



REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2016

Bishop Burton College

MEMBERS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 July 2016

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2015/16:

Jeanette Dawson – Principal and CEO; Accounting Officer
Stephen Kelly – Finance Director
William Meredith – Deputy Principal Business Development & Skills
Kate Calvert – HR Director
Andrew Black – Director of Services to Business
Paul Brown – Director of Performance & Planning
Michaela Ginn – Director of Quality & Standards
Richard Lyon – Director of Marketing
Helen Molton – Assistant Principal Higher Education
Ann Paling – Director of Campus & Residential Services

Board of Governors

A full list of Governors is given on pages 14 and 15 of these financial statements.
M Honeywell acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

RSM 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 2016

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Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2016

REPORT OF THE GOVERNING BODY

Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2016.

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 part 3 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 Education 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 14 and 15.

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

Bishop Burton College is a highly successful specialist land-based and sports College. The College operates from three main campuses, recruiting students and serving rural communities from throughout the North of England, the Midlands and beyond.

The College has a history of strong financial performance, delivering a financial surplus year on year. This supports the continued delivery of outstanding specialist provision on a sustainable basis. The College policy has always been not to sub-contract, but to maintain complete control of every aspect of provision. Our long-term strategy and plan has resulted in outstanding resources, infrastructure, excellent staff and high quality teaching and learning, ensuring the College’s long-term future and growth.

The College has expanded significantly in recent years, investing more than £70million in a highly ambitious redevelopment programme at the Bishop Burton campus to ensure it has some of the finest facilities anywhere in the country. In 2012 the College took over the running of Riseholme College and opened Phase One of a new, state-of-the-art campus on the Lincolnshire Showground in 2015. This was the first new land-based College campus to be built in the UK in more than 50 years. Phase 2 of the Riseholme Showground Campus was constructed in 2015-16 and will be opened in September 2016.

The College Mission is ‘to be a leading specialist College focussing on excellence, employability and enterprise for our customers’. The Mission is implemented via four strategic aims, underpinned by strategic objectives and a set of Key Performance Indicators (KPIs) which are closely monitored by the Senior Management Group and Board of Governors.

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2016

REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of strategic plan (continued)

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 2015/16 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 capability and capacity of our staff to contribute effectively to the College agendas of quality, enterprise, sustainable development, and innovation and Risk Management
- Ensure strong financial health, and organisational sustainability from effective use of estate, infrastructure and resource

As a major employer and provider we have a significant economic impact in the region and deliver a huge range of qualifications, from entry to Masters levels, including employer-responsive provision for apprenticeships and the unemployed. Our student destination rates to employment or higher level study are some of the best in the country.

The College recruits locally, regionally and nationally, aided by on-site accommodation and outstanding transport links, along with a strong brand and reputation for delivering first class, first choice vocational education.

To support our sustainable future, the College owns several successful commercial enterprises integrated into our specialisms, which not only contribute to our income but also provide added value for learners. These include the College's own 360-hectare mixed farm and unrivalled equine and sports facilities.

We work in close partnership with world-class partners across our specialisms, including Hull City Tigers, the City of Hull Academy, Agrii and Asda.

Our most recent Ofsted inspection found that outcomes for our students are outstanding and this is reflected in high achievements including medals of excellence winners, world class skills winners and many more. The College was also judged to have outstanding leadership and management.

The College delivers shared services to schools and is in a position to offer these to other colleges if required.

We are a values-driven organisation and these values and culture were instrumental when we were awarded Investors in People Gold for the second time in 2015.

In the same year, the College was officially recognised for its business excellence when we were named winner of the highly prestigious UK Excellence Award. Winning the accolade for the second time, following on from the previous success in 2011, meant we became the first organisation to win the British Quality Foundation (BQF) award twice.

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.

We have maintained our excellent Apprenticeship success rates (80%+) against a National picture of declining results (71%) and 100% of our Apprentices continued into successful employment.

The employability of Further Education and Higher Education 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.

REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of strategic plan (continued)

The College regularly hosts regional, national and international events. For the past 4 years the Equine Department has hosted the Pony Club National Tetrathlon Championships and a variety of other Pony Club Area and Branch competitions, qualifiers and camps. Our Annual Federation Equestrian International Para Dressage competition has continued to grow in profile, with the 1* 2* & 3* competitions being well supported. Members of our 2016 'Ground Jury' were judging at the Rio Para Olympics and competitors representing their Nations at the Rio Para-Olympics included two Gold medallists from Team GBR.

Riders from other nations that have used our competition as part of their preparation for Rio were from Hong Kong, Canada, Brazil and Belgium and the entire GBR para equestrian Olympic contingent have competed at Bishop Burton over the past two years.

Other equine affiliated events we organise includes: the British Dressage Northern Winter Regional Championships; seven days of British Eventing Affiliated Horse Trials; British Show Jumping Pony Premier Show; British Show Jumping Development Classic; the British Show Jumping Bronze and Silver League Semi Final (North), and National Schools Equestrian Association Show jumping and Jumping with Style qualifiers.

In addition to the two existing British Eventing Affiliated Horse Trials weekends run at Bishop Burton, the College took on the organisation of the Lincolnshire Horse Trials in 2016 for the first time.

Examinations are regularly arranged on behalf of the British Horse Society in addition to training and development activities for BHS British Eventing, British Dressage and local and regional riding clubs.

The Equine Centre hosted the BUCS Equestrian National Championships for the second time in 2016.

Pentathlon GB use the College facilities for training and annual competitions.

In addition to its Land-based provision, the College has become a nationally significant centre of excellence for Sport. The Sports provision has been developed through the creation of outstanding sports facilities and innovative partnership working with a range of professional sports clubs and governing bodies

The College continues to operate highly successful sports academies.

The College has enjoyed its finest ever year in sport, with outstanding team successes across the board.

The College performance sports academies had unrivalled achievements. In rugby union, the College Higher Education Academy won the British Universities and Colleges (BUCS) Trophy whilst gaining promotion to the BUCS Premier 'A' Division, while the Women's Academy were Association of Colleges (AoC) Sport Cup winners, Sevens Winners and finalists at the world famous Rosslyn Park.

In football the Higher Education Academy won their BUCS Football league with a 100% record, with the under 18 squad finishing the highest ever in College history in the English Colleges National Premiership, putting it in the top 5% of institutions nationally.

The College's Equine Academy reached the BUCS Regional Championships, the Under 19 Men's Rugby Union Academy reached the National Finals, representing Yorkshire, whilst there was a significant number of individual success, including students achieving regional and national honours such as England Students Rugby Union, two netballers reaching the Super League National Talent Squad and students progressing from the College to receive professional contracts at Hull City Tigers and the City of Hull Academy respectively.

Individual student success didn't stop as those highlights, with 41 students achieving regional or national honours in their chosen sport. The College supported 38 athletes on the Advanced Apprenticeship in Sporting Excellence (AASE) programme, which recognises talented athletes with national potential. Whilst attaining high level success, the College also had more participants in team sports than ever before, with 81% of all students taking part in physical activity according to their Sport England data returns.

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2016

REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of strategic plan (continued)

Alongside this, the College continued to work in partnership to support local, regional and national club academies and sporting governing bodies on site.

The College is the official host site of the Hull City Tigers Academy. This partnership has resulted in the club academy status being upgraded to Premier League Category Two and several academy players breaking into the first team which during the year gained promotion back to the Premier League.

