



BURY COLLEGE

**Report and Financial Statements
for the year ended 31 July 2017**

*Inspiring
Excellence*

**An excellent College with a proven track record
of achievement**

Key Management Personnel, Board of Governors and Professional Advisors

Key Management Personnel

Key management personnel are defined as Members of the College Leadership Team and were represented by the following in 2016/17.

Charlie Deane (Principal and Chief Executive); Accounting Officer
Sandra Morton (Deputy Principal)
Andrew Harrison (Vice Principal, Finance and Corporate Services)
Andrew Addy (Curriculum Director of General Education)
David Marrs (Director of Teaching, Learning and Research)
Jacqui Taylor (Curriculum Director of Creative and Service Industries)
Joanne McKenzie (Curriculum Director of Health Care and Public Services)
Tim Robson (Director of Strategic Partnerships and Higher Education)
Vernon Shaw (Curriculum Director of Technologies and Sport)
Lindsey Wilson-Willis (Curriculum Director of Access, Business and Professional)
Paul Maykels (Director of Communication and Development)
Fazal Ahmed (Director of IT Services and Estates)
Jerome Wittersheim (Director of Planning and Information Services)
Lisa Woodman (Director of Human Resources and Customer Services)
Bill Webster (Secondment from the University of Bolton) from August 2016 – January 2017
Juliette Fargher left the College in July 2016

Board of Governors

A full list of Governors is given on Pages 12-13 of these Financial Statements.

Mr J Fargher, Fargher Consultancy, acted as Clerk to the Corporation throughout the period and resigned on 31 August 2017. The new independent clerk is Peter Ryan who was appointed from 1st September 2017.

Professional advisers

Financial statement and regularity auditors:

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Internal auditors:

RSM
9th Floor
3 Hardman Street
Manchester
M3 3HF

Bankers:

Barclays Bank Plc
7th Floor
1 Marsden Street
Manchester
M2 1HW

Solicitors:

Mills & Reeve
1 New York Street
Manchester
M1 4AD

Property only

Burnetts
6 Victoria Place
Carlisle
Cumbria
CA1 1ES

CONTENTS**Page number**

Key Management Personnel, Board of Governors and Professional Advisors	
Report of the Governing Body	2
o Nature, Objectives and Strategy	2
o Financial Review	4
o Current and Future Development and Performance	7
Statement of Corporate Governance and Internal Control	12
Statement on the regularity, propriety and compliance	19
Statement of Responsibilities of the Members of the Corporation	20
Independent Auditor's Report to the Corporation of Bury College	21
Reporting accountant's assurance report on Regularity	23
Consolidated and College Statement of Comprehensive Income	25
Consolidated and College Statement of Changes in Reserves	26
Balance Sheets as at 31 July	27
Consolidated Statement of Cash Flows	28
Notes to the Accounts	29

REPORT OF THE GOVERNING BODY**NATURE, OBJECTIVES AND STRATEGY**

Bury College is one of the leading Further Education Colleges in the sector providing general and specialist education, skills and training for a wide range of clients. In 2016/17 Bury College helped over 10,000 individuals secure their future through examination success, pathways to higher education or employment and greater skills for life and work.

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

Legal Status

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

Mission

Governors reviewed the College's annual strategic aims and objectives on 4 July 2017 and monitored the mission statement. A full review of the mission and statement is scheduled to take place on 26 September 2017.

The College's Mission Statement is as follows:-

Serving the community through Education and Training.

Vision

Excellent Outcomes and Positive Futures.

Bury College Values

- Openness
- Supportive
- Inclusive
- Adoptive
- Commitment to Continuous Improvement
- Empowerment

Public Benefit

Bury College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 12 to 13.

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 employment record for students
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs)

Report of the Governing Body (continued)**Withdrawal from the proposed Merger**

Bury College was one of 21 Sixth Form and Further Education colleges that were part of the Greater Manchester area review, which assessed the educational needs and college structure in the area. The aim of the review was to ensure that there is the right capacity to meet the needs of students and employers in the area and that institutions are financially resilient and able to deliver high quality provision. The college fully engaged in the process and, as a result, the Bury College Board agreed to work towards a Merger with the University of Bolton. The Governing Body of Bolton College similarly agreed to merge with the University of Bolton.

The Merger was not completed in the anticipated timescales and negotiations with the Department for Education and the Transactions Unit became protracted. The Bury College Board decided during the 2016/17 year that the merger was no longer in the interests of the College and therefore withdrew from the process.

