditors  
New Bridge Street House  
30-34 New Bridge Street  
London  
EC4V 6BJ

18/12/17

**REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY**

To: The Corporation of Barnet and Southgate College and Secretary of State for Education acting through the Department for Education ("the Department")

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

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

This report is made solely to the Corporation of Barnet and Southgate College and Department 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 the Department 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 the Department 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 is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Reviewing minutes of the meetings of the Governing Body and other evidence made available to us
- Review of objectives and activities of the College, with reference to income streams and other information available to us as auditors of the College
- Testing of a sample of payroll payments to staff
- Testing of a sample of payments to suppliers and other third parties
- Testing of a sample of grants received and other income streams

## REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY (Contd)

### 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<sup>st</sup> August 2016 to 31st July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed: *MHA MacIntyre Hudson*

MHA MacIntyre Hudson  
Chartered Accountants & Statutory Auditor  
New Bridge Street House  
30-34 New Bridge Street  
London  
EC4V 6BJ

*18/12/17*

**Barnet and Southgate College**  
**Consolidated Statements of Comprehensive Income**

	Notes	Year ended 31 July 2017		Year ended 31 July 2016	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
<b>INCOME</b>					
Funding body grants	2	36,787	36,437	36,536	36,536
Tuition fees and education contracts	3	4,700	4,755	5,421	5,291
Other grants and contracts	4	2	2	6	6
Other income	5	1,340	871	1,255	1,216
Endowment and investment income	6	7	7	13	12
<b>Total income</b>		<b>42,836</b>	<b>42,072</b>	<b>43,231</b>	<b>43,061</b>
<b>EXPENDITURE</b>					
Staff costs	7	24,705	24,346	24,081	23,881
Fundamental restructuring costs	7	512	512	895	895
Other operating expenses	8	14,683	14,213	14,983	15,031
Depreciation	10	2,316	2,307	1,877	1,870
Interest and other finance costs	9	1,768	1,768	2,263	2,263
<b>Total expenditure</b>		<b>43,984</b>	<b>43,146</b>	<b>44,099</b>	<b>43,940</b>
<b>(Deficit) before other gains and losses</b>		<b>(1,148)</b>	<b>(1,074)</b>	<b>(868)</b>	<b>(879)</b>
Profit on disposal of assets	10	3,233	3,233	2,667	2,667
<b>(Deficit)/surplus for the year</b>		<b>2,085</b>	<b>2,159</b>	<b>1,799</b>	<b>1,788</b>
Unrealised surplus on revaluation of assets		-	-	-	-
Actuarial gain in respect of pensions schemes	20	269	269	1,511	1,511
<b>Total Comprehensive Income for the year</b>		<b>2,354</b>	<b>2,428</b>	<b>3,310</b>	<b>3,299</b>

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

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Group</b>			
<b>Balance at 31st July 2016</b>	8,767	11,481	20,247
			-
Surplus/(deficit) from the income and expenditure account	2,085	-	2,085
Other comprehensive income	269		269
Transfers between revaluation and income and expenditure reserves	403	(403)	-
<b>Total comprehensive income for the year</b>	<u>2,757</u>	<u>(403)</u>	<u>2,354</u>
<b>Balance at 31st July 2017</b>	<u><u>11,524</u></u>	<u><u>11,078</u></u>	<u><u>22,601</u></u>
<b>College</b>			
<b>Balance at 31st July 2016</b>	9,560	11,481	21,041
			-
Surplus/(deficit) from the income and expenditure account	2,159	-	2,159
Other comprehensive income	269		269
Transfers between revaluation and income and expenditure reserves	403	(403)	-
<b>Total comprehensive income for the year</b>	<u>2,831</u>	<u>(403)</u>	<u>2,427</u>
<b>Balance at 31st July 2017</b>	<u><u>12,391</u></u>	<u><u>11,078</u></u>	<u><u>23,468</u></u>