The College also welcomed Newcastle Falcons first team squad for a residential camp in their pre-season, hosted the Football League Northern Academy exit trials in February and as part of their preparations for the Rio 2016 Olympics the College hosted Team GB Women's 7s Rugby squad for a week long camp.

Bishop Burton was an approved training venue for the England 2015 Rugby World Cup, whilst we also continued our partnerships with Archery GB, Pentathlon GB, Yorkshire Jets, Hull Rugby Union and England Rugby, of which the College is one of 5 Women's Centre of Excellence.

As part of our innovative approach to sporting partnerships continues, the College continues to play a crucial role in the City of Hull Rugby League academy which is a collaboration between Hull FC and Hull Kingston Rovers rugby league clubs. The College hosts the new collaborative academy and, in doing so, has become the central focus point for the development of rugby league in the area. Along with this, the College's own Rugby League Academy has grown and was awarded Category Three Academy Status – equivalent of the National Championship, while continuing its support for the local grassroots game through its skills centres. In Rugby Union, the college has formed a partnership with Championship side Yorkshire Carnegie, whose academy holds the RFU academy licence for Yorkshire and as part of this see's Bishop Burton enter the AASE league for Boys in 2016-17

Financial objectives

The financial viability and strength of the College has been maintained, with our financial targets again being achieved or exceeded. This included achieving a 3% operating cost surplus target with an operating surplus of £625,000 (after adjustment for FRS 102). The College has delivered its financial strategy and continues investing in its facilities with an additions to fixed assets during the year of almost £10m. The financial strength of the College was recognised by the SFA in its annual review.

Performance indicators

The College is committed to observing the importance of sector measures and indicators and is monitoring them through a number of ways including the use of the FE Choices data available on the GOV.UK website which looks at measures such as success rates.

Success rates

Bishop Burton College enrolled over 4,000 students from Hull, the East Riding of Yorkshire, Lincolnshire and beyond during 2015/16; studying both on College campuses, and via workplace learning and community programmes.

As part of our commitment to meeting individual students' needs, 550 students received support for a range of difficulties including dyslexia, physical disabilities, and visual or hearing impairment, and a further 700 contacts with Health & Welfare staff. A total of 284 students required specialist support, with 164 taking up counselling appointments.

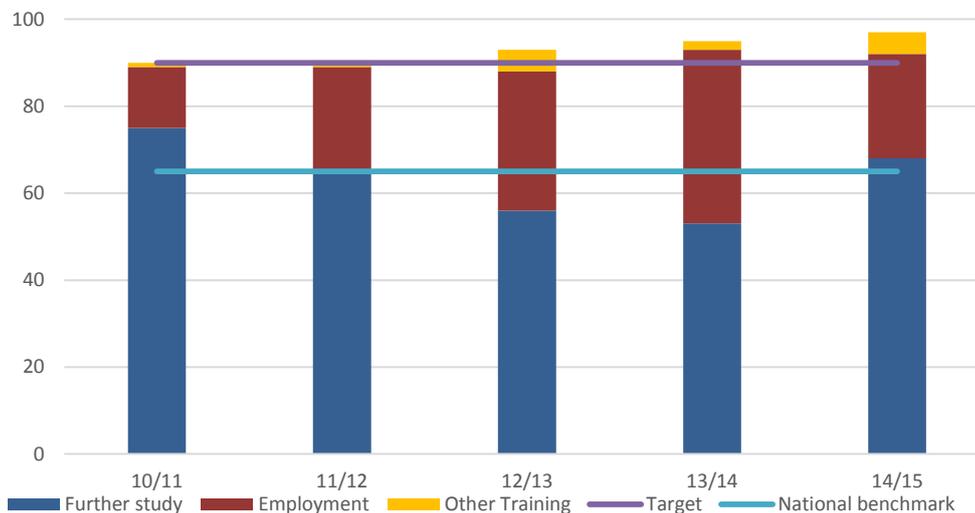
The College success rates are highlighted in the table below:

Enrolments			Success		
2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
4,506	6,184	6,542	90%	85%	87%

REPORT OF THE GOVERNING BODY (CONTINUED)

Student destinations

The Destination of Leavers from Higher Education (DLHE) survey for 2014/15 graduates showed a 96% positive progression rate, continuing the high levels from previous years. The internal survey of Further Education leavers gave a 97% positive destination for those completing their studies in 2014/15. This shows a five year increasing trend of positive destination rates.



Source: DLHE survey 2016

Student satisfaction

Student satisfaction remains high with an overall satisfaction rating of 96% and with more than 97% of students agreeing that teaching on the course was good. The exit survey of 2016 also showed that 92% of respondents would recommend the College to their friends.

Students agreed that staff were friendly and helpful (98%) and that they also felt that they were well equipped for the future (96%) and knew how to search and apply for further study or a job (91%). Source: College exit survey 2016

Apprenticeships

The College delivers apprenticeships across a number of LEP priority sectors, offering young people alternative career pathways. Over the last year, the College has successfully delivered sector-led apprenticeship programmes with employers to meet the growing skills shortages within the local economy and to encourage up-skilling in the region's 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.

Over the last year, the College has seen an increase in the number of employers and students engaged in Apprenticeships. Our provision has 278 employers supporting over 421 learners through training.

The College has an excellent track record of delivering Apprenticeship provision with a five year trend of outstanding outcomes for Apprenticeship learners. Our achievement rates and timely success for learners both exceed national averages.

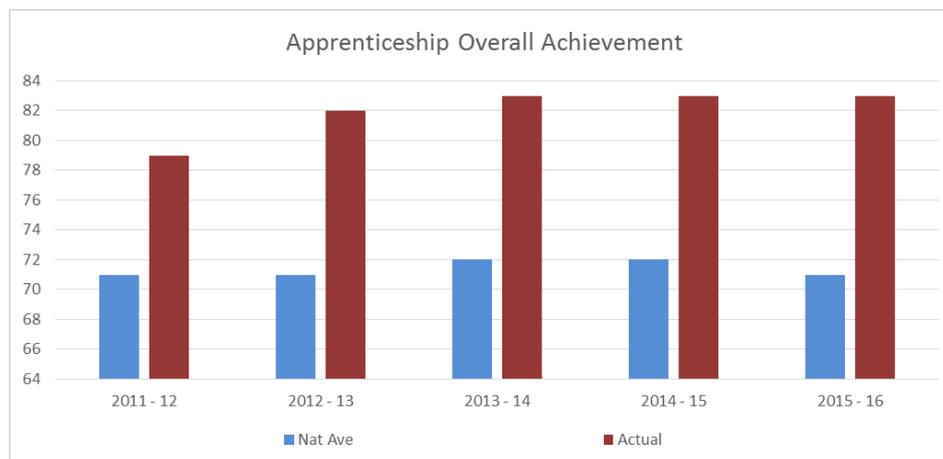
Bishop Burton College

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REPORT OF THE GOVERNING BODY (CONTINUED)

Apprenticeships (continued)



Employer satisfaction

We offer flexible delivery models which are often delivered in partnership with employers. This enables us to deliver at distance and utilise the expertise in the workplace to enhance the learning experience. Our employer satisfaction is outstanding at 9.3 as shown by the independent FE Choices Survey and again we have an excellent upward trend (*FE Choices, 2015*).

Financial Position

Financial Results

The College generated an operating surplus in the year of £625,000 (2014/15: £1,697,000).

The College has accumulated reserves of £39,100,000 and cash and deposit balances of £924,000.

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

Tangible fixed asset additions during the year amounted to £9,819,000. This includes £9,526,000 still in the course of construction and equipment purchased of £346,000.

