



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

Bishop Burton College
FINANCIAL STATEMENTS
for the Year Ended 31 July 2015

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Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2015

OPERATING AND FINANCIAL REVIEW

Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2015.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Bishop Burton College (the College). The College is an exempt charity for the purposes of the Charities Act 2011.

Mission

The College mission as approved by its members is as follows:

“To be a leading specialist College focusing on excellence, employability and enterprise for our customers.”

Public Benefit

Bishop Burton College is an exempt charity under Part 3 of the Charities Act 2011 and from 1 September 2013, is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the Charity, are disclosed on pages 13 and 14.

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

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent progression for students into employment or education and training
- Strong student support systems
- Excellent links with employers, industry and commerce.

Implementation of strategic plan

The Corporation monitors the performance of the College against its strategic plan and financial forecasts, which are reviewed and updated each year. The College’s strategic aims for 2014/15 were to

- Provide an outstanding learning experience for all
- Deliver provision that meets National priorities and is responsive to Local and Regional needs
- Develop the capacity and capability of our staff to contribute effectively to the College agendas of quality, enterprise, sustainable development, and innovation
- Ensure strong financial health, and organisational sustainability from effective use of estate, infrastructure and resources

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2015

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Implementation of strategic plan (continued)

The College continues to develop and build on the successful tender of 2012 to deliver the Further Education provision in Lincolnshire at Riseholme College. The College has successfully completed its third year of teaching and learning at the Riseholme site. During the year the College completed the first phase of a second Riseholme Campus on the Lincolnshire Showground which will provide an opportunity to increase student numbers at Riseholme. The first intake of students to the new campus will take place by September 2015. The new Campus will also allow the College to offer Higher Education for the first time in Lincolnshire. A second phase of the new campus is currently under construction.

16-18 Further Education student numbers continue to grow year-on-year. Recruitment on to Higher Education programmes has again been positive this year.

The number of Further Education students from areas of economic and social deprivation remains high for a land based College at 26%. The Socio-Economic Performance Indicator (SEPI) confirms that students at Bishop Burton College performed above the national average when background is taken into account.

Apprenticeship programmes continue to deliver exceptional results, well above the national average. Overall College success at 82% against a national average of 72% and timely success at 79% against a national average 66%.

The employability of FE and HE students continues to be enhanced through the range of additional qualifications and work experience they achieve during their time at College. Progression rates into employment or further study are very high at 95% - the highest progression rate in the Yorkshire region.

The hosting of a variety of prestigious external events continues to bring benefit and publicity to the College. Over the past year the Equine Department has hosted and organised a huge number of shows and competitions at all levels throughout the year utilising our superb indoor and outdoor facilities. These include The British Dressage Northern Winter Regional Championships; 4 days of British Eventing Affiliated Horse Trials; Annual FEI Para Equestrian Dressage International 1*, 2* & 3*; British Show Jumping Pony Premier Show; British Show Jumping Development Classic; the British Show Jumping Bronze & Silver League Semi Final North.

Building on the success of the 2014 FEI European Junior Eventing Championships we have hosted the Pony Club National Tetrathlon Championships for the past three years and they will be joining us again in 2016. In addition, all three of the equestrian Olympic disciplines use the College as a venue for both competition and to host master classes for their members. British Showjumping, British Dressage and British Eventing all hold junior camps here. Pentathlon GB regularly use the equine facilities for training and an annual competition. For the first time in 2015 the equine centre hosted the BUCS Equestrian National Championships. We run regular exams on behalf of the British Horse Society as well as training and development activities.

The College continues to operate academies on site. In July 2015, the college welcomed Hull City Tigers to the College site who have now started their 2nd season with the College. The College has been central in the innovative 'City of Hull' Rugby League academy collaboration between Hull FC and Hull Kingston Rovers Rugby League clubs in partnership with the College). The College is now the central focus point for the development of Rugby League in the area. The College has also welcomed Leicester Tigers 1st team squad for a residential camp in their pre-season, hosted the Football League exit trials in February whilst continuing its partnerships with Archery GB, Pentathlon GB, Yorkshire Jets, Hull Rugby Union and England Rugby.

Sport at Bishop Burton continued to provide excellence with outstanding team success. Across our performance sports academies there has been unrivalled achievements. In Rugby Union, the college Higher Education academy won the British Universities and Colleges Premier Division, while the Women's Academy were Association of Colleges Sport Cup winners, 7s winners and finalists at Rosslyn Park. In Rugby League, the college u19 Academy were Yorkshire Cup and National Cup Champions and the RFL announced that Bishop Burton was College of the Year for 2015. The football teams continue to perform, with the under 18 squad finishing the highest ever in college history in the English Colleges National Premiership putting it in the top 5%. The college equine Academies reached the BUCS National Championships, the Under 19 men's Rugby Union reaching the National Finals representing Yorkshire whilst there was a significant number of individual success including student making regional and national honours such as England Students Rugby Union, two netballers reaching the Super League National Talent Squad and two students progressing from the college to receive professional contracts at Hull City Tigers and the City of Hull Academy respectively.

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2015

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Implementation of strategic plan (continued)

Underpinning the College's success is the focus placed on our values. This is embedded in all College activities, newsletters and practices and permeates from staff to students.

The College strives to achieve the highest quality in everything it does. This has again been recognised externally with the College winning the UK Excellence Award. This is a very public acknowledgement of our College being of very high quality across a whole range of organisational assessments; Financial Performance, Customer Focus, Business Sustainability and People Management. It is an internationally recognised award which is transparently assessed against published criteria. This is also unprecedented as over the last 20 years only two other Colleges have ever achieved it, and no College has ever achieved it twice, as we were also winners of the award in 2011.

Financial objectives

The financial viability and strength of the College has been maintained, with all financial targets again being achieved or exceeded. This included exceeding the 3% operating cost surplus target and exceeding the liquidity target of 25 cash days in hand. The operating surplus was £1,182,000 and income increased by 2% to £25.7m. This has enabled the College to deliver its financial strategy and continue investing in its facilities with an increase in fixed assets during the year of over £12.0m. The financial strength of the College was recognised as Good by the SFA in its annual review.

Performance indicators

The College is committed to observing the importance of these indicators and is monitoring them through a number of ways.

Success rates

Bishop Burton College enrolled over 3,700 students from Hull, the East Riding of Yorkshire, Lincolnshire and beyond during 2014/15; studying both on College campuses, and via workplace learning and community programmes.

As part of our commitment to meeting individual students' needs, 330 students received support for a range of difficulties including dyslexia, physical disabilities, and visual or hearing impairment, and a further 415 were supported by College counsellors.

The long success rate for 2014/15 was 85%.

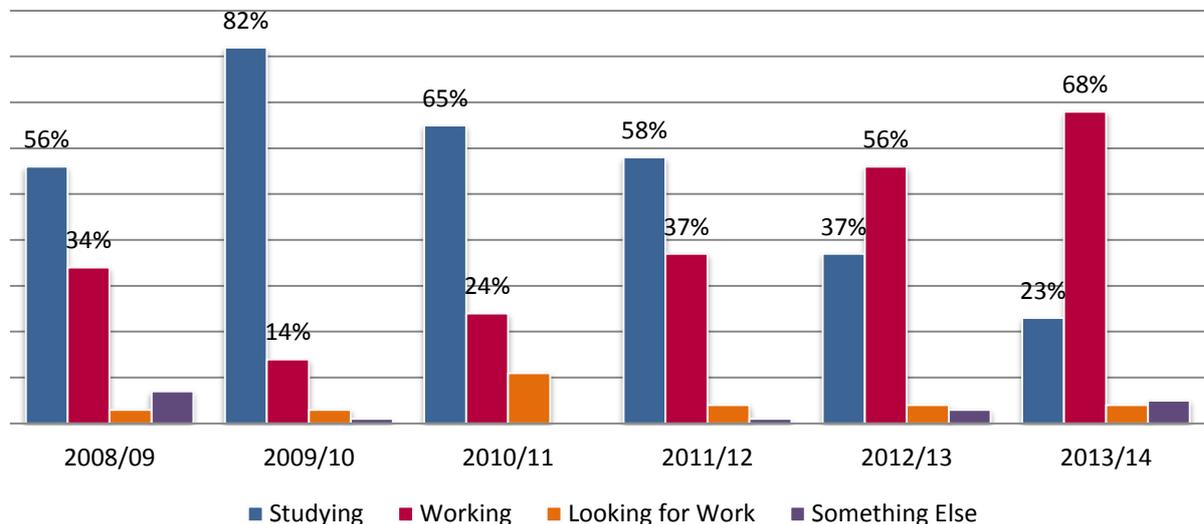
Course Type	Starts			Success		
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
Long Course	2,163	2,821	2,761	89%	90%	85%
Short Course	1,633	1,095*	1,741	97%	91%	94%

*This figure reflects a change in Government policy – no longer do additional qualifications such as Volunteering get classed as short courses.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Student Destinations:

Early indications for 2014/15 leavers based on data from the Destination of Leavers from Higher Education (DLHE) survey suggests a 92% positive progression rate, which is on par with the progression rate noted in 2013/14.