**Barnet and Southgate College**  
**Balance sheets as at 31 July**

	Notes	Group	College	Group As Restated 2016 £'000	College As Restated 2016 £'000
<b>Fixed assets</b>		<b>2017 £'000</b>	<b>2017 £'000</b>		
Tangible fixed assets	10	78,525	78,504	76,431	76,422
Investments	11	-	-	-	-
		<b>78,525</b>	<b>78,504</b>	<b>76,431</b>	<b>76,422</b>
<b>Current assets</b>					
Stocks		60	-	46	-
Trade and other receivables	12	4,659	5,562	7,692	8,178
Asset held for resale		3,393	3,393	3,367	3,367
Cash and cash equivalents	17	17,595	17,602	9,628	9,554
		<b>25,707</b>	<b>26,556</b>	<b>20,733</b>	<b>21,099</b>
<b>Less: Creditors – amounts falling due within one year</b>	12	(11,008)	(10,970)	(7,249)	(7,236)
<b>Net current assets</b>		<b>14,699</b>	<b>15,587</b>	<b>13,484</b>	<b>13,863</b>
<b>Total assets less current liabilities</b>		<b>93,224</b>	<b>94,091</b>	<b>89,915</b>	<b>90,285</b>
<b>Less: Creditors – amounts falling due after more than one year</b>	13	(39,959)	(39,959)	(39,095)	(39,095)
<b>Provisions</b>					
Defined benefit obligations	16	(30,035)	(30,035)	(29,008)	(29,008)
Other provisions	16	(628)	(628)	(1,141)	(1,141)
<b>Total net assets</b>		<b>22,602</b>	<b>23,469</b>	<b>20,671</b>	<b>21,041</b>
<b>Unrestricted reserves</b>					
Income and expenditure account	20	11,524	12,391	9,190	9,560
Revaluation reserve	19	11,078	11,078	11,481	11,481
<b>Total unrestricted reserves</b>		<b>22,602</b>	<b>23,469</b>	<b>20,671</b>	<b>21,041</b>

The financial statements on pages [25 to 52] were approved and authorised for issue by the Corporation on 7 December 2017 and were signed on its behalf on that date by:

  
**Ann Zinkin**  
Chair

  
**David Byrne**  
Accounting Officer

**Barnet and Southgate College**  
**Consolidated Statement of Cash Flows**

	Notes	2017 £'000	2016 £'000 As Restated
<b>Cash inflow from operating activities</b>			
Surplus/(deficit) for the year		2,085	1,799
<b>Adjustment for non cash items</b>			
Depreciation		2,316	1,877
(Increase)/decrease in stocks		(14)	1
(Increase)/decrease in debtors		3,033	12,948
Increase/(decrease) in creditors due within one year		3,626	(2,304)
Increase/(decrease) in provisions		(4,571)	295
Pensions costs less contributions payable		330	(253)
Deferred capital grants released to income		(770)	(1,004)
<b>Adjustment for investing or financing activities</b>			
Investment income		(7)	(13)
Interest payable		1,768	2,263
(Profit) on sale of fixed assets		(3,233)	(2,667)
<b>Net cash flow from operating activities</b>		<b>4,563</b>	<b>12,941</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		7,044	5,014
Investment income		7	13
Deferred capital grants received		2,379	4,195
Payments made to acquire fixed assets		(4,382)	(14,798)
		<b>5,047</b>	<b>(5,577)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(1,067)	(1,145)
Repayments of amounts borrowed		(575)	(624)
		<b>(1,642)</b>	<b>(1,769)</b>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>		<b>7,967</b>	<b>5,595</b>
Cash and cash equivalents at beginning of the year	18	9,628	4,033
Cash and cash equivalents at end of the year	18	17,595	9,628

## 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 2015 to 2016* 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. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities.

All financial statements are made up to 31 July 2017.

#### Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the 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 £17.95m of loans outstanding with bankers on terms negotiated in 2008 (see note 15). 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.

Accordingly the Governors have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its annual financial statements.

## 1. Accounting policies (contd.)

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

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

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.

#### *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 discretionary support 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.

**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.

**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.

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 income and expenditure account.

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.

Land and buildings acquired between incorporation 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.

## 1 Accounting policies (contd.)

### *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 it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance
- 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:

- equipment – 5 years on a straight-line basis
- motor vehicles – 4 years on a straight-line basis
- computer equipment and softwares – 5 years on a straight-line basis
- 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 1<sup>st</sup> 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 1<sup>st</sup> August 2014.

### **Investments**

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

### **Inventories**

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 a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature. The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Profits made by the College's trading subsidiaries would be liable to corporation tax.