The College has significant reliance on the funding bodies for its principal funding source, largely from recurrent grants. In 2015/16 the funding bodies provided 54.76% 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 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.

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2016

REPORT OF THE GOVERNING BODY (CONTINUED)

Cash flows and liquidity

The College had cash flow from operating activities of £5,681,000. There was a net cash outflow of £9,811,000 from investing activities. Additional cash inflow was through net loan financing of £1,738,000 offset by interest paid of £408,000. Overall there was a decrease in cash and cash equivalents for the year of £2,800,000.

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.

Reserves policy

The College is committed to making an operating surplus on its activities to ensure funds and reserves are available for reinvestment in the College and ensure it achieves its objectives included in the College strategic plan.

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 important 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 three years; despite this, 2015/16 student recruitment for Further Education surpassed that of 2014/15.

Strong Higher Education recruitment built on improved facilities will be a continued focus for the College moving into 2016/17. The College will look to deliver on its HE strategy, including expansion of January enrolment and the offer of more flexible course options to drive growth, particularly at its new campus in Lincolnshire.

We have maintained our excellent Apprenticeship success rates (80%+) against a National picture of declining results (71%) and 100% of our Apprentices continued into successful employment.

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 learning technologies, for example, through the ever developing Virtual Learning Environment.

Staff are actively encouraged to enter outstanding students in national competitions and awards, and in 2015/16, a number of students gained national recognition. Awards included the runner-up trophy for the prestigious Farm Planner of the Year Competition, first place in Cereals Challenge 2016, and successes in inter-university tournaments across various sports.

Our Apprentices are often entered in National competitions and as a result we have back to back winners of City & Guilds Medals of Excellence since 2007. The City & Guilds Medal for Excellence Winner for 2015 was Grace Harwood.

Academic and curriculum developments

The College has made some significant investments in improving facilities on its Campuses over the last 12 months, which has had a positive effect on the student experience at the College. The recent National Student Survey results highlighted the fact that facilities at the College had improved significantly year-on-year, enhancing and enriching teaching and learning.

Students are offered the opportunity to achieve additional qualifications to boost their employability, with an emphasis on qualifications deemed more desirable by employers, including Maths and English GCSEs. For the seventh 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 meet sector requirements. The construction of the new Showground Campus in Lincolnshire offered students a unique experience to learn alongside experienced tradesmen on a live build.

Within Higher Education, the College has maintained its strategy of offering a part-time alternative to all Higher Education programmes. The potential to grow Higher Education full-time and part-time numbers continues to offer a significant opportunity, particularly with increased internal progression from Level 3 Further Education courses.

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2016

REPORT OF THE GOVERNING BODY (CONTINUED)

Academic and curriculum developments (continued)

The inclusion of Access to Higher Education programmes developed in 2015/16 will provide an additional entry route to land-based Higher Education programmes and there are also opportunities to extend Health and Social Care provision into Higher Education which will be explored for 2017-18 delivery across both campuses. A number of portfolios were revalidated in 2015-16 including Equine, Agriculture and Animal management; this ensures currency of the programmes and the inclusion of new pathways such as FD agriculture with Farm Business Administration and FD Agriculture (Precision Crop Technology) to reflect sector demands.

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, provides access on demand to online learning materials for within College and off campus; it offers an invaluable complementary resource to the extensive physical resources available in the College's Learning Resource Centres.

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 focus on Health & Respect, Difference and Diversity and Enterprise & Citizenship; all are aimed at enriching the student's academic experience and giving 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. National initiatives, equality and diversity themes and fundamental British Values are embedded in a structured tutorial programme to encourage students to engage with current issues and to understand the wider context.

Property

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 was completed in September 2015 and Phase 2 of the Showground Campus was constructed in 2015/16. Phase 2 will be operational from September 2016.

The College has continued with its extensive minor works projects, including repair, maintenance and refurbishment across the whole site; a significant contribution was included in the annual expenditure to cover this.

Events after the end of the reporting period

There have been no significant events after the end of the reporting period.

Future prospects

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.

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2016

REPORT OF THE GOVERNING BODY (CONTINUED)

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, including Area Based Reviews, 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.

Resources

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

Financial

The College has £39.1 million of net assets after accounting for £6.2 million pension liability, and loans of £9.5 million.

People

The College employs 422 people (295 FTE's), 182 of whom are teaching staff (123 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 communication 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.

Bishop Burton College

FINANCIAL STATEMENTS

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REPORT OF THE GOVERNING BODY (CONTINUED)

Principal risks and uncertainties (continued)

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 2015/16 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).

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. Tuition fee policy

In line with the majority of other colleges, Bishop Burton College will seek to increase tuition fees in accordance with the fee assumptions. The risk for the College is that demand falls off as fees increase. This will impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students
- Close monitoring of the demand for courses as prices change

3. 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 102.

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.

REPORT OF THE GOVERNING BODY (CONTINUED)

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 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. The Chair is a member 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 a positive impact 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.

Employers are also very much engaged in the design, delivery and assessment of the College curriculum. The revalidation of a large proportion of the HE provision has involved extensive consultation with a range of employers to ensure currency and fitness for purpose in developing appropriately skilled graduates. 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 provided access to a wide range of work-based learning opportunities 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 hosts one of the agronomy company's national field trial sites, and is now home to their Northern Area research facility. Students benefit enormously from this partnership, working closely with the organisation and gaining 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' training days provide students with a unique opportunity to extend their understanding of the food chain.

At the Riseholme campuses, students continue to benefit from extensive employer engagement, with much of their practical activity taking place on employer premises. This has meant that students are able to develop their skills in Real Working Environments using the latest technology. Further sponsorship for Level 2 Land-based Engineering student students at Riseholme was secured from LAMMA in 2015/16.

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 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 the specific needs of potential partners in order to maximise the mutual benefits to be gained.

REPORT OF THE GOVERNING BODY (CONTINUED)

Partners (continued)

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.

The College continues to build on its ground-breaking partnership with ASDA and ASDA's red meat suppliers (ABP, Dunbia and Cranswick). The primary aim of the partnership was to improve the sustainability of the food chain through applied research projects. The projects take place on the College farm and are conducted by students under the direction of the College's Centre for Agricultural Innovation (CAI) and academic managers. Partnership activities have included: a pig mortality study using CCTV surveillance of farrowing arcs; several beef feeding trials; use of an Unmanned Aerial Vehicle ('drone') to monitor crop establishment and identify crop recovery from pest damage; technical seminars from industry specialists. The comparison of selection techniques for improving the College's flock productivity is an on-going three to five year trial.

Students have benefitted from the opportunity to visit food processing facilities including Dunbia's meat processing facility in Northern Ireland and McDonald's processing plant in Scunthorpe. This type of activity helps students to gain a better understanding of the food chain and market requirements. Graduate bursaries and graduate placements have also resulted from partnership working, providing opportunities for students to progress into food processing, retail and agronomy careers. In addition to the Asda partnership, the CAI conducts trials with other industry partners utilising all of the College farm enterprises to maximise student participation.

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 are required to attend. Refresher training and training for new starters is carried out on an on-going basis.

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2016

REPORT OF THE GOVERNING BODY (CONTINUED)

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.

The College has 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 550 students received support for a range of disabilities and impairments, and a further 284 received support from the College's welfare officers, with 700 contacts in total. The College actively promotes its guidance and counselling services through its prospectus and student handbook.