Source: DLHE survey 2015

Student satisfaction:

Student satisfaction remains high at the College, with more than 96% agreeing that teaching on the course has been good over the last 12 months. The exit survey of 2014 also showed that 89% of respondents would tell their friends about the quality of teaching.

Students agreed that staff were friendly and helpful (98%) and that they also felt that they were well equipped for the future, knowing how to apply for further study or a job (95%).

Source: College exit survey 2015

Bishop Burton College is committed to ensuring that local people entering the world of work through work-related learning routes possess the essential skills that employers demand and that those already in employment have the opportunity to up-skill within their existing role in order to develop their careers. The Services to Business team works in partnership with local and national employers, developing individualised skills training and solutions to support positive bottom line impact, future growth and stability.

Apprenticeships

The College delivers apprenticeships across a number of sectors, offering young people alternative career pathways – something which is particularly important for the region. Over the last year, the College has successfully delivered sector led apprenticeships programmes with organisations to meet the growing skills shortages within the local economy and to help encourage up-skilling in the region's emerging growth sectors. Working alongside employer partners, we have been able to pre-empt industry need and develop strategic training and recruitment solutions for a myriad of businesses.

Small business support

Working closely with the LEP's, the Services To Business team has promoted workforce up-skilling opportunities to local SMEs through the ESF led Skills Support for the Workforce (SSW) fund. The team have completed a number of skills gap analyses for a range of organisations across Yorkshire and Lincolnshire, helping businesses to identify skills gaps in their workforce. From this information, the College has developed a suite of new programmes in Precision Technology. This has been delivered particularly effectively in the Lincolnshire region, where the local economy relies heavily on the local workforce having the agricultural skills needed to perform a number of roles.

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2015

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Employer satisfaction

The College works with a significant number of employers across the Yorkshire and Lincolnshire region. Employer satisfaction remains high and continues to improve year on year, as indicated by the independent FE Choices survey. The overall mean average of 8.7 is a very high satisfaction level when compared with all other Land-based Colleges.

Financial Position

Financial Results

The College generated an operating surplus in the year of £1,182,000 (2013/14: £1,009,000).

The College has accumulated reserves of £13,219,000 and cash and deposit balances of £3,724,000.

The College had three subsidiary companies during the year, Bishop Burton Farm Enterprises Ltd, Bishop Burton Farm Ltd and Bishop Burton Riseholme Limited. The principal activity of Bishop Burton Farm Enterprises Ltd is commercial enterprise and the rental of property. Bishop Burton Farm Ltd is non-trading. Bishop Burton Riseholme Limited is a development company primarily involved in the development of the new campus.

Tangible fixed asset additions during the year amounted to £12,253,000. This was split between land and buildings acquired of £362,000 together with a further £11,705,000 still in the course of construction and equipment purchased of £186,000.

The College has significant reliance on the funding bodies for its principal funding source, largely from recurrent grants. In 2014/15 the funding bodies provided 57.35% of the College's total income.

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.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows

The College had cash flow from operating activities of £5,784,000. There was a net cash outflow (after grants received) of £7,364,000 for capital expenditure. Additional cash outflow was through net loan financing of £441,000 (no new loans received in the year) and returns on investments of £400,000 outflow. Overall there was an increase in cash for the year of £1,078,000, excluding short term investment of £3,500,000 outflow.

Liquidity

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year this margin was comfortably exceeded.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Current and Future Development and Performance

Student numbers and achievements

The continued growth in EFA funded FE 16-18 student numbers is essential as the lagged funding methodology rewards growth in the following year. With a reduction in unit funding this becomes even more vital for the future. The region has also now moved into a period of demographic decline, with fewer 16-18 year olds expected over the next four years. Despite that, 2014/15 figures for FE surpassed that of 2013/14.

The strong HE recruitment the improved facilities and the success of the HE strategy and this will be a continued focus for the College moving into 2015/16. The College will also look to develop its January enrolment to help drive recruitment and offer more flexible options on some courses.

College Overall Apprenticeship Achievement rates are outstanding (82%). College Timely Success rates remain well above the national average (79%) and continue to deliver Functional skills and work-ready individuals to the local workforce.

Students continue to benefit from the physical resources at the College. The commercially run enterprises such as the Farm, Sports Centre and Equestrian Arenas give real life work experience for students. Continued investment in the IT infrastructure of the College and technology in the classroom gives staff and students easy access to technology linked to learning, for example, through the ever developing Virtual Learning Environment.

Students are also actively encouraged to utilise the College's state-of-the-art sports facilities, with a myriad of sports offered as extra-curricular activities on Campus. What's more, the College is now home to seven elite sporting academies, which has helped to improve the quality and availability of resources for the students.

Staff are actively encouraged to enter outstanding students in national competitions and awards, and in 2014/15, a number of students had national success. These included winning the Farm Planner of the Year Competition, second place in the annual Cereals Challenge, winning inter-university tournaments in various sports Advanced Apprentice Thomas McMeeken was awarded the prestigious City & Guilds Medal of Excellence in recognition of outstanding performance in Agriculture.

Academic and curriculum developments

The College has yet again made some significant investments in improving facilities on its Campuses over the last 12 months, and this has had a positive effect on the student experience at the College. The recent National Student Survey results highlighted that facilities offered at the College had improved significantly year-on-year, helping to enhance and enrich teaching across the College.

Students continued to be offered the opportunity to achieve additional qualifications to boost their employability, but the emphasis was switched in favour of qualifications deemed more desirable by employers, including Maths and English GCSEs. However, for the sixth consecutive year, a large proportion of full-time students completed a volunteering qualification, helping to contribute positively to College life and the local community.

The construction and engineering curriculum area has grown over the last 12 months with the launch of a range of courses to suit the sector requirement. The construction of the new Showground Campus in Lincolnshire offered students a unique experience to learn alongside experienced tradesmen on a live build. As such, the College has observed significant retention and progression of students.

The sports curriculum area recruited extremely well in 2014/15 owing to the College's enhanced sporting reputation, its facilities and the range of Academies available to students. What's more, the Achieving Academic and Sporting Excellence (AASE) programme has unlocked a significant opportunity for students looking to improve on the field and in the classroom. This has had particular success within rugby. With the range of facilities available, students are able to compete at a high level in the FE British Colleges Sport leagues, and the University BUCS leagues. The College offers more than 40 different sports to all students whatever their competitive level.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Within Higher Education, the College has maintained its strategy of offering all Higher Education programmes with a part time alternative. The potential to grow HE full time and part time numbers continues to offer a significant opportunity, particularly with the progression from Level 3 into higher education courses. This will be a focus for 2015/16 and to support that, there is an opportunity to enhance student flexibility, with the introduction of a January start date for some courses. This was piloted in January 2015, with an anticipated roll-out across the College the following academic year (2015/16).

Partnerships with validating partners have been renewed and now include the Royal Agricultural University, the University of Hull and the University of Huddersfield.