**1 Accounting policies (contd.)****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.

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

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

- *Tangible fixed assets*

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

- *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 2013 has been used by the actuary in valuing the pensions liability at 31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

# Barnet and Southgate College

## Notes to the Financial Statements for the year ended 31 July 2017 (continued)

### 2 Funding council grants

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>Recurrent grants</b>				
Skills Funding Agency	13,832	13,482	16,123	16,123
Education Funding Agency	16,586	16,586	14,162	14,162
Higher Education Funding Council	-	-	151	151
<b>Specific Grants</b>				
Skills Funding Agency	5,303	5,303	4,965	4,965
Releases of government capital grants	770	770	1,004	1,004
HE grant	296	296	131	131
<b>Total</b>	<b>36,787</b>	<b>36,437</b>	<b>36,536</b>	<b>36,536</b>

### 3 Tuition fees and education contracts

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	986	986	911	904
Apprenticeship fees and contracts	4	-	113	0
Fees for FE loan supported courses	1,555	1,555	1,620	1,620
Fees for HE loan supported courses	1,433	1,495	1,749	1,748
European (excluding UK) students	-	-	-	0
International students fees	56	56	112	112
Total tuition fees	4,034	4,092	4,505	4,384
Education contracts	666	663	916	907
<b>Total</b>	<b>4,700</b>	<b>4,755</b>	<b>5,421</b>	<b>5,291</b>

### 4 Other grants and contracts

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other grants and contracts	2	2	6	6
<b>Total</b>	<b>2</b>	<b>2</b>	<b>6</b>	<b>6</b>

**Barnet and Southgate College**  
**Notes to the Financial Statements for the year ended 31 July 2017 (continued)**

**5 Other income**

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	416	-	-	-
Other income generating activities	718	871	1,252	1,213
Miscellaneous income	206	-	3	3
	<hr/>		<hr/>	
<b>Total</b>	<b>1,340</b>	<b>871</b>	<b>1,255</b>	<b>1,216</b>

**6 Investment income**

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	7	7	13	12
	<hr/>		<hr/>	
	<b>7</b>	<b>7</b>	<b>13</b>	<b>12</b>

**Barnet and Southgate College**  
**Notes to the Financial Statements for the year ended 31 July 2017 (continued)**

**7 Staff costs - Group and College**

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

	<b>2017 No.</b>	<b>2016 No.</b>
Teaching staff	230	234
Non teaching staff	<u>259</u>	<u>267</u>
	<b>489</b>	<b>501</b>
<b>Staff costs for the above persons</b>		
	<b>2017 £'000</b>	<b>2016 £'000</b>
Wages and salaries	16,215	16,893
Social security costs	1,582	1,399
Other pension costs	3,542	2,830
Holiday accrual	<u>53</u>	<u>26</u>
<b>Payroll sub total</b>	<b>21,392</b>	<b>21,148</b>
Contracted out staffing services	<u>2,954</u>	<u>2,933</u>
	<b>24,346</b>	<b>24,081</b>
Fundamental restructuring costs - contractual	512	895
	<u><b>24,858</b></u>	<u><b>24,976</b></u>

Staff costs for the group include £359k in the subsidiary company not included in the analysis above.

**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 Group which comprises the Principal and Chief Executive, Director of Finance & Corp Operations, Director of Employer Partnerships, Director of Organisational Development and Director of Quality & Learner Experience. 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**

The number of senior post-holders and other staff who received emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	<b>Senior post-holders</b>		<b>Other staff</b>	
	<b>2017 No.</b>	<b>2016 No.</b>	<b>2017 No.</b>	<b>2016 No.</b>
£60,001 to £70,000	-	-	7	2
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	-	-	-	-
£90,001 to £100,000	3	3	-	-
£100,001 to £110,000	1	1	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £140,000	-	-	-	-
£140,001 to £160,000	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
	<b>5</b>	<b>5</b>	<b>7</b>	<b>2</b>

**Barnet and Southgate College**  
**Notes to the Financial Statements for the year ended 31 July 2017 (continued)**

**7 Staff costs - Group and College (cont)**

Key management personnel compensation is made up as follows:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	434	473
Employers National Insurance	<u>60</u>	<u>56</u>
	<b>494</b>	<b>529</b>
Pension contributions	<u>118</u>	<u>101</u>
<b>Total emoluments</b>	<b><u>612</u></b>	<b><u>630</u></b>

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

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

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	<u>150</u>	<u>143</u>
	<u>150</u>	<u>143</u>
Pension contributions	<u>43</u>	<u>38</u>