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 13 December 2016 and signed on its behalf by:

Judy Richmond
Chair

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2016

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2015 to 31 July 2016 and up to the date of approval of the report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”); and
- iii. having due regard to the UK Corporate Governance Code 2014 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
Mrs J E Dawson	1 Sept 2003	Ex officio		Principal	Search	7/7
Ms R Dunn	31 Oct 2013 Re-appointed 1 Sept 2016	2.83 years 3 years		External	Governance & Search Audit	6/7
Mr R Ellison	9 February 2016	2.5 years		External		3/3
Mr N Franklin	13 Dec 2011 Re-appointed 1 Sept 2014	2.67 years 3 years		External		7/7
Ms M Grayson	17 Feb 2009 Re-appointed 1 Sept 2011 1 Sept 2014	2.5 years 3 years 3 years		Staff		7/7
Mr A Menzies	1 Sept 2009 Re-appointed 1 Sept 2012 1 Sept 2015	3 years 3 years 3 years		External	Audit	7/7
Ms M Newshome	27 Oct 2015	1 year	31 Aug 2016	Student		4/4
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 2 years		External	Governance & Search Remuneration	5/7

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2016

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Ms A Potter	1 Sept 2009 Re-appointed 1 Sept 2012 1 Sept 2015	3 years 3 years 1 year	29 Sept 2016	External		0/1
Ms J Richmond (Chair)	1 Sept 2002 Reappointed 1 Sept 2006 1 Sept 2010 1 Sept 2013 1 Sept 2015	4 years 4 years 3 years 3 years 3 years		External	Governance & Search (Chair) Remuneration (Chair)	7/7
Mr R Rook	1 Sept 2010 Reappointed 1 Sept 2013 1 Sept 2016	3 years 3 years 3 years		External	Governance & Search 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)	7/7
Mr A Ward	15 Sept 2016	3 years		External		5/7

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 N Franklin, Ms J Richmond and Ms A Potter.

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 2015/16 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.

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2016

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The Corporation (continued)

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.

Corporation Performance

Following the completion of a self-assessment exercise and considering Corporation's performance against its own key performance indicators over the previous financial year, the Members have agreed that their performance over the last year should be rated as "Outstanding".

Remuneration Committee

Throughout the year ending 31 July 2016, 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 2016 are set out in note 7 to the financial statements.

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.

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2016

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

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 2016 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 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body;
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines; 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.

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2016

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Internal control (continued)

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 2016 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2016 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2016.

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"*.

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 13 December 2016 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 2016

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 our consideration we have 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

13 December 2016

.....
Signed
J Dawson
Accounting Officer

13 December 2016

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2016

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 *2015 Statement of Recommended Practice - Accounting for Further and Higher Education* and with the Accounts Direction for 2015-16 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 a Report of the Governing Body 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 13 December 2016 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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 16 November 2015 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 2016 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

Chartered Accountants
Two Humber Quays
Wellington Street West
Hull
HU1 2BN

December 2016

Bishop Burton College
FINANCIAL STATEMENTS
for the Year Ended 31 July 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2016

	Notes	2016		2015	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	3	13,283	13,283	15,599	15,599
Tuition fees and education contracts	4	5,621	5,621	5,559	5,559
Other income	5	5,349	4,615	5,300	4,649
Investment income	6	2	480	14	296
Total income		24,255	23,999	26,472	26,103
EXPENDITURE					
Staff costs	7	11,240	10,954	11,087	10,824
Restructuring costs	7	31	31	233	233
Other operating expenses	8	9,326	9,129	10,775	10,546
Depreciation	12	2,377	2,377	2,002	2,002
Interest and other finance costs	9	656	656	678	678
Total expenditure		23,630	23,147	24,775	24,283
Surplus before tax		625	852	1,697	1,820
Taxation	10	-	-	-	-
Surplus for the year		625	852	1,697	1,820
Actuarial gain/(loss) in respect of defined benefit pension scheme	22	955	955	(726)	(726)
Other Comprehensive income for the year		955	955	(726)	(726)
Total Comprehensive Income for the year		1,580	1,807	971	1,094
Surplus for the year attributable to the Corporation of the College		625	852	1,697	1,820
Total Comprehensive Income for the year attributable to Corporation of the College		1,580	1,807	971	1,094

Bishop Burton College
FINANCIAL STATEMENTS
for the Year Ended 31 July 2016

CONSOLIDATED AND COLLEGE BALANCE SHEETS
AS AT 31 JULY 2016

	Notes	2016		2015	
		Group £'000	College £'000	Group £'000	College £'000
Fixed assets					
Intangible assets	11	-	-	-	-
Tangible assets	12	81,523	74,113	74,081	64,552
Investments	13	-	-	-	-
		81,523	74,113	74,081	64,552
Current assets					
Agricultural assets and other stock	14	817	817	876	876
Debtors	15	914	8,844	1,185	10,859
Cash at bank and in hand		924	920	4,572	4,571
		2,655	10,581	6,633	16,306
Current liabilities					
Creditors – amounts falling due within one year	16	(7,608)	(7,805)	(9,747)	(9,704)
Net current (liabilities) /assets		(4,953)	2,776	(3,114)	6,602
Total assets less current liabilities		76,570	76,889	70,967	71,154
Creditors – amounts falling due after more than one year	17	(31,170)	(30,963)	(26,428)	(26,316)
Provisions for liabilities					
Defined benefit pension scheme	22	(6,198)	(6,198)	(6,904)	(6,904)
Other provisions	19	(102)	(102)	(115)	(115)
Total net assets		39,100	39,626	37,520	37,819
Unrestricted Reserves					
Income and expenditure reserve		13,499	14,025	11,824	12,123
Revaluation reserve		25,601	25,601	25,696	25,696
Attributable to the College Corporation and total unrestricted reserves		39,100	39,626	37,520	37,819

The financial statements on pages 22 to 47 were approved and authorised for issue by the Corporation on 13 December 2016 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 2016

CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2016

	Income and Expenditure reserve £'000	Revaluation reserve £'000	Total £'000
Group			
Balance at 1 August 2014	10,682	25,867	36,549
Surplus for the year	1,697	-	1,697
Other comprehensive income	(726)	-	(726)
Transfers between Revaluation and Income and Expenditure reserves	171	(171)	-
Total comprehensive income for the year	1,142	(171)	971
Balance at 31 July 2015	11,824	25,696	37,520
Surplus for the year	625	-	625
Other comprehensive income	955	-	955
Transfers between Revaluation and Income and Expenditure reserves	95	(95)	-
Total comprehensive income for the year	1,675	(95)	1,580
Balance at 31 July 2016	13,499	25,601	39,100
College			
Balance at 1 August 2014	10,858	25,867	36,725
Surplus for the year	1,820	-	1,820
Other comprehensive income	(726)	-	(726)
Transfers between Revaluation and Income and Expenditure reserves	171	(171)	-
Total comprehensive income for the year	1,265	(171)	1,094
Balance at 31 July 2015	12,123	25,696	37,819
Surplus for the year	852	-	852
Other comprehensive income	955	-	955
Transfers between Revaluation and Income and Expenditure reserves	95	(95)	-
Total comprehensive income for the year	1,902	(95)	1,807
Balance at 31 July 2016	14,025	25,601	39,626

Bishop Burton College
FINANCIAL STATEMENTS
for the Year Ended 31 July 2016

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2016

	Notes	2016 £'000	2015 £'000
Operating activities			
Cash generated from operations	21	5,681	10,588
Taxation paid		-	(1)
Net cash from operating activities		<u>5,681</u>	<u>10,587</u>
Investing activities			
Proceeds from sale of tangible fixed assets		6	85
Investment income		2	14
Purchase of tangible fixed assets		(9,819)	(12,253)
		<u>(9,811)</u>	<u>(12,154)</u>
Financing activities			
Interest paid		(408)	(414)
Proceeds of new borrowings		6,500	-
Repayments of borrowings		(4,762)	(441)
		<u>1,330</u>	<u>(855)</u>
Decrease in cash and cash equivalents in the year		<u>(2,800)</u>	<u>(2,422)</u>
Cash and cash equivalents at beginning of the year		<u>3,724</u>	<u>6,146</u>
Cash and cash equivalents at end of the year		<u>924</u>	<u>3,724</u>
Cash and cash equivalents comprise:			
Cash at bank and in hand		924	4,572
Bank overdraft		-	(848)
		<u>924</u>	<u>3,724</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

General information

Bishop Burton College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 15. The nature of the College's operations are set out in the Report of the Governing Body.

Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2015 to 2016 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102) under the historical cost convention modified to include the revaluation of freehold properties. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies. The principal accounting policies and estimates applied in the preparation of these consolidated and separate financial statements are set out below. These policies and estimates have been applied consistently applied to all the years presented, unless otherwise stated. Details of the transition to FRS 102 are disclosed in note 27.

These consolidated and college financial statements are the first consolidated and college financial statements of Bishop Burton College prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The consolidated and college financial statements of Bishop Burton College for the year ended 31 July 2015 were prepared in accordance with previous UK GAAP. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

The application of first time adoption allows certain exemptions from the full requirements of the FRS 102 and the 2015 FE HE SORP in the transition period. The following exemptions have been taken in these financial statements:

- Revaluation as deemed cost – at 1st August 2014, the College has retained the carrying values of freehold buildings as being deemed cost and measured at fair value. Freehold land has been re-valued.
- The College has taken advantage of the exemptions provided in FRS 102 1.12 and the 2015 FE HE SORP 3.3, and has not included a separate statement of its own cash flows. These cash flows are included within the Consolidated Statement of Cash Flows, and the College balance sheet discloses cash at both the current and preceding reporting dates.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the College has taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in reserves at the transition date.

The consolidated financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Reduced disclosures

In accordance with the 2015 FE HE SORP and FRS 102, the College in its separate financial statements, which are presented alongside the consolidated financial statements, has taken advantage of the disclosure exemptions available to it in respect of presentation of a cash flow statement and financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, Bishop Burton Riseholme Limited, Bishop Burton Farm Enterprises Limited and Bishop Burton Farm Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or sold are consolidated using the purchase method for the periods from or to the date that control passes. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2016.

All intra-group transactions, balances and unrealised gains on transactions between group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Going concern

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

The College currently has £7.3m of loans outstanding with bankers on terms negotiated in 2004, 2009 and 2014. Bank loans are secured by a charge on certain freehold properties of the College. The terms of the existing agreement were for 15 years. Additionally there is £2.2m drawn down from a revolving credit facility and a further £1.8m available for drawdown on terms negotiated in 2016. This £4m revolving credit facility will convert to a 20 year term loan in November 2016.

The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Accordingly the College has a reasonable expectation that it 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.

Recognition of income

Grants – government and non-government

Government revenue grants are accounted for under the accrual model and are recognised where a reliable estimate of the fair value of the asset received or receivable can be made on a systematic basis over the periods in which the related costs for which the grant compensates are recognised.

Funding body recurrent grants are measured in line with best estimates for the year of what is receivable and depend on the particular income stream involved. Any under achievement of the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end.

16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments and is recognised when receivable.

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is recognised when received or receivable.

Grants from non-government sources, including grants relating to assets, are recognised in income when the College has met the performance-related conditions and the grant will be received. Income received in advance of performance related conditions being met is recognised as a liability.

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2016

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Government capital grants for assets, other than land, are accounted for under the accrual model. The grant income received or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year and those due after more than one year.

Other income

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

Income from tuition fees is recognised over the period for which it is received.

All income from short-term deposits is accrued in the period in which it is earned on a receivable basis.

Retirement benefits

Retirement benefits to employees of the College are principally provided by Teachers' Pensions Scheme (TPS) and the East Riding Pension Fund (ERPF), which are multi-employer defined benefit plans. These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charge to the statement of comprehensive income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The ERPF is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts include in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

Enhanced Pensions

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

Fixed asset investments

College

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses in the separate financial statements of the college. Interests in subsidiaries are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in comprehensive income.

Other investments

Investments comprising unquoted equity instruments whose fair values cannot be measured reliably are measure at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Tangible fixed assets

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are stated at cost, (or deemed cost for land and buildings held at valuation/revalued, as at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

Where land and buildings are revalued, the valuation is at Fair Value. Fair Value is defined in FRS 102 as being ‘the amount for which an asset could be exchanged, between knowledgeable, willing parties in an arm’s length transaction at the valuation date’.

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 2016. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to operating condition. They are not depreciated until they are brought into use.

Equipment

Equipment costing less than £1,000 per individual item or set of items acquired together is recognised as expenditure in the period of acquisition. All other equipment is capitalised and recognised at cost less accumulated depreciation and accumulated impairment losses.

Where equipment is 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 statement of comprehensive income as stated in the revenue recognition policy above.

Depreciation and residual values

Freehold land is not depreciated. Depreciation on other assets is calculated, using the straight line basis, to write off the cost of each asset to its estimated residual value over its expected useful lives, as follows:

- Long leasehold land is depreciated over the term of the lease
- Freehold buildings – over periods up to 60 years
- Motor vehicles and general equipment – over periods up to 40 years
- Computer equipment - 3 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Subsequent expenditure on existing fixed assets

Subsequent costs, including replacement parts, are only capitalised when it is probable that such costs will generate future economic benefits. Any replaced parts are then derecognised. All other costs of repairs and maintenance are expenses as incurred.

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2016

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Intangible assets

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives.

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, an estimate is made of the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment of revalued assets, are treated as a revaluation loss. All other impairment losses are recognised in comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in comprehensive income or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Borrowing costs

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

Leased assets

Operating leases

All leases are operating leases and annual rents are charged to comprehensive income on a straight line basis over the lease term.

Agricultural assets and other stocks

Agricultural assets are valued at fair value less costs to sell. Changes in fair values are recognised in profit or loss.

Other stock is valued at the lower of cost and estimated selling prices less costs to sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

Cash and cash equivalents

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Financial Instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover part of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

Provisions and contingent liabilities

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

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

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

Agency arrangements

The College acts as an agent in distributing discretionary support funds from the funding bodies. Payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College does not have control of the economic benefit related to the transaction.