Internally, the College has continued to invest in its Information and Communication Technology, upgrading IT systems and equipment both inside and outside of the classroom, and improving servers across both Bishop Burton and Riseholme campuses. The College's Virtual Learning Environment, iLearn, continues to provide access to online learning materials for students 24/7 within College and off campus and offers a useful resource, in addition to the extensive on-campus learning resource centre. The IT infrastructure provides campus-wide wireless technology, supporting the increased and varied use of mobile technology by students. Students are actively encouraged to use a variety of mobile devices during lessons to enhance and enrich the learning experience.

Full time students benefit from three themed weeks where wider cultural issues are explored. The weeks explore Health & Respect, Difference & Diversity and Enterprise & Citizenship and all are aimed at enriching the student's academic experience and give them an opportunity to develop a range of skills outside of the classroom. Additional national initiatives are supported by staff and students, such as the MacMillan Coffee Morning, World Mental Health Day and Stop Smoking Campaigns with money being raised for charity in the process.

Property

During the year a number of new projects were completed including a new Technology & Skills centre, a new STEM centre and a Humber Energy Centre. The College is currently building a second Riseholme College campus on the Lincolnshire Agricultural Showground. Together with the existing Riseholme campus, this will provide an opportunity to develop and grow land based education in Lincolnshire. Phase 1 of this will be operational from September 2015.

The College has continued with its extensive minor works projects, and its repair, maintenance and refurbishment plan for the rest of the site. There was therefore a significant contribution in the annual expenditure to cover this.

Future developments

The College is committed to improving its facilities at both Bishop Burton and the Riseholme site. It has reviewed and revised its Property Strategy and agreed a capital programme for the current year. Phase 2 of the new Showground Campus is currently under construction and will be operational from September 2016. Phase 2 will include laboratories, kitchens and other specialist resources required to deliver new curriculum designed to meet the needs of the Agri-Food sector in Lincolnshire.

The College is also committed to the maintenance of its campus and has agreed a budget for the year to ensure all planned maintenance is undertaken.

Going Concern

The College has considered its anticipated future income and expenditure streams and their subsequent impact on the Balance Sheet. Taking all the known risks and uncertainties of the FE sector into account and comparing these against the many opportunities that are emerging, underpinned by the strength of the College Balance Sheet and its ability to make sound strategic decisions and adapt accordingly, the College is satisfied that it continues as a going concern.

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

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2015

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Resources

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

Financial

The College has £34.8 million of net assets; including £6.9 million pension liability, and loans of £7.7 million.

People

The College employs 399 people (291 FTE's), 162 of whom are teaching staff (113 FTEs).

The College is proud to be one of the first Colleges or Universities in the country to have achieved IIP Gold Standard and the only institution in the UK to hold Centre of Vocational Excellence accreditation in both Equine and Agriculture.

The College considers good communication with its staff to be very important and to this end utilises a range of communications channels including staff forums and meetings, team meetings and briefings, newsletters, college intranet, website and the appraisal cycles. The College encourages staff and student involvement through membership of formal committees that help to inform the strategic direction of the College and staff are actively encouraged to celebrate good news and achievements with their colleagues.

Reputation

The College has a good and improving reputation locally and nationally and within the education community. The College has a dedicated communications team that deals with stakeholder communications at all levels and the team regularly invests in extensive community surveys to measure the external perception and attitude towards the College. Maintaining a quality brand is essential for the College's success at attracting students and external relationships. The College adopts a proactive media relations stance, promoting the successes and achievements of the College and its students.

Principal risks and uncertainties

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

Based on the strategic plan, the Senior Leadership Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Senior Leadership Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed at every Audit Committee meeting. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The College operates an enterprise risk management approach to risk management.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

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

1. Government funding

The College relies on continued government funding through the Further Education sector funding and HEFCE. In 2014/15 the majority of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. However, the College does have opportunities for alternative income streams through College enterprises which continue to develop and offer net income and also the opportunity for students to work on Real Working Environments (RWEs).

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Principal risks and uncertainties (continued)

This risk is mitigated in a number of ways:

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

2. Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 17.

The College's risk register and risk management action plan addresses all the key risks facing the College.

Stakeholder Relationships

- Students and parents / guardians;
- Education Sector Funding Bodies;
- FE Commissioner;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- 3 Local Enterprise Partnerships (LEPs)
- The local community;
- Other education and training providers;
- Trade unions; and
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them as highlighted below for customers, employers, external agencies and partners.

Customers

The quality of the student experience is of central importance to the Executive who are actively involved in meeting students and understanding their needs through a number of different channels including the Principal's Surgery, Student Forums and questionnaires and surveys. In addition there are student representatives on all key College Committees and curriculum team meetings. The College has an active Student Association that meets weekly with a Senior Leadership Group representative, and the Chair of the Association has regular one to one meetings with the Principal. Both the Chair and the Vice Chair are members of the Corporation.

Employers

The College continues to effectively engage with employers through its Services to Business activities (e.g. Apprenticeships, European Social Funding, Jobcentre Plus programmes, full-cost recovery courses) and has been particularly successful at delivering on Government priorities. Training for the unemployed and its Jobcentre Plus provision has been hailed as some of the most effective in the region and has had positive effects on the local workforce.

Senior managers promote the College through their membership of local, regional and national industry and employer groups. This informs their understanding of Sector and employer needs. The Services to Business department takes the lead in responding to employer enquiries, maintaining contact, follow up and responding to training needs.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Employers (continued)

Employers are also very much engaged in the design, delivery and assessment of the College curriculum. Curriculum managers have contributed to an extensive employer database and the identification of the College's 'top 100 employer partners'. Employers have been involved in job interview simulation exercises with students and have played an important role in communicating their expectations of employees, and have provided access to a range of work-based learning scenarios that the students have benefitted from.

Employers have been supportive of the College's research and knowledge transfer activities. For example, employers were invited to critique the Higher Education students' research project posters and to provide guidance on how the research could be developed. A number of employers have provided a research platform for students working with the College on crop and livestock trials. The partnership with Agrii is particularly worthy of note as the College hosted one of the agronomy company's national field trial sites, and is now home to their Northern research facility. Students have had the benefit of this partnership, working closely with the organisation to gather in-depth knowledge of agronomy via the trial sites. The students have also benefitted from the College's partnership with EBLEX, where 'live to dead' days have been explored in detail, offering students a unique experience.

At the Riseholme campus, students continued to benefit from employer engagement, with much of their practical activity taking place on employer premises. This meant that students were able to develop their skills in Real Working Environments using the latest technology. The College sees the benefit of this teaching method and will continue to develop these partnerships for the benefit of future students. Also at Riseholme, further sponsorship has continued from LAMMA for Land-based Technology students.

External Agencies

The College has recognised the strategic importance of anticipating and responding to stakeholder priorities to maximise growth opportunities. Our approach has been to identify the key agencies and for the Principal/CEO to participate at a strategic level, including at Board membership wherever possible. This enables us to gain understanding of current needs and to anticipate future direction through early participation in the decision making processes.

The Assistant Principal, HE also works closely with a number of other educational institutions in the validation of courses, external examining, partnership projects or progression agreements.

Partners

Strong emphasis is placed on partnering as a method of achieving Strategic Aims and improving performance in key areas. Having identified through the planning process our key strategic and operating priorities, the Senior Leadership Group and College managers identify those that require joint delivery through partnerships. We seek to identify their needs in order to establish the best fit for mutual benefit. These include partnerships with research bodies, such as Agrii, professional bodies including EBLEX, commercial partnerships with sports teams and retailers, international governing bodies, such as FEI, and a whole host of other organisations from a variety of sectors. These partnerships not only help improve the reputation of the College, but also help to enhance the quality of teaching and the availability of opportunities for students.