# **Barnet and Southgate College**

## **Notes to the Financial Statements for the year ended 31 July 2017 (continued)**

### **8 Other operating expenses**

	<b>Year ended 31 July</b>		<b>Year ended 31 July</b>	
	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Teaching costs	7,136	7,097	7,795	8,054
Non teaching costs	4,941	4,670	4,020	4,012
Premises costs	2,606	2,446	3,168	2,966
<b>Total</b>	<b>14,683</b>	<b>14,213</b>	<b>14,983</b>	<b>15,031</b>

### **Other operating expenses include:**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration:		
Financial statements audit	46	46
Internal audit	24	24
Losses on disposal of tangible fixed assets (where not material)	-	-
Hire of plant and machinery under operating leases	100	111
Hire of other assest under operating leases	0	446

### **9 Interest payable - Group and College**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans, overdrafts and other loans:	1,037	1,112
	1,037	1,112
Interest on enhanced pension provision	30	33
Pension finance costs (note 26)	701	1,118
<b>Total</b>	<b>1,768</b>	<b>2,263</b>

**Barnet and Southgate College**
**Notes to the Financial Statements for the year ended 31 July 2017 (continued)**
**10 Tangible fixed assets (Group)**

	Land and buildings		Equipment	Assets in the Course of Construction	Total
	Freehold	Long leasehold			
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2016	69,345	1280	4,070	18,141	92,836
Additions	2,084	-	435	1,863	4,382
Disposals	-	-	-	-	-
<b>At 31 July 2017</b>	<b>71,429</b>	<b>1280</b>	<b>4,505</b>	<b>20,004</b>	<b>97,218</b>
<b>Depreciation</b>					
At 1 August 2016	13,602	496	2,279	-	16,377
Charge for the year	1,566	95	655	-	2,316
Elimination in respect of disposals	-	-	-	-	-
<b>At 31 July 2017</b>	<b>15,168</b>	<b>591</b>	<b>2,934</b>	<b>-</b>	<b>18,693</b>
<b>Net book value at 31 July 2017</b>	<b>56,261</b>	<b>689</b>	<b>1,571</b>	<b>20,004</b>	<b>78,525</b>
Net book value at 31 July 2016	55,743	775	1,782	18,141	76,432

# Barnet and Southgate College

## Notes to the Financial Statements for the year ended 31 July 2017 (continued)

### 10 Tangible fixed assets (College only)

	Land and buildings	Equipment	Assets in the Course of Construction	Total
	Freehold	Long leasehold		
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 August 2016	69,345	1280	3,847	18,141
At 31 July 2017	71,429	1,280	4,262	20,004
<b>Depreciation</b>				
At 1 August 2016	13,601	496	2,075	-
Charge for the year	1,566	95	638	-
Elimination in respect of disposals	-	-	-	-
At 31 July 2017	15,167	591	2,713	-
<b>Net book value at 31 July 2017</b>	<b>56,262</b>	<b>689</b>	<b>1,549</b>	<b>20,004</b>
Net book value at 31 July 2016	55,735	784	1,772	18,141

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 £21,461k 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	73,166
Aggregate depreciation	(10,504)
Net book value based on cost	62,662

During the year, an additional gain on the disposal of land and buildings at Graame Park Way was realised of £3,233k. The gain in 2015-16 (£2,667k) relates to the disposal of the land and buildings in High Street Southgate.

## Barnet and Southgate College

### Notes to the Financial Statements for the year ended 31 July 2017 (continued)

#### 11 Non current Investments

	College 2017 £'000	College 2016 £'000
Investments in subsidiary companies	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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 whose principal activity during the year was providing a range of courses and training to commercial and other organisations, primarily with the motor and allied trades and insurance industry, leading to qualifications recognised by the ATA, IMI and other professional bodies. This investment was written down to £ nil in 2014.

#### 12 Debtors

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Amounts falling due within one year:				
Trade receivables	2,642	2,636	1,678	1,655
Other debtors	268	266	5,341	5,341
Amounts owed by group undertakings:				
Subsidiary undertakings	-	613	-	529
Prepayments and accrued income	1,733	2,047	512	491
Amounts owed by the Education and Skills Funding Agency [ESFA]			161	162
Taxation and social security	16			
<b>Total</b>	<b>4,659</b>	<b>5,562</b>	<b>7,692</b>	<b>8,178</b>

Other debtors includes the sum of £250k in respect of the final instalment relating to the sale of the Grahame Park Way Campus.