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2016

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical areas of judgement

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

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

Critical accounting estimates and assumptions

- Tangible fixed assets - Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, maintenance programmes, economic utilisation and physical condition of the assets are taken into account. Residual value assessments consider issues such as future market conditions and the remaining life of the asset.
- Impairment of fixed assets - The College considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the estimation of the recoverable amount of the asset or the recoverable amount of the cash-generating unit is required. These will require an estimation of the future cash flow and selection of an appropriate discount rates in order to calculate the net present value of those cash flows
- East Riding Pension Scheme - The present value of the East Riding Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3. Funding body grants

	2016		2015	
	Group £'000	College £'000	Group £'000	College £'000
Recurring grants				
Skills Funding Agency	1,589	1,589	1,857	1,857
Education Funding Agency	10,246	10,246	11,584	11,584
High Education Funding Council	773	773	805	805
Specific grants				
Releases of government capital grants	675	675	1,353	1,353
Total	13,283	13,283	15,599	15,599

4. Tuition fees and education contracts

	2016		2015	
	Group £'000	College £'000	Group £'000	College £'000
Tuition fees	5,467	5,467	4,953	4,953
Education contracts	154	154	606	606
Total	5,621	5,621	5,559	5,559

Bishop Burton College
FINANCIAL STATEMENTS
for the Year Ended 31 July 2016

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Other income

	2016		2015	
	Group £'000	College £'000	Group £'000	College £'000
Residencies, catering and conferences	3,218	2,484	3,107	2,497
Other income generating activities	653	653	692	692
Non-government capital grants	79	79	26	26
Other income	557	557	441	400
Farming activities	842	842	1,034	1,034
Total	5,349	4,615	5,300	4,649

6 Investment income

	2016		2015	
	Group £'000	College £'000	Group £'000	College £'000
Dividend from subsidiaries	-	478	-	282
Other interest recoverable	2	2	14	14
Total	2	480	14	296

7 Staff costs and key management personnel remuneration

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

	Group and College	
	2016 No.	2015 No.
Teaching staff	123	113
Non-teaching staff	172	178
	295	291

Staff costs for the above persons

	2016		2015	
	Group £'000	College £'000	Group £'000	College £'000
Wages and salaries	8,501	8,215	8,306	8,043
Social security costs	572	572	516	516
Other pension costs	1,522	1,522	1,324	1,324
Payroll sub-total	10,595	10,309	10,146	9,883
Contracted-out staff	645	645	941	941
	11,240	10,954	11,087	10,824
Restructuring costs - contractual	11	11	188	188
- non contractual	20	20	45	45
Total staff costs	11,271	10,985	11,320	11,057

Severance costs were approved by the corporation.

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2016

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Staff costs and key management personnel remuneration (continued)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Senior Leadership Group which comprises the Principal, Finance Director, Deputy Principal Business Development & Skills, HR Director, Director of Work based Learning, Apprenticeships & Employers, Director of Performance & Planning, Director of Quality & Standards, Director of Marketing, Assistant Principal Higher Education and Director of Campus & Residential Services

Staff costs include compensation paid to key management personnel for loss of office.

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

Group and College	
2016	2015
£'000	£'000

The number of key management personnel including the Accounting Officer was:

13	13
----	----

The number of key management personnel received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

Group and College	
2016	2015
No.	No.

£1 - £10,000
£10,001 - £20,000
£20,001 - £30,000
£30,001 - £40,000
£40,001 - £50,000
£50,001 - £60,000
£70,001 - £80,000
£80,001 - £90,000
£ 140,001 - £ 150,000

1	1
1	-
-	1
1	1
2	2
5	5
-	1
2	1
1	1
13	13

Key management personnel (including the Accounting Officer) total compensation is made up as follows:

Group and College	
2016	2015
£'000	£'000

Salaries
Benefits in kind
National insurance

741	699
5	4
81	73

827	776
-----	-----

Pension contributions

125	103
-----	-----

Total emoluments

952	879
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There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

Bishop Burton College
FINANCIAL STATEMENTS
for the Year Ended 31 July 2016

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Staff costs and key management personnel remuneration (continued)

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid of key management personnel) of:

	Group and College	
	2016	2015
	£'000	£'000
Salaries	143	139
Benefits in kind	3	3
National insurance	18	17
	<u>164</u>	<u>159</u>
Pension contributions	<u>23</u>	<u>20</u>

Governors' remuneration

The Accounting Officer and the staff member only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the college in respect of their roles as governors.

The total expenses paid to or on behalf of the Governors during the year was £1,126 to 3 governors (2015: £4,110 to 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 (2015: None).

8 Other operating expenses

	2016		2015	
	Group	College	Group	College
	£000	£000	£000	£000
Teaching costs	1,373	1,373	1,470	1,470
Non-teaching costs	5,639	5,442	6,206	5,977
Premises costs	2,314	2,314	3,099	3,099
Total	<u>9,326</u>	<u>9,129</u>	<u>10,775</u>	<u>10,546</u>

Surplus before taxation is stated after charging/(crediting):

	2016		2015	
	Group	College	Group	College
	£000	£000	£000	£000
Auditors' remuneration:				
Financial statements audit	33	28	33	27
Internal audit	26	26	18	18
Other services provided by Financial statements auditors	1	1	2	2
(Profit)/loss on disposal of tangible fixed assets	(6)	(6)	27	27
Operating lease/rentals – land and buildings	297	297	268	268
Operating lease/rentals – plant and equipment	102	102	102	102

Bishop Burton College
FINANCIAL STATEMENTS
for the Year Ended 31 July 2016

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Interest and other finance costs

	Group and College	
	2016	2015
	£'000	£'000
Bank loans	408	414
Other interest payable	-	25
Net interest on defined pension liability (note 22)	248	239
Total	656	678

10 Taxation

	Group and College	
	2016	2015
	£'000	£'000
UK corporation tax at 20% (2015 - 20%) for subsidiary undertakings	-	-
Total tax on surplus	-	-

11 Intangible fixed assets

Group and College

	Goodwill	Total
	£000	£000
Cost		
At 1 August 2015 and 31 July 2016	814	814
Amortisation		
At 1 August 2015 and 31 July 2016	814	814
Carrying amount at 31 July 2016	-	-
Carrying amount at 31 July 2015	-	-

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 2016

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 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 2015	2,739	70,991	10,268	5,376	89,374
Additions	-	(53)	9,526	346	9,819
Transfer	-	11,393	(12,062)	669	-
At 31 July 2016	2,739	82,331	7,732	6,391	99,193
Depreciation					
At 1 August 2015	-	12,335	-	2,958	15,293
Charge for the year	22	1,628	-	727	2,377
At 31 July 2016	22	13,963	-	3,685	17,670
Carrying amount at 31 July 2016	2,717	68,368	7,732	2,706	81,523
Carrying amount at 31 July 2015	2,739	58,656	10,268	2,418	74,081

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 2015	2,739	70,778	519	5,376	79,412
Additions	-	10,583	636	719	11,938
Transfer	-	757	(1,053)	296	-
At 31 July 2016	2,739	82,118	102	6,391	91,350
Depreciation					
At 1 August 2015	-	11,902	-	2,958	14,860
Charge for the year	22	1,628	-	727	2,377
At 31 July 2016	22	13,530	-	3,685	17,237
Carrying amount at 31 July 2016	2,717	68,588	102	2,706	74,113
Carrying amount at 31 July 2015	2,739	58,876	519	2,418	64,552

Freehold land was valued at 1 August 2014 at existing use replacement value by a firm of independent chartered surveyors. Freehold buildings were valued in 1993 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the college on a depreciated replacement cost basis with the assistance of independent professional advice.

Freehold land and buildings includes land valued at £24,075,000 (2015: £24,075,000) which is not depreciated.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Tangible fixed assets (continued)

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	-
Carrying amount based on cost	-

13 Investments

	2016		2015	
	Group £000	College £000	Group £000	College £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 £3,595 (2015: £8,684) was paid to this company by the College relating to running costs and £13,767 (2015: £18,303) was received by the College from this company for work done by the College in respect of a contract managed by the company. The amounts due from Cultiva Limited as at 31 July 2016 was £11k (2015: £nil).