In 2014/15 the College entered into a ground-breaking partnership with ASDA and ASDA's red meat suppliers (ABP, Dunbia and Cranswick). The primary aim of the partnership is to improve the sustainability of the food chain through applied research projects which are conducted by students under the direction of the College's Centre for Agricultural Innovation. Partnership activities have included: a pig mortality study using CCTV surveillance of farrowing arcs; a beef feeding trial; use of Unmanned Aerial Vehicles ('drones') to monitor crop establishment; grassland management seminars from an industry expert, and the development of selection techniques for improving sheep flock productivity. Students have benefitted from the opportunity to visit food processing facilities including Dunbia's meat processing facility in Northern Ireland and to gain a better understanding of the food chain and the market requirements. Graduate bursaries and graduate placements have also resulted from the partnership, providing opportunities for students to progress food processing and retail careers.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Equal opportunities and employment of disabled persons

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

Equal opportunities

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy is published on the College's Intranet site.

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

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an on-going basis.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010.

The College is committed to the on-going improvement of its resources in order to give all students equal opportunity to access the programme of their choice, and the admissions policy for all students is described in the Student Handbook. Appeals against a decision not to offer a place are dealt with under the complaints policy.

The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

In 2013/14, the College also invested in a larger support team, and as such, more courses were made available to those with disabilities. Specialist programmes are described in prospectuses, and achievements and destinations are recorded and published in the standard College format. More than 330 students received one-to-one support for a range of disabilities and impairments, and a further 415 received support from the College's welfare officers. The College actively promotes its guidance and counselling services through its prospectus and student handbook.

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2015

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on December 2015 and signed on its behalf by:

Judy Richmond
Chair

Professional Advisers

Financial statement and regularity auditors: RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Two Humber Quays, Wellington Street West, Hull, HU1 2BN

Internal auditors: Mazars LLP, Mazars House, Gelderd Road, Leeds, LS27 7JN

Bankers: Lloyds Bank PLC, 14 Church Street, Sheffield

Solicitors: Rollits, High Street, Hull

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2015

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure.

The 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 the 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. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

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

The Corporation

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

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance
Mr R Alderson	1 Sept 2002 Re-appointed 1 Sept 2005 1 Sept 2008 1 Sept 2011	3 years 3 years 3 years 3 years	31 Aug 2014	External		0/0
Mrs J E Dawson	1 Sept 2003	Ex officio		Principal	Search	7/7
Ms K. Deere	10 Dec 2013	0.67 years	31 Aug 2014	Student		0/0
Ms C. Dodds	31 Oct 2014	0.83 years		Student		4/6
Ms R. Dunn	31 October 2013	2.83 years		External		6/7
Mr M Flint	23 Mar 2001 Re-appointed 1 Sept 2004 1 Sept 2008 1 Sept 2011	4 years 3 years 3 years	31 August 2014	External		0/0
Mr N Franklin	13 Dec 2011 Re-appointed 1 Sept 2014	2.67 years 3 years		External		6/7
Ms M Grayson	17 Feb 2009 1 Sept 2011 Re-appointed 1 Sept 2014	2.5 years 3 years 3 years		Staff		6/7
Mr A Menzies	1 Sept 2009 Re-appointed 1 Sept 2012 1 Sept 2015	3 years 3 years 3 years		External		6/7

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2015

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance
Mrs F Owen (Vice-Chair)	12 Dec 2005 Re-appointed 1 Sept 2009 1 Sept 2012 1 Sept 2015	3.5 years 3 years 3 years 3 years		External	Search Remuneration	7/7
Ms A Potter	1 Sept 2009 Re-appointed 1 Sept 2012 1 Sept 2015	3 years 3 years 3 years		External	Audit	6/7
Ms J Richmond (Chair)	1 Sept 2002 Reappointed 1 Sept 2006 1 Sept 2010 1 Sept 2013	4 years 4 years 3 years 3 years		External	Search (Chair) Remuneration (Chair)	6/7
Mr R Rook	1 Sept 2010 Reappointed 1 Sept 2013	3 years 3 years		External	Remuneration	7/7
Mr D Turner	1 Sept 2009 Re-appointed 1 Sept 2012 1 Sept 2015	3 years 3 years 3 years		External	Audit (Chair)	6/7
Ms H Wright	1 Sept 2008 Reappointed 1 Sept 2010 1 Sept 2013	2 years 3 years 1 year		External	Audit	7/7

Dr M Honeywell was Clerk to the Corporation

Ms K. Magurn was Deputy Clerk.

Members other than the Principal, staff and student Members were designated External Members following the revision of the Instrument and Articles of Government which came into force on 1 January 2008

The following persons also acted as directors of the College's wholly owned subsidiaries: Mrs J Dawson, Mr M Flint, Ms J Richmond and Ms A Potter.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The Corporation (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. During 2014/15 the Corporation met 7 times during the year with the support of Audit, Remuneration and Search Committees.

The Corporation conducts part of its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. Full minutes of all meetings except those deemed to be confidential by the Corporation are available on the College's website at www.bishopburton.ac.uk or from the Clerk to the Corporation at:

Bishop Burton College
Bishop Burton
Beverley
HU17 8QG

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 roles of the Chairman 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 plus three co-opted members, 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.

Remuneration Committee

Throughout the year ending 31 July 2015, the College's remuneration committee comprised four members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders.

Details of remuneration for the year ended 31 July 2015 are set out in notes 6 and 7 to the financial statements.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Audit Committee

The audit committee comprises four members of the Corporation (excluding the Accounting Officer) plus a co-opted member. The committee operates in accordance with written terms of reference approved by the Corporation.

The audit committee meets four times a year 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 reporting accountants 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 she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum/Financial Agreement between the College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 Bishop Burton College for the year ended 31 July 2015 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the 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 ending 31 July 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

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

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; and
- the adoption of formal project management disciplines, where appropriate.

The College has an internal audit service, which operates in accordance with the requirements of the EFA and SFA's Joint *Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

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

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the audit committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The audit committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the audit committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2015 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2015.

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 "*the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets*".

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2015

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Going concern

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

Approved by order of the members of the Corporation on December 2015 and signed on its behalf by:

.....
Signed
J Richmond
Chair

.....
Signed
J Dawson
Accounting Officer

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2015

GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

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

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

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

.....
Signed
J Richmond
Chair

December 2015

.....
Signed
J Dawson
Accounting Officer

December 2015

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2015

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 Skills Funding Agency 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 *2007 Statement of Recommended Practice - Accounting for Further and Higher Education* and with the Accounts Direction for 2014-15 financial statements issued jointly by the Skills Funding Agency and the Education Funding Agency, 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 departure disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare an Operating and Financial Review 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 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 Skills Funding Agency are used only in accordance with the Financial Memorandum with the Skills Funding Agency and with the Funding Agreements with the Skills Funding Agency and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place sufficient to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the Skills Funding Agency are not put at risk.

Approved by order of the member of the Corporation on December 2015 and signed on its behalf by:

J Richmond
Chair

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BISHOP BURTON COLLEGE

We have audited the Group and College financial statements ("the Financial Statements") set out on pages 22 to 47. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) as set out in our engagement letter dated 16 November 2015.

This report is made solely to the Corporation, as a body, in accordance with the Financial Memorandum published by the Skills Funding Agency and our engagement letter dated 16 November 2015. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required under our engagement letter dated 15 October 2014 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Corporation of Bishop Burton College and Auditor

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 20, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the Financial Statements in accordance with the terms of our engagement letter dated 16 November 2015, Joint Audit Code of Practice issued by the Skills Funding Agency and Education Funding Agency and International Standards on Auditing (UK and Ireland). The International Standards on Auditing (UK and Ireland) require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Groups' and the College's affairs as at 31 July 2015 and of the Group's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Matters on which we are required to report by exception

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

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

RSM UK AUDIT LLP (formerly Baker Tilly UK Audit LLP)
Chartered Accountants
Two Humber Quays
Wellington Street West
HULL
HU1 2BN

December 2015

Bishop Burton College
FINANCIAL STATEMENTS
for the Year Ended 31 July 2015

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

	Notes	2015 £000	2014 £000
Income			
Funding body grants	2	14,750	14,578
Tuition fees and education contracts	3	5,559	5,100
Other income	4	5,302	5,560
Investment income	5	110	26
Total income		<u>25,721</u>	<u>25,264</u>
Expenditure			
Staff costs	6	11,323	10,649
Other operating expenses	8	10,748	11,359
Depreciation	13	2,002	1,819
Interest payable and other finance costs	9	439	437
Total expenditure		<u>24,512</u>	<u>24,264</u>
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before tax		1,209	1,000
(Loss)/profit on disposal of tangible fixed assets		<u>(27)</u>	<u>10</u>
Surplus on continuing operations after depreciation of assets at valuation and disposal of tangible fixed assets but before tax		1,182	1,010
Taxation	10	-	<u>(1)</u>
Surplus for the year retained within general reserves	11	<u>1,182</u>	<u>1,009</u>

The income and expenditure account is in respect of continuing activities.