**Barnet and Southgate College**  
**Notes to the Financial Statements for the year ended 31 July 2017 (continued)**

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

	<b>Group 2017 £'000</b>	<b>College 2017 £'000</b>	<b>Group 2016 £'000</b>	<b>College 2016 £'000</b>
Bank loans and overdrafts	707	707	662	662
Capital creditors	1,072	1,072	205	205
Trade payables	1,693	1,673	2,284	2,272
Other taxation and social security	1,311	1,316	355	365
Accruals and deferred income	846	846	803	792
Deferred income - government capital grants	610	610	522	522
Other creditors	4,769	4,746	2,084	2,084
Amounts owed to the Education and Skills Funding Agency [ESFA]	-	-	334	334
<b>Total</b>	<b><u>11,008</u></b>	<b><u>10,970</u></b>	<b><u>7,249</u></b>	<b><u>7,236</u></b>

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

	<b>Group 2017 £'000</b>	<b>College 2017 £'000</b>	<b>Group 2016 £'000</b>	<b>College 2016 £'000</b>
Bank loans	17,243	17,243	17,863	17,863
Deferred income - government capital grants	22,716	22,716	16,600	16,600
Deferred income - payments received in advance	-	-	4,632	4,632
<b>Total</b>	<b><u>39,959</u></b>	<b><u>39,959</u></b>	<b><u>39,095</u></b>	<b><u>39,095</u></b>

**Barnet and Southgate College****Notes to the Financial Statements for the year ended 31 July 2017 (continued)****15 Maturity of debt****Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	707	707	662	662
Between one and two years	749	749	707	707
Between two and five years	2,511	2,511	2,373	2,373
In five years or more	13,983	13,983	14,782	14,782
<b>Total</b>	<b><u>17,949</u></b>	<b><u>17,949</u></b>	<b><u>18,524</u></b>	<b><u>18,524</u></b>

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 £19,742k loan is fixed at a rate of 5.785% until 24 June 2033. All other amounts drawn are on a variable revolving loan facility. The loan is secured on a portion of the freehold land and buildings of the College.

**Barnet and Southgate College**  
**Notes to the Financial Statements for the year ended 31 July 2017 (continued)**

**16 Provisions**

	Group and College		Enhanced pensions	Total
	Defined benefit Obligations	Restructuring		
	£'000	£'000	£'000	£'000
At 1 August 2016	29,008	328	813	30,149
Expenditure in the period	(1,525)	512	(49)	(1,062)
Transferred from income and expenditure account	2,657	(840)	28	1,845
Actuarial loss/(gain) during the year	(105)	-	(164)	(269)
<b>At 31 July 2017</b>	<b>30,035</b>	<b>-</b>	<b>628</b>	<b>30,663</b>

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

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

The principal assumptions for this calculation are:

	2017	2016
Price inflation	1.30%	1.80%
Discount rate	2.30%	2.40%
Salary increase rate	2.80%	2.00%

**17 Cash and cash equivalents**

	At 1 August 2016	Cash flows	Other changes	At 31 July 2017
	£'000	£'000	£'000	£'000
Cash and cash equivalents	9,628	7,967	-	17,595
Overdraft	-	-	-	-
<b>Total</b>	<b>9,628</b>	<b>7,967</b>	<b>-</b>	<b>17,595</b>

**18 Deferred Capital Grants (Group and College)**

	Funding Body Grants	Other Grants	Total
	£'000	£'000	£'000
At 1 August 2016	21,737	18	21,755
Cash received	3	2,376	2,379
Released to income and expenditure	-	-	0
<b>At 31 July 2017</b>	<b>21,740</b>	<b>2,394</b>	<b>24,134</b>

# **BARNET AND SOUTHGATE COLLEGE**

## **Notes to the Financial Statements for the year ended 31 July 2017 (continued)**

### **19 Revaluation reserve (Group and College)**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
At 1 August	11,481	11,918
Transfer from revaluation reserve to general reserve in respect of:		
Revaluation assets	-	-
Depreciation on revalued assets	(403)	(437)
<b>At 31 July</b>	<b><u>11,078</u></b>	<b><u>11,481</u></b>