The results of Cultiva Limited have not been equity accounted for as prescribed by FRS102 Section 14, on the grounds that they are not material.

14 Agricultural assets and other stocks

	2016		2015	
	Group £000	College £000	Group £000	College £000
Livestock and related other farm stocks	766	766	819	819
Other stocks	51	51	57	57
Total	817	817	876	876

Livestock and related other farm stocks

Livestock is valued in accordance with the current RICS Valuation Standards (Global and UK) by a valuer who conforms to the requirements of the above mentioned statements and also in accordance with the Central Association of Agricultural Valuers "Guidance Notes on Agricultural Stock Valuations for Tax Purposes".

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

14 Agricultural assets and other stocks (continued)

Reconciliation of the movement in valuation in the year:

	Group and College £000
Valuation at 1 August 2015	819
Increase from purchases	698
Decrease from sales	(679)
Loss of valuation	(72)
Valuation at 31 July 2016	766

15 Debtors

Amounts falling due within one year:

	2016		2015	
	Group £000	College £000	Group £000	College £000
Trade debtors	224	224	282	282
Other debtors	132	1	344	13
Amounts owed by group undertakings	-	7,583	-	9,725
Prepayments and accrued income	502	980	505	785
Amounts owed by SFA	56	56	54	54
Total	914	8,844	1,185	10,859

16 Creditors: amounts falling due within one year

	2016		2015	
	Group £000	College £000	Group £000	College £000
Bank loans and overdraft	2,674	2,674	1,375	1,375
Payments received in advance	333	333	1,502	1,502
Trade creditors	489	489	2,628	2,628
Other creditors	869	869	638	638
Amounts owed to group undertakings	-	346	-	273
Corporation tax	-	-	-	-
Other taxation and social security	260	260	929	929
Accruals	2,057	1,908	1,885	1,569
Government capital grants	858	858	675	675
Amounts owed to SFA	68	68	115	115
Total	7,608	7,805	9,747	9,704

Bishop Burton College

FINANCIAL STATEMENTS

for the Year Ended 31 July 2016

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Creditors: amounts falling due after more than one year

	2016		2015	
	Group £000	College £000	Group £000	College £000
Bank loans	6,788	6,788	7,197	7,197
Accruals	207	-	112	-
Other creditors	41	41	65	65
Payments received in advance	10	10	15	15
Government capital grants	24,124	24,124	19,039	19,039
Total	31,170	30,963	26,428	26,316

18 Maturity of debt

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2016		2015	
	Group £000	College £000	Group £000	College £000
In one year or less	2,674	2,674	1,375	1,375
Between one and two years	494	494	481	481
Between two and five years	1,363	1,363	1,411	1,411
In five years or more	4,931	4,931	5,305	5,305
Total	9,462	9,462	8,572	8,572

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:

- £246,000 at 1.75% above base rate, are repayable by instalments falling due between August 2015 and May 2019.
- £1,603,000, repayable in instalments due between August 2015 and November 2029. This is at a fixed rate of interest of 4.94%.
- £5,413,000, 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 unsecured.

The unsecured revolving credit facility of £4,000,000 is available to drawdown until November 2016, at which point it will convert to a 20 year term loan. Amounts can be drawn down and repaid at the College's request. At 31 July 2016 £2,200,000 had been drawn down on this facility. Interest is charged on the revolving credit facility at 1.5% plus LIBOR.

19 Provisions for liabilities

Group and College

	Enhanced pension entitlements £000
At 1 August 2015	115
Expenditure in the period	(8)
Transferred from income and expenditure account	(5)
At 31 July 2016	102

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.

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

19 Provisions for liabilities (continued)

The principal assumptions for this calculation are:

	2016	2015
	%	%
Price inflation	1.30	1.75
Discount rate	2.30	3.46

20 Financial instruments

The Group has the following financial instruments:

	Group	
	2016	2015
	£'000	£'000
Financial assets		
Financial assets measured at fair value through profit or loss	-	-
Debt instruments measured at amortised cost:		
Trade debtors	224	282
Accrued income	44	107
Investments in short term deposits	-	1,000
Total	268	1,389

	Group	
	2016	2015
	£'000	£'000
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost:		
Trade creditors	489	2,628
Bank loans and overdrafts	9,462	8,572
Accruals	2,264	1,569
Total	12,215	12,769

21 Note to Statement of Cash Flows

	Group	
	2016	2015
	£'000	£'000
Surplus after tax for the year	625	1,697
Adjustments for:		
Depreciation	2,377	2,002
Investment income	(2)	(14)
Interest payable	656	678
(Profit)/loss on sale of fixed assets	(6)	27
Decrease in provisions	(13)	(2)
Pension costs less contributions payable	1	(49)
Operating cash flow before movements in working capital	3,638	4,339
Decrease in agricultural assets and other stocks	59	62
Decrease in debtors	271	116
Increase in creditors	1,713	6,071
Cash generated from operations	5,681	10,588

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Retirement benefits

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

Total pension cost for the year

	2016	2015
	£000	£000
Teachers' Pension Scheme: contributions paid	484	437
East Riding Pension Fund:		
Contributions paid	1,042	928
Deficit funding	(304)	(240)
FRS 102 (28) charge	305	191
Charge to the Statement of Comprehensive Income	1,043	879
Enhanced pension charge to Statement of Comprehensive Income	(5)	8
Total Pension Cost for year within staff costs	1,522	1,324

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £226,000 (2015 £165,000) were payable to the scheme at 31 July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. 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.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation 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 in June 2014. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £191.5 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held the valuation date) of £176.6 billion
- Notional past service deficit of £14.9 billion
- Assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings
- Rate of real earnings growth is assumed to be 2.75%
- Assumed nominal rate of return is 5.06%

The new employer contribution rate was 14.1% until 1 September 2015, when it increased to 16.48% (including a 0.08% administration fees), with an employer cost cap of 10.9% of pensionable pay. The employer contribution rate will be payable until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019. The pension costs paid to TPS in the year amounted to £484,000 (2015: £437,000).

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>

Bishop Burton College

FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Retirement benefits (continued)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

The ERPF is a funded defined-benefit plan, with the assets held in separate funds administered by Hymans Robertson LLP. The total contributions made for the year ended 31 July 2016 were £980,000, of which employer's contributions totalled £738,000 and employees' contributions totalled £242,000. The agreed contribution rates for future years are 19.2% for employers and range from 5.5% to 14.8% for employees, depending on salary. Additional deficit funding of £279,000 has been agreed for the year ended 31 July 2017.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2016 by a qualified independent actuary.

	At 31 July 2016	At 31 July 2015
	%	%
Rate of increase in salaries	2.0	5.0
Rate of increase for pensions in payment/inflation	1.9	2.6
Discount rate for scheme liabilities	2.4	3.6
Inflation assumption (CPI)	1.9	2.6
Expected return on scheme assets at 31 July	2.4	3.6
Commutation of pensions to lump sums		See Note *
* 30% for pre-April 2008 service and 65% for post-April 2008 service.		