Bishop Burton College
FINANCIAL STATEMENTS
for the Year Ended 31 July 2015

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	2015 £000	2014 £000
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and tax and after disposal of assets		1,182	1,009
Actuarial loss in respect of pension scheme	30	<u>(1,061)</u>	<u>(1,068)</u>
Total recognised gains/(losses) since last report		<u>121</u>	<u>(59)</u>

		2015 £000	2014 £000
Reconciliation			
Opening reserves		13,098	13,157
Total recognised gains/(losses) for the year		<u>121</u>	<u>(59)</u>
Closing reserves		<u>13,219</u>	<u>13,098</u>

CONSOLIDATED NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS

	Notes	2015 £000	2014 £000
Surplus on continuing operations before taxation		1,182	1,010
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	22	100	99
Release of revaluation reserve on disposal of revalued assets	22	<u>71</u>	<u>-</u>
Historical cost surplus for the year before taxation		<u>1,353</u>	<u>1,109</u>
Historical cost surplus for the year after taxation		<u>1,353</u>	<u>1,108</u>

Bishop Burton College
FINANCIAL STATEMENTS
for the Year Ended 31 July 2015

BALANCE SHEETS AS AT 31 JULY

	Notes	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
Fixed Assets					
Intangible assets	12	-	-	-	-
Tangible assets	13	51,327	41,798	41,188	40,177
Investments	14	-	-	-	-
Total fixed assets		51,327	41,798	41,188	40,177
Current Assets					
Stock	15	876	876	938	938
Debtors	16	1,185	10,859	1,301	2,531
Investments		1,000	1,000	4,500	4,500
Cash at bank and in hand		3,572	3,571	1,646	1,630
Total current assets		6,633	16,306	8,385	9,599
Less: Creditors – amounts falling due within one year	17	(8,789)	(8,746)	(9,530)	(9,557)
Net current (liabilities)/assets		(2,156)	7,560	(1,145)	42
Total assets less current liabilities		49,171	49,358	40,043	40,219
Less: Creditors - amounts falling due after more than one year	18	(7,389)	(7,277)	(7,889)	(7,889)
Less: Provisions for liabilities and charges	20	(115)	(115)	(117)	(117)
Net assets excluding pension liability		41,667	41,966	32,037	32,213
Net pension liability	30	(6,904)	(6,904)	(5,988)	(5,988)
NET ASSETS INCLUDING PENSION LIABILITY		34,763	35,062	26,049	26,225
Deferred capital grants	21	21,544	21,544	12,951	12,951
Reserves					
Income and expenditure account excluding pension reserve	23	17,181	17,480	15,973	16,149
Pension reserve	30	(6,904)	(6,904)	(5,988)	(5,988)
Income and expenditure account including pension reserve	23	10,277	10,576	9,985	10,161
Revaluation reserve	22	2,942	2,942	3,113	3,113
Total reserves		13,219	13,518	13,098	13,274
TOTAL FUNDS		34,763	35,062	26,049	26,225

Bishop Burton College
FINANCIAL STATEMENTS
for the Year Ended 31 July 2015

BALANCE SHEETS AS AT 31 JULY (CONTINUED)

The financial statements on pages 22 to 47 were approved and authorised for issue by the Corporation on December
2015 and were signed on its behalf on that date by:

J Richmond
Chair

J Dawson
Accounting Officer

Bishop Burton College
FINANCIAL STATEMENTS
for the Year Ended 31 July 2015

CONSOLIDATED CASH FLOW STATEMENT

	Notes	2015 £000	2014 £000
Cash flow from operating activities	24	5,784	2,767
Returns on investments and servicing of finance	25	(400)	(384)
Taxation		(1)	(1)
Capital expenditure and financial investment	26	(7,364)	(1,785)
Cash inflow before use of liquid resources and financing		(1,981)	597
Management of liquid resources	27	3,500	(2,000)
Financing	28	(441)	1,415
Increase in cash in the year	29	<u>1,078</u>	<u>12</u>
Reconciliation of net cash flow to movement in net debt	Notes	2015 £000	2014 £000
Increase in cash in the year		1,078	12
Cash (inflow)/outflow from increase in liquid resources	27	(3,500)	2,000
Cash outflow/(inflow) from increase in debt and lease financing	28	441	(1,415)
Change in net debt resulting from cash flows		(1,981)	597
Movement in net debt in the year		(1,981)	597
Net debt at 1 August		(2,019)	(2,616)
Net debt at 31 July	29	<u>(4,000)</u>	<u>(2,019)</u>

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2015

NOTES TO THE ACCOUNTS

1 Accounting policies

Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2007* (the SORP), the Accounts Direction for 2014-15 financial statements and in accordance with applicable Accounting Standards.

Basis of accounting

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

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

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 Financial Statements.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertakings, Bishop Burton Farm Enterprises Limited, Bishop Burton Riseholme Limited and Bishop Burton Farm Limited. Intra-group sales and profits are eliminated fully on consolidation. In accordance with Financial Reporting Standard (FRS) 2, the activities of the student association have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2015.

Recognition of income

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult 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 at the end of November 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 income recognised is the allocation for the year.

NOTES TO THE ACCOUNTS (CONTINUED)

1 Accounting policies (continued)

Recognition of income (continued)

Non-recurrent grants from the funding bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors. The costs of any fees waived by the College are included as expenditure in note 8.

Income from grants, contracts and other services rendered is included to the extent the condition of the funding have been met or the extent of the completion of the contract or service.

Post retirement benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the East Riding Pension Fund (ERPF). These are defined benefit schemes which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS), and the assets are held separately from those of the College.

The TPS is an unfunded scheme and contributions 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 the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 30, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The ERPF is a funded scheme and the assets are held separately from those of the college in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income and expenditure account if the benefits have vested. If the benefits have not been vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Enhanced pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to a former member of staff is charged in full to the 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 pensions spread sheet provided by the funding bodies.

Intangible fixed assets

Intangible fixed assets are capitalised at cost and amortised over their useful economic lives.

NOTES TO THE ACCOUNTS (CONTINUED)

1 Accounting policies (continued)

Tangible fixed assets

Land and buildings

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. 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 account reserve on an annual basis.

Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Long leasehold land is depreciated over the term of the lease. Freehold buildings are depreciated over their expected useful economic life to the College of between 3 and 40 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 buildings are not capitalised as part of the costs 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.

On adoption of FRS15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS11.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architect's certificates and other direct costs incurred to 31 July 2015. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets 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

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.

Capitalised equipment is depreciated over its useful economic life as follows:-

Motor vehicles and general equipment	2.5% - 30% per annum
Computer equipment	33% per annum

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

NOTES TO THE ACCOUNTS (CONTINUED)

1 Accounting policies (continued)

Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Leasing agreements that transfer to the College substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term and the useful economic lives of equivalent owned assets.

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

Investments

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

Stocks

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College receives no similar exemption in respect of value added tax. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased. Capital costs and non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

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

Liquid resources

Liquid resources (cash investments) include sums on short-term deposits with recognised banks.

Provisions

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.

Agency arrangements

The College acts as an agent in the collection and payment of Discretionary Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 34, except for the 5% of the grant received which is available to the College to cover administrative costs relating to the grant.