### **20 Movement on general reserves**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Income and expenditure account reserve</b>				
Income and expenditure account including pension reserve at 1 Aug	9,580	9,952	5,833	6,215
Surplus/(Loss) retained for the year	2,085	2,159	1,799	1,788
Prior year adjustment - Transition to FRS 102 (note 29)	-	-	-	-
Prior year adjustment	-	-	-	-
Surplus / (Loss) retained after prior year adjustment	2,085	2,159	1,799	1,788
Transfer from revaluation reserve on depreciation and sale of inherited assets	403	403	437	437
Actuarial gain/(loss) in respect of pension	269	269	1,511	1,511
<b>At 31 July</b>	<b><u>12,337</u></b>	<b><u>12,783</u></b>	<b><u>9,580</u></b>	<b><u>9,952</u></b>
Balance represented by:				
Pension reserve (note 26)	(30,035)	(30,035)	(29,008)	(29,008)
Income and expenditure account reserve excluding pension reserve	43,537	43,981	38,614	38,985
<b>At 31 July</b>	<b><u>13,502</u></b>	<b><u>13,946</u></b>	<b><u>9,606</u></b>	<b><u>9,977</u></b>

**Barnet and Southgate College**  
**Notes to the Financial Statements for the year ended 31 July 2017 (continued)**

**21 Capital commitments**

	<b>Group and College</b>	
	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Commitments contracted for at 31 July	<u>3,340</u>	<u>14,148</u>
Authorised but not contracted at 31 July	<u>4,660</u>	<u>250</u>

**22 Lease Obligations**

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

	<b>Group and College</b>	
	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	212	40
Later than one year and not later than five years	339	-
later than five years	-	387
	<u>551</u>	<u>427</u>
<b>Other</b>		
Not later than one year	100	128
	<u>100</u>	<u>128</u>

**23 Contingent liabilities**

A contingent liability existed in relation to a Section 106 Planning Condition on the Grahame Park campus which had not been discharged. This obligation was set aside as part of the capital project to build a new campus in Colindale. No provision had been made in the accounts in the prior year.

**24 Events after the reporting period**

There are no events after the reporting period.

**Barnet and Southgate College**  
**Notes to the Financial Statements for the year ended 31 July 2017 (continued)**

**25 Defined benefit obligations**

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

<b>Total pension cost for the year</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
Teachers Pension Scheme: contributions paid	1,383	1,351
Local Government Pension Scheme:		
Contributions paid	1,525	1,732
FRS 102 (28) charge	330	(253)
Charge to the Statement of Comprehensive Income	1,855	1,479
<b>Total pension cost to income and expenditure</b>	<b>3,238</b>	<b>2,830</b>
Enhanced pension charge to Statement of Comprehensive Income	(164)	(107)
<b>Total Pension Cost for Year</b>	<b>3,074</b>	<b>2,723</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2017.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year. Contributions of £205K (2016: NIL) were payable to the LGPS scheme as at 31 July.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

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

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

**Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates were set at 16.48% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

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

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

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

**Barnet and Southgate College**  
**Notes to the Financial Statements for the year ended 31 July 2017 (continued)**

**25 Defined benefit obligations (continued)**

**Scheme Changes**

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

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

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

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £2,159,503 (2016: £2,264,395)

**FRS 102 (28)**

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

Accordingly, the College has taken advantage of the exemption in FRS 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.

**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 2017 was £2,158,000, of which employer's contributions totalled £1,752,000 and employees' contributions totalled £406,000. The agreed contribution rates for future years are 25.9 % for employers and range from 5.5% to 12.5% cent for employees, depending on salary.

**Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2017

	<b>At 31 July 2017</b>	<b>At 31 July 2016</b>
Rate of increase in salaries	2.80%	4.40%
Future pensions increases	2.50%	2.90%
Discount rate for scheme liabilities	2.70%	5.80%
Inflation assumption (CPI)	3.20%	2.90%
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:

	<b>At 31 July 2017 years</b>	<b>At 31 July 2016 years</b>
<i>Retiring today</i>		
Males	21.20	22.10
Females	24.30	24.40
<i>Retiring in 20 years</i>		
Males	23.90	22.40
Females	26.50	25.10