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	At 31 July 2016	At 31 July 2015
<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

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

	Expected rate of return at 31 July 2016	Fair Value at 31 July 2016 £000	Expected rate of return at 31 July 2015	Fair Value at 31 July 2015 £000
Equity instruments	2.4%	15,298	6.1%	13,263
Debt instruments	2.4%	2,244	2.8%	1,745
Property	2.4%	2,244	4.1%	1,745
Cash	2.4%	612	2.9%	698
Total fair value of plan assets		20,398		17,451
Actual return on plan assets		2,086		1,174

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Retirement benefits (continued)

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

	2016	2015
	£'000	£'000
Fair value of plan assets	20,398	17,451
Present value of plan liabilities	(26,541)	(24,294)
Present value of unfunded liabilities	(55)	(61)
Net pension liability	(6,198)	(6,904)

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

	2016	2015
	£'000	£'000
Amounts included in staff costs		
Current service cost	(1,043)	(879)
Net interest on the net defined benefit pension liability	(248)	(239)
Total	(1,291)	(1,118)

Changes in the present value of defined benefit obligations

	2016	2015
	£'000	£'000
Defined benefit obligations at start of period	24,355	21,585
Current service cost	1,043	879
Interest cost	892	876
Contributions by scheme participants	242	228
Actuarial losses	487	1,262
Benefits paid	(423)	(475)
Plan introductions, changes, curtailments and settlements	-	-
Defined benefit obligations at the end of period	26,596	24,355

Changes in fair value of plan assets

	2016	2015
	£'000	£'000
Fair value of plan assets at start of period	17,451	15,597
Interest income	644	637
Actuarial gains	1,442	536
Employer contributions	1,042	928
Contributions by scheme participants	242	228
Benefits paid	(423)	(475)
Fair value of plan assets at end of period	20,398	17,451

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FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 Amounts disbursed as an agent

Leaner Support Funds

	Group and College	
	2016	2015
	£'000	£'000
Funding body grants – hardship support	304	266
Funding body grants – residential bursaries	384	440
Other Funding body grants	-	30
	<u>688</u>	<u>736</u>
Disbursed to students	(535)	(587)
Administration costs	(21)	(38)
	<u>132</u>	<u>111</u>

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

24 Capital commitments

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

	2016		2015	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Commitments contracted for at 31 July	964	97	9,568	169

25 Financial commitments

Group and College

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

	Land & Buildings		Other	
	2016	2015	2016	2015
	£000	£000	£000	£000
Not later than one year	130	130	199	235
Later than one year and not later than five years	390	520	205	259
Later than five years	-	-	1	-
	<u>520</u>	<u>650</u>	<u>405</u>	<u>494</u>

26 Related party transactions

Key management compensation disclosure is given in note 7.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 First time adoption of FRS102 and the 2015 FE HE SORP

Reconciliations and descriptions of the effect of the transition to FRS 102 and the 2015 FE HE SORP on;

- i. the consolidated reserves at the date of transition to FRS 102 and the 2015 FE HE SORP;
 - ii. the consolidated reserves at the end of the comparative period;
 - iii. the consolidated statement of comprehensive income for the comparative period reported under previous UK GAAP including 2007 SORP
 - iv. the college reserves at the date of transition to FRS 102 and the 2015 FE HE SORP;
 - v. the college reserves at the end of the comparative period; and
 - vi. the college statement of comprehensive income for the comparative period reported under previous UK GAAP including 2007 SORP;
- are given below.

Under FRS 102, the Consolidated Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Consolidated Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, management of liquid resources, and financing.

Reconciliation of consolidated and College reserves

	Note	1 August 2014		31 July 2015	
		Group £000	College £000	Group £000	College £000
Total reserves under previous SORP		13,098	13,274	13,219	13,518
Employee compensated absences accrual	(a)	(286)	(286)	(283)	(283)
Recognition of non-government capital grants	(b)	95	95	93	93
Recognition of government capital grants in respect of land	(c)	888	888	1,737	1,737
Changes to measurement of net finance cost on defined benefit plans	(d)	-	-	-	-
Revaluation of tangible fixed assets	(f)	22,754	22,754	22,754	22,754
Total effect of transition to FRS 102 and 2015 FE HE SORP		23,451	23,451	24,301	24,301
Total reserves under 2015 FE HE SORP		36,549	36,725	37,520	37,819

Reconciliation of consolidated and College comprehensive income

	Note	Year ended 31 July 2015	
		Group £000	College £000
Surplus for the year after tax under previous SORP		1,182	1,305
Employee compensated absences	(a)	3	3
Release of non-government grants received	(b)	-	-
Release of government grants received in respect of land	(c)	849	849
Reversal of capital grants amortisation	(b)	(2)	(2)
Pensions provision – actuarial loss		(726)	(726)
Changes to measurement of net finance cost on defined benefit plans	(d)	(335)	(335)
Total effect of transition to FRS 102 and 2015 FE HE SORP		(211)	(211)
Total comprehensive income for the year under 2015 FE HE SORP		971	1,094

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 First time adoption of FRS102 and the 2015 FE HE SORP (continued)

a) Recognition of short term employment benefits

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP and were recognised as paid. Under FRS 102 the costs of short-term employee benefits are recognised as service is received. The expected cost of any unused entitlement is recognised in the period in which the employee's services are received. A liability of £286,000 was recognised on transition, and a reduction in the charge of £3,000 was recognised in comprehensive income in the year to 31 July 2015, and a liability of £283,000 recognised at 31 July 2015.

b) Non-government grants accounted for under performance model

Capital grants from sources other than those classified as "government" under FRS 102 and the 2015 FE HE SORP were received for relevant fixed assets and under the previous UK GAAP and 2007 SORP these were deferred and amortised over the remaining useful economic life of those fixed assets. Under FRS 102 these are accounted for under the performance model and credited to comprehensive income when the performance conditions are met. Deferred income was reduced by £95,000 on transition and £93,000 at 31 July 2015. A corresponding adjustment of £2,000 reduction to income was recognised in the year ended 31 July 2015 relating to the annual amortisation of the capital grants involved.

c) Government grants in respect of land accounted for under performance model

Capital grants in respect of land from sources classified as "government" under FRS 102 and the 2015 FE HE SORP were received for relevant fixed assets and under the previous UK GAAP and 2007 SORP these were deferred and amortised over the remaining useful economic life of those fixed assets. Under FRS 102 these are accounted for under the performance model and credited to comprehensive income when the performance conditions are met. Deferred income was reduced by £888,000 on transition and £1,737,000 at 31 July 2015. A corresponding adjustment of £849,000 increase to income was recognised in the year ended 31 July 2015 relating to the release of the capital grants involved.

d) Change in recognition of defined benefit plan finance costs

Under previous UK GAAP an expected return on defined benefit plan assets was recognised in comprehensive income. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost of based on the net defined benefit liability using the discount rate applied to the defined benefit obligation. There has been no change in the defined benefit plan obligation at either 1 August 2014 or 31 July 2015. The effect of the change is to reduce the surplus for the year to 31 July 2015 by £335,000 and decrease the charge in other comprehensive income by an equivalent amount.

e) Change in presentation and recognition of deferred capital grants

Under previous UK GAAP deferred capital grants in the balance sheet were presented within total funds. Under FRS102 and the 2015 FE HE SORP, deferred capital grants accounted for under the accrual model are allocated between creditors due within one year and those due after more than one year.

f) Revaluation of freehold land

Freehold land was revalued by Hornseys, a firm of independent chartered surveyors as £24,075,000 as at 1 August 2014. This resulted in the revaluation reserve being increased by £22,754,000 on transition and at 31 July 2015.

Independent Reporting Accountant's report on regularity to the Corporation of Bishop Burton College and the Secretary of State for Education 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 2015 to 31 July 2016 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 2015 to 31 July 2016 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 Education 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 2015 to 31 July 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

RSM UK AUDIT LLP

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December 2016