Bishop Burton College
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NOTES TO THE ACCOUNTS (CONTINUED)

2 Funding body grants

	2015	2014
	£000	£000
Funding body recurrent grant	11,616	10,065
Adult skills budget	1,122	1,526
HEFCE recurrent grant	805	1,710
Apprenticeships	695	753
Releases of deferred capital grants (Note 21)	512	524
Total	<u>14,750</u>	<u>14,578</u>

3 Tuition fees and education contracts

	2015	2014
	£000	£000
Tuition fees	4,953	4,650
Education contracts	606	450
Total	<u>5,559</u>	<u>5,100</u>

4 Other income

	2015	2014
	£000	£000
Residencies, catering and conferences	3,107	3,028
Other income generating activities	692	559
Releases from deferred capital grants (non-Funding body) (Note 21)	28	2
Other income	441	684
Farming activities	1,034	1,287
Total	<u>5,302</u>	<u>5,560</u>

5 Investment income

	2015	2014
	£000	£000
Bank interest	14	26
Pension finance income (note 30)	96	-
	<u>110</u>	<u>26</u>

Bishop Burton College
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NOTES TO THE ACCOUNTS (CONTINUED)

6 Staff costs

The average number of persons (including senior post-holders) employed by the College during the year, described as full time equivalents, was:

	2015	2014
	Number	Number
Teaching staff	113	118
Non-teaching staff	178	174
	<u>291</u>	<u>292</u>

Staff costs for the above persons

	2015	2014
	£000	£000
Wages and salaries	8,745	8,574
Social security costs	516	506
Other pension costs (including FRS 17 adjustments of £191,000 , 2014: £29,000)	<u>1,324</u>	<u>1,184</u>
Payroll sub-total	10,585	10,264
Contracted-out staff	505	336
Restructuring costs	<u>233</u>	<u>49</u>
	<u>11,323</u>	<u>10,649</u>

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:

	Senior post-holders		Other staff	
	2015	2014	2015	2014
	Number	Number	Number	Number
£ 70,001 - £ 80,000	-	1	1	1
£ 80,001 - £ 90,000	1	-	-	-
£130,001 - £140,000	-	1	-	-
£140,001 - £150,000	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>

7 Senior post-holders' emoluments

Senior post-holders are defined as the Accounting Officer and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

	2015	2014
	Number	Number
The number of senior post-holders including the Accounting Officer was:	<u>2</u>	<u>2</u>

NOTES TO THE ACCOUNTS (CONTINUED)

7 Senior post-holders' emoluments (continued)

Senior post-holders' emoluments are made up as follows:

	2015	2014
	£000	£000
Salaries	218	214
Benefits in kind	4	4
Pension contributions	31	30
Total emoluments	<u>253</u>	<u>248</u>

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid senior post-holder) of:

	2015	2014
	£000	£000
Salaries	139	136
Benefits in kind	3	3
Total emoluments	<u>142</u>	<u>139</u>
Pension contributions	<u>20</u>	<u>19</u>

The pension contributions in respect of the Accounting Officer and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and are paid at the same rate as for other employees.

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

Bishop Burton College
FINANCIAL STATEMENTS
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NOTES TO THE ACCOUNTS (CONTINUED)

8 Other operating expenses

	2015	2014
	£000	£000
Teaching costs	1,470	1,208
Non-teaching costs	6,179	6,052
Premises costs	3,099	4,099
Total	10,748	11,359

Other operating expenses include:

	2015	2014
	£000	£000
Auditors' remuneration:		
- Financial statements audit*	33	33
- Internal audit	18	23
- Other services provided by Financial statements auditors	2	4
Hire of plant and equipment – operating leases	268	293
Hire of land and buildings – operating leases	102	96

* includes £27,000 in respect of the College (2014: £26,000)

9 Interest payable and other finance costs

	2015	2014
	£000	£000
On bank loans, overdrafts and other loans:		
Repayable by instalments		
Repayable wholly or partly in more than five years	414	410
Other interest payable	25	-
Pension finance costs (note 30)	-	27
Total	439	437

10 Taxation

	2015	2014
	£000	£000
UK corporation tax at 20% (2014 - 20%) for subsidiary undertakings	-	1
Tax on profit on ordinary activities	-	1

Bishop Burton College
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NOTES TO THE ACCOUNTS (CONTINUED)

11 Surplus on continuing operations for the year

The surplus on continuing operations for the year is made up as follows:

	2015	2014
	£000	£000
College's surplus for the year	1,305	1,098
Subsidiary undertakings results for the year	283	68
Consolidation adjustments	<u>(406)</u>	<u>(157)</u>
Total	<u>1,182</u>	<u>1,009</u>

12 Intangible fixed assets

Group and College

	Goodwill	Total
	£000	£000
Cost		
At 1 August 2014 and 31 July 2015	<u>814</u>	<u>814</u>
Amortisation		
At 1 August 2014 and 31 July 2015	<u>814</u>	<u>814</u>
Net book value at 31 July 2015	<u>-</u>	<u>-</u>
Net book value at 31 July 2014	<u>-</u>	<u>-</u>

Goodwill representing the excess of the consideration arising on the transfer of FE provision at Riseholme College compared with the fair value of the net assets acquired.

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2015

NOTES TO THE ACCOUNTS (CONTINUED)

13 Tangible fixed assets

Group

	Long leasehold land £000	Freehold land and buildings £000	Assets in the course of construction £000	Equipment £000	Total £000
Cost or valuation					
At 1 August 2014	-	43,706	6,468	5,434	55,608
Additions	-	362	11,705	186	12,253
Disposals	-	(441)	-	(800)	(1,241)
Transfer	2,739	4,610	(7,905)	556	-
At 31 July 2015	2,739	48,237	10,268	5,376	66,620
Depreciation					
At 1 August 2014	-	11,204	-	3,216	14,420
Charge for the year	-	1,460	-	542	2,002
Relating to disposals	-	(329)	-	(800)	(1,129)
At 31 July 2015	-	12,335	-	2,958	15,293
Net book value at 31 July 2015	2,739	35,902	10,268	2,418	51,327
Net book value at 31 July 2014	-	32,502	6,468	2,218	41,188

College

	Long leasehold land £000	Freehold land and buildings £000	Assets in the course of construction £000	Equipment £000	Total £000
Cost or valuation					
At 1 August 2014	-	43,367	5,363	5,434	54,164
Additions	-	488	3,061	186	3,735
Disposals	-	(441)	-	(800)	(1,241)
Transfer	2,739	4,610	(7,905)	556	-
At 31 July 2015	2,739	48,024	519	5,376	56,658
Depreciation					
At 1 August 2014	-	10,771	-	3,216	13,987
Charge for the year	-	1,460	-	542	2,002
Relating to disposals	-	(329)	-	(800)	(1,129)
At 31 July 2015	-	11,902	-	2,958	14,860
Net book value at 31 July 2015	2,739	36,122	519	2,418	41,798
Net book value at 31 July 2014	-	32,596	5,363	2,218	40,177

Bishop Burton College
FINANCIAL STATEMENTS
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NOTES TO THE ACCOUNTS (CONTINUED)

13 Tangible fixed assets (continued)

The transitional rules set out in FRS15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly the book values at implementation have been retained.

Land and buildings were valued in 1993 at depreciated replacement cost by a firm of independent chartered surveyors.

Freehold land and buildings includes land valued at £ 1,321,244 (2014: £1,321,244) which is not depreciated.

If inherited land and buildings had not been valued they would have been included at the following amounts:

	£000
Cost	-
Aggregate depreciation based on cost	-
Net book value based on cost	-

14 Investments

Group

	2015	2014
	£000	£000
Unquoted investments at cost	-	-

College

	2015	2014
	£000	£000
Shares in subsidiary undertakings less provision for diminution	-	-
Other unquoted investments at cost	-	-

The College owns 100 per cent of the issued ordinary shares of the following subsidiary undertakings all of which are registered in England and Wales.