# **Barnet and Southgate College**

**Notes to the Financial Statements for the year ended 31 July 2017 (continued)**

## **25 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:

	Plan assets as a percentage of total plan assets 31 July 2017	Fair Value at 31 July 2017	Plan assets as a percentage of total plan assets 31 July 2016	Fair Value at 31 July 2016
		£'000		£'000
Equities	71%	23,811	76%	25,849
Bonds	29%	9,725	23%	7,823
Gilts	0%		0%	0
Cash	0%		1%	340
<b>Total market value of assets</b>		<b>33,536</b>		<b>34,012</b>
<b>Weighted average expected long term rate of return</b>	<b>2.70%</b>		<b>5.80%</b>	
<b>Actual return on plan assets</b>		<b>(1,902)</b>		<b>9,195</b>

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

	2017 £'000	2016 £'000
Fair value of plan assets	33,536	34,012
Present value of plan liabilities	(63,541)	(62,990)
Present value of unfunded liabilities	(30)	(30)
<b>Net pensions liability (Note 17)</b>	<b>(30,035)</b>	<b>(29,008)</b>

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

	2017 £'000	2016 £'000
<b>Amounts included in staff costs</b>		
Current service cost	1,855	1,479
Past service cost	101	0
<b>Total</b>	<b>1,956</b>	<b>1,479</b>

#### **Amounts included in investment income**

Net interest income	(701)	(1,118)
	<b>(701)</b>	<b>(1,118)</b>

#### **Amounts recognised in Other Comprehensive Income**

Return on pension plan assets	(1,902)	3,393
Experience losses arising on defined benefit obligations	7,932	1,009
Changes in assumptions underlying the present value of plan liabilities	(5,925)	(2,998)
<b>Amount recognised in Other Comprehensive Income</b>	<b>105</b>	<b>1,404</b>

## Barnet and Southgate College

### Notes to the Financial Statements for the year ended 31 July 2017 (continued)

#### 25 Defined benefit obligations (continued)

##### Local Government Pension Scheme (Continued)

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

	2017 £'000	2016 £'000
Surplus/(deficit) in scheme at 1 August	(29,008)	(29,547)
Movement in year:		
Current service cost	(1,855)	(1,479)
Employer contributions	1,525	1,732
Net interest on the defined (liability)/asset	(701)	(1,118)
Past service cost	(101)	-
Actuarial gain or loss	105	1,404
<b>Net defined benefit (liability)/asset at 31 July</b>	<b><u>(30,035)</u></b>	<b><u>(29,008)</u></b>

##### Asset and Liability Reconciliation

	2017 £'000	2016 £'000
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>(63,020)</b>	<b>(57,203)</b>
Current Service cost	(1,855)	(1,479)
Interest cost	(1,524)	(2,204)
Contributions by Scheme participants	(387)	(359)
Experience gains and losses on defined benefit obligations	2	2
Changes in financial assumptions	2,007	(1,989)
Estimated benefits paid	1,307	212
Past service costs	(101)	-
<b>Defined benefit obligations at end of period</b>	<b><u>(63,571)</u></b>	<b><u>(63,020)</u></b>

##### Reconciliation of Assets

<b>Fair value of plan assets at start of period</b>	<b>34,012</b>	<b>27,656</b>
Interest on plan assets	823	1,086
Return on plan assets	(1,902)	3,393
Employer contributions	1,525	1,732
Contributions by Scheme participants	387	359
Estimated benefits paid	(1,309)	(214)
<b>Assets at end of period</b>	<b><u>33,536</u></b>	<b><u>34,012</u></b>

The estimated value of employer contributions for the year ended 31st July 2017 will be £2,153m.

## Barnet and Southgate College

### Notes to the Financial Statements for the year ended 31 July 2017 (continued)

#### 26 Related party transactions

Owing to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The College is a member of Collab Group. The Collab Group's purpose is to develop a strong Further Education college sector in England. Transactions processed on behalf of Collab Group by the College total £Nil in the year (2016: £Nil).

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

No Governors has received any remuneration or waived payments from the College or its subsidiaries during the year (2016: £Nil)

#### 27 Amounts disbursed as agent

##### Learner support funds

	2017 £'000	2016 £'000
Amount unspent previous year	481	290
Funding body grants – bursary support	443	
Funding body grants – discretionary learner support	665	886
Funding body grants – residential bursaries	357	0
Other Funding body grants	119	665
	<u>2,065</u>	<u>1,841</u>
Disbursed to students	(1,545)	(1,431)
Administration costs	(78)	(79)
Clawback	(29)	(96)
Balance unspent as at 31 July, included in creditors	<u>413</u>	<u>235</u>

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.