	Principal activity	Class of shares held
Bishop Burton Farm Limited	Non-trading	Ordinary £1
Bishop Burton Farm Enterprises Limited	Provision of training facilities	Ordinary £1
Bishop Burton Riseholme Limited	Development Services	Ordinary £1

The College owns 20% of the ordinary share capital of Cultiva Limited, a company incorporated in England and Wales. The company is a joint venture with Hartpury College, Myerscough College, Sparsholt College and Moulton College. During the year £8,684 (2014: £480) was paid to this company by the College relating to running costs and £18,303 (2014: £21,553) was received by the College from this company for work done by the College in respect of a contract managed by the company.

The results of Cultiva Limited have not been gross equity accounted for as prescribed by FRS9, on the grounds that they are not material.

Bishop Burton College
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NOTES TO THE ACCOUNTS (CONTINUED)

15 Stock

	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
Farming stocks	819	819	893	893
Others	57	57	45	45
Total	876	876	938	938

16 Debtors

Amounts falling due within one year:

	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
Trade debtors	282	282	408	408
Other debtors	344	13	247	201
Amounts owed by group undertakings	-	9,725	-	1,178
Prepayments and accrued income	505	785	575	673
Amounts owed by SFA	54	54	71	71
Total	1,185	10,859	1,301	2,531

17 Creditors: amounts falling due within one year

	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
Bank loans and overdraft (Note 19)	1,375	1,375	440	440
Payments received in advance	1,502	1,502	5,846	5,846
Trade creditors	2,628	2,628	1,018	1,018
Other creditors	638	638	575	552
Amounts owed to group undertakings	-	273	-	58
Corporation tax	-	-	1	-
Other taxation and social security	929	929	160	160
Accruals	1,602	1,286	1,490	1,483
Amounts owed to SFA	115	115	-	-
Total	8,789	8,746	9,530	9,557

18 Creditors: amounts falling due after more than one year

	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
Bank loans (Note 19)	7,197	7,197	7,725	7,725
Accruals	112	-	-	-
Other creditors	65	65	164	164
Payments received in advance	15	15	-	-
Total	7,389	7,277	7,889	7,889

Bishop Burton College
FINANCIAL STATEMENTS
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NOTES TO THE ACCOUNTS (CONTINUED)

19 Borrowings

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group	College	Group	College
	2015	2015	2014	2014
	£000	£000	£000	£000
In one year or less	1,375	1,375	440	440
Between one and two years	481	481	456	456
Between two and five years	1,411	1,411	1,432	1,432
In five years or more	5,305	5,305	5,837	5,837
Total	<u>8,572</u>	<u>8,572</u>	<u>8,165</u>	<u>8,165</u>

The unsecured bank overdraft is repayable on demand and is charged interest on amounts owing at 2.25% above base rate.

Bank loans are repayable and are charged interest as follows:

- £353,000 at 1.75% above base rate, are repayable by instalments falling due between August 2015 and May 2019.
- £1,685,000, repayable in instalments due between August 2015 and November 2029. This is at a fixed rate of interest of 4.94%.
- £5,686,000, repayable by instalments falling due between August 2014 and September 2024. This is at a fixed rate of interest of 5.42%.

Bank loans are secured on certain freehold properties.

20 Provisions for liabilities and charges

Group and College

	Enhanced pension
	entitlements
	£000
At 1 August 2014	117
Expenditure in the period	(10)
Transferred from income and expenditure account	<u>8</u>
At 31 July 2015	<u>115</u>

The enhanced pension provision relates to the cost of staff that has 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 calculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2015	2014
	%	%
Price inflation	1.75	2.25
Discount rate	<u>3.46</u>	<u>4.06</u>

Bishop Burton College
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NOTES TO THE ACCOUNTS (CONTINUED)

21 Deferred capital grants

Group and College

	Funding body grants £000	Other grants £000	Total £000
At 1 August 2014	11,878	1,073	12,951
Cash received	2,720	2,084	4,804
Transfer from payments on account	5,480	(1,151)	4,329
Released to income and expenditure account	(512)	(28)	(540)
At 31 July 2015	19,566	1,978	21,544

22 Revaluation reserve

Group and College

	2015 £000	2014 £000
At 1 August	3,113	3,212
Transfer from revaluation reserve to general reserve in respect of: Depreciation of revalued assets	(100)	(99)
Release of revaluation reserve on disposal of revalued assets	(71)	-
At 31 July	2,942	3,113

23 Movement on general reserves

Income and expenditure account reserve:

	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
At 1 August	9,985	10,161	9,945	10,032
Surplus retained for the year	1,182	1,305	1,009	1,098
Transfer from revaluation reserve	171	171	99	99
Actuarial loss in respect of pension scheme	(1,061)	(1,061)	(1,068)	(1,068)
At 31 July	10,277	10,576	9,985	10,161
Balance represented by:				
Pension reserve	(6,904)	(6,904)	(5,988)	(5,988)
Income and expenditure account reserve excluding pension reserve	17,181	17,480	15,973	16,149
	10,277	10,576	9,985	10,161

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NOTES TO THE ACCOUNTS (CONTINUED)

24 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2015	2014
	£000	£000
Surplus on continuing operations after depreciation of assets at valuation	1,182	1,010
Depreciation (Note 13)	2,002	1,819
Interest payable (Note 9)	439	437
Interest receivable (Note 5)	(110)	(26)
Deferred capital grants released to income (Note 21)	(540)	(526)
Loss/(profit) on disposal of tangible fixed assets	27	(10)
Pension cost less contribution payable (note 30)	(49)	(51)
Decrease in stock	62	6
Decrease/(increase) in debtors	115	(563)
Increase in creditors	2,658	665
(Decrease)/increase in provisions	(2)	6
Net cash inflow from operating activities	<u>5,784</u>	<u>2,767</u>

25 Returns on investments and servicing of finance

	2015	2014
	£000	£000
Interest received	14	26
Interest paid	(414)	(410)
Net cash outflow from returns on investments and servicing of finance	<u>(400)</u>	<u>(384)</u>

26 Capital expenditure and financial investment

	2015	2014
	£000	£000
Purchase of tangible fixed assets	(12,253)	(6,901)
Sales of tangible fixed assets	85	95
Deferred capital grants received	4,804	5,021
Net cash outflow from capital expenditure and financial investment	<u>(7,364)</u>	<u>(1,785)</u>

27 Management of liquid resources

	2015	2014
	£000	£000
Withdrawal/(placing) of deposits	3,500	(2,000)
Net cash inflow/(outflow) from management of liquid resources	<u>3,500</u>	<u>(2,000)</u>

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NOTES TO THE ACCOUNTS (CONTINUED)

28 Financing

	2015	2014
	£000	£000
New loan borrowed	-	1,800
Repayment of amount borrowed	(441)	(384)
Capital element of finance lease rental payments	-	(1)
Net cash (outflow)/inflow from financing	(441)	1,415

29 Analysis of changes in net debt

	At 1 August	Cash	At 31 July
	2014	flows	2015
	£000	£000	£000
Cash in hand, and at bank	1,646	1,926	3,572
Current asset investment	4,500	(3,500)	1,000
Bank overdraft	-	(848)	(848)
	<u>6,146</u>	<u>(2,422)</u>	<u>3,724</u>
Debt due within one year	(440)	(87)	(527)
Debt due after one year	(7,725)	528	(7,197)
Total	(2,019)	(1,981)	(4,000)

30 Pensions and similar obligations

The College's employees belong to two principal pension schemes: the Teachers' Pensions Scheme England and Wales (TPS) for academic and related staff; and the East Riding Pension Fund (ERPF) for non-teaching staff. Both are defined-benefit schemes.

Total pension cost for the year

	2014/15		2013/14	
	£000	£000	£000	£000
Teachers' Pension Scheme: contributions paid		437		401
East Riding Pension Fund:				
Contributions paid	928		819	
Deficit funding	(240)		(80)	
FRS 17 charge/(credit)	191		29	
Losses on curtailments and settlements	-		-	
Charge to the Income and Expenditure Account (staff costs)		879		768
Enhanced pension charge to Income and Expenditure Account (staff costs)		8		15
Total Pension Cost for year		1,324		1,184

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuations of the TPS was 31 March 2004 and the ERPF 31 March 2013.

Contributions amounting to £165,382 (2014: £158,066) were payable to the schemes at 31 July and are included within creditors.

NOTES TO THE ACCOUNTS (CONTINUED)

30 Pensions and similar obligations (continued)

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, are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as-you-go' basis - these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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

- Employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration);
- 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 will be applied to future valuations

The new employer contribution rates 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>

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 will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £437,000 (2014: £421,000).

NOTES TO THE ACCOUNTS (CONTINUED)

30 Pensions and similar obligations (continued)

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of anticipated contribution rates.

East Riding Pension Fund

The ERPF is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2015 was £916,000 of which employer's contributions totalled £688,000 and employees' contributions totalled £228,000. The agreed contribution rates until 31 March 2016 are 19.2% for employers and between 5.5% and 14.8% for employees, depending on salary.

FRS 17

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2014 updated to 31 July 2015 by a qualified independent actuary.

	At 31 July 2015	At 31 July 2014
	%	%
Rate of increase in salaries (see note *)	5.0	5.0
Rate of increase for pensions in payment/inflation	2.6	2.7
Discount rate for scheme liabilities	3.6	4.0
Inflation assumption (CPI)	2.7	2.9
Expected return on scheme assets at 31 July	3.6	6.1
Commutation of pensions to lump sums		See Notes **

* 2015 - The salary increase assumption for 31 July 2015 is 2% per annum until 31 March 2020.

** 30% for pre-April 2008 service and 65% for post-April 2008 service.

The expected return on scheme assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the balance sheet date whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

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

	At 31 July 2015	At 31 July 2014
<i>Retiring today</i>		
Males	21.9 years	21.9 years
Females	24.1 years	24.1 years
<i>Retiring in 20 years</i>		
Males	24.2 years	24.2 years
Females	26.7 years	26.7 years

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NOTES TO THE ACCOUNTS (CONTINUED)

30 Pensions and similar obligations (continued)

The assets and liabilities in the scheme (of which the college's share is estimated at 0.48%) and the expected rates of return were:

	Long-term rate of return expected at 31 July 2015	Value at 31 July 2015	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014
	%	£000	%	£000
Equities	6.1	13,263	6.7	12,165
Bonds	2.8	1,745	3.5	1,560
Property	4.1	1,745	4.7	1,092
Cash	2.9	698	3.6	780
Total market value of assets		<u>17,451</u>		<u>15,597</u>
Present value of scheme liabilities		(24,294)		(21,525)
Present value of unfunded liabilities		<u>(61)</u>		<u>(60)</u>
Deficit in the scheme		<u>(6,904)</u>		<u>(5,988)</u>

Analysis of the amount charged to income and expenditure account

	2015	2014
	£000	£000
Current service cost (net of employee contributions)	<u>(879)</u>	<u>(768)</u>
Total operating charge	<u>(879)</u>	<u>(768)</u>

Analysis of pension finance costs

	2015	2014
	£000	£000
Expected return on pension scheme assets	972	904
Interest on pension liabilities	<u>(876)</u>	<u>(931)</u>
Pension finance costs	<u>96</u>	<u>(27)</u>

The amounts recognised in the Statement of Total Recognised Gains and Losses are as follows:

	Current year		Cumulative	
	2015	2014	2015	2014
	£000	£000	£000	£000
Actuarial loss	<u>(1,061)</u>	<u>(1,068)</u>	<u>(5,108)</u>	<u>(4,047)</u>

In its June 2010 budget, the Government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The College has considered the East Riding Pension Fund scheme rules and associated members' literature and has concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL').

The actual return on scheme assets was £1,174,000 (2014: £915,000).

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FINANCIAL STATEMENTS
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NOTES TO THE ACCOUNTS (CONTINUED)

30 Pensions and similar obligations (continued)

Movement in deficit during year

	2015	2014
	£000	£000
Deficit in scheme at 1 August	(5,988)	(4,944)
Movement in year:		
Employer service costs (net of employee contributions)	(879)	(768)
Employer contributions	928	819
Net interest	96	(27)
Actuarial loss	(1,061)	(1,068)
Deficit in scheme at 31 July	(6,904)	(5,988)

Asset and Liability Reconciliation

	2015	2014
	£000	£000
Reconciliation of Liabilities		
Liabilities at start of period	21,585	19,987
Service cost	879	768
Interest cost	876	931
Employee contributions	228	204
Losses on curtailments and settlements	-	-
Actuarial loss	1,262	124
Benefits paid	(475)	(429)
Liabilities at end of period	24,355	21,585

	2015	2014
	£000	£000
Reconciliation of Assets		
Assets at start of period	15,597	15,043
Expected return on assets	972	904
Actuarial gain/(loss)	201	(944)
Employer contributions	928	819
Employee contributions	228	204
Benefits paid	(475)	(429)
Assets at end of period	17,451	15,597

The estimated value of employer contributions for the year ended 31 July 2016 is £959,000.

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Defined benefit pension scheme					
Defined benefit obligation	(17,451)	(15,597)	(15,043)	(15,698)	(12,821)
Scheme assets	24,355	21,585	19,987	10,526	10,019
Deficit	(6,904)	(5,988)	(4,944)	(5,172)	(2,802)
Experience adjustments on scheme liabilities	177	328	(1)	(214)	383
Experience adjustments on scheme assets	201	(944)	1,655	(501)	792

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NOTES TO THE ACCOUNTS (CONTINUED)

31 Capital commitments

Capital commitments at the end of the financial year for which no provision has been made:

	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
Commitments contracted for at 31 July	9,568	169	1,549	1,549

32 Financial commitments

Group and College

At 31 July the College had annual commitments under non-cancellable operating leases as follows:

	Land & Buildings		Other	
	2015 £000	2014 £000	2015 £000	2014 £000
Expiring within one year	-	-	45	81
Expiring within two and five years inclusive	130	-	189	180
Expiring over five years	-	130	-	-
	<u>130</u>	<u>130</u>	<u>234</u>	<u>261</u>

33 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 total expenses paid to or on behalf of the Governors during the year was £625; for 2 governors (2014 £818; 2 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity. No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2014: None).

No transactions were identified which should be disclosed under Financial Reporting Standard 8 Related Party Disclosures.

Transaction with the funding bodies are detailed in notes 2, 16, 17 and 21.

34 Amounts disbursed as agent

Discretionary Support funds

	2015 £000	2014 £000
Funding body grants – 20+ childcare support	-	19
Funding body grants – hardship support	266	204
Funding body grants – residential bursaries	440	504
Other Funding bodies grants	30	29
Claw back relating to prior year	-	(26)
	<u>736</u>	<u>730</u>
Disbursed to students	(587)	(686)
Administration costs	(38)	(36)
Balance underspent as at 31 July	<u>111</u>	<u>8</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 income and expenditure account.

Independent Reporting Accountant's report on regularity to the Corporation of Bishop Burton College and the Secretary of State for Business, Innovation and Skills acting through the Skills Funding Agency

In accordance with the terms of our engagement letter dated 16 November 2015 and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bishop Burton College during the period 1 August 2014 to 31 July 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

This report is made solely to the corporation of Bishop Burton College and the Secretary of State for Business, Innovation and Skills acting through the Skills Funding Agency in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Bishop Burton College and the Secretary of State for Business, Innovation and Skills acting through the Skills Funding Agency 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 Bishop Burton College and the Secretary of State for Business, Innovation and Skills acting through the Skills Funding Agency for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Bishop Burton College and the reporting accountant

The corporation of Bishop Burton College is responsible, under the Skills Funding Agency financial memorandum and 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 Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 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 Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. We performed a limited assurance engagement as defined in that framework and our engagement letter

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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas where we identified areas where a material irregularity is likely to arise. We undertook detailed testing, based on our identification of the areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Independent Reporting Accountant's report on regularity to the Corporation of Bishop Burton College and the Secretary of State for Business, Innovation and Skills acting through the Skills Funding Agency *(continued)*

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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December 2015