The Strategic Plan and Annual Objectives

In July 2013 the College adopted the strategic plan and annual objectives for the period 1 August 2013 to 31 July 2016. This plan was extended and enhanced during the Merger proposal process and will give the College an opportunity to broaden its impact. A wider strategy will be developed. Notwithstanding this going forward, for the year under review, the Corporation has ensured that its current strategy has been implemented through specific annual objectives against which the Corporation monitors performance. The specific annual objectives relate to:

- ensuring the curriculum anticipates and matches the needs of young people, adults and employers;
- continually improving performance;
- appoint, develop and retain high performing and responsive staff;
- making effective and efficient use of resources to enhance the student experience, promote success and to support the delivery of the curriculum; and
- supporting the vision, aims and objectives of the College through pro-active partnership and collaboration.

Report of the Governing Body (continued)**FINANCIAL REVIEW**

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

Tangible Assets

The College has three closely located sites in the town centre, the Woodbury campus which includes the Venture Centre, the Peel campus, which is the largest campus, and the Enterprise Centre. The Peel campus has the following buildings: -

- Millennium Centre
- Aspire Centre
- Beacon Centre
- Innovation Centre
- Prospects Centre
- Nursery
- Playfootball – outdoor pitches and pavilion
- Sports Centre

Property Strategy

The College is committed to further capital development but is awaiting information on capital funding post-area review.

Financial

The College has £21,414,000 of net assets (after £13,427,000 pension liability) (2016: £18,458,000 after £14,972,000 pension liability) and long-term bank debt of £2,727,000 (2016: £2,954,000).

People

The College employs 534 people (expressed as full time equivalents FTE), of whom 307 are teaching staff:

- Academic Staff: 341 Head Count / 307 FTE
- Supporting Direct Teaching: 100 Head Count / 68 FTE
- Business Support: 159 Head Count / 141 FTE
- Managers: 18 Head Count / 18 FTE

Reputation

The College has an excellent reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and developing external relationships. In delivering substantially all of its key funding targets, Bury College has shown once again its reputation for resilience, responsiveness and real success for learners.

The Financial Objectives

The College's strategic financial objectives are to:

- maintain a sound financial base;
- improve financial management;
- maintain the confidence of funding bodies, suppliers and professional advisors;
- raise awareness of financial issues; and
- improve the quality and stock of College accommodation.

Report of the Governing Body (continued)**Performance Indicators**

The College is committed to observing the importance of sector measures and indicators which look at measures reported to the Curriculum and Quality Committee, e.g. success rates for students.

The College has the following year-end key performance indicators for its financial position with the stated expectation and outturn.

	2017 Outturn	2017 Plan
Skills Funding Agency		
Financial Health Category	Outstanding	Outstanding
Current ratio	2.51:1	1.84:1
Diversity of income	14.8%	15.2%
Pay to income ratio	68.4%	70%
Cash days in hand	92	96

The College considers that this is an excellent financial result for the year which indicates the ongoing strength of the College's financial position and robust financial control.

FINANCIAL POSITION**Financial Results**

The College generated income of £31,762,000 in 2016/17, a decrease of 1.1% when compared to £32,122,000 in 2015/16.

The College generated a consolidated operating surplus in the year of £536,000 (2015/16 £888,000). The College has consolidated accumulated reserves of £21,414,000 (2015/16: £18,458,000) and cash balances of £7,975,000 (2015/16 £6,973,000).

Tangible fixed asset additions during the year amount to £481,000.

The College, like other colleges in the Further Education sector, has significant reliance on the ESFA (formerly the EFA and the SFA) for its principal funding source, largely from the recurrent grants. In 2016/2017, the ESFA provided 85.2% of the College's total income.

The College has one subsidiary company, Bury College Enterprises Limited. The company was incorporated as a design and build company, although it does not currently trade. Any surpluses generated by the subsidiary are transferred to the College under a Deed of Covenant.

The College is the sponsor of Bury College Education Trust. This is a multi-Academy Trust which has sponsored Radcliffe Primary School from 1st January 2014 and Elton Community Primary School from 1st September 2014.

Treasury Policies and Objectives

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

The College has a separate treasury management policy in place.

Short-term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and complies with the requirements of the Funding Agreement.

Report of the Governing Body (continued)**Cash Flows and Liquidity**

A cash-inflow of £1,876,000 (2015/16 £2,242,000) was generated through operating activities and the College remains in a strong cash position.

The size of the College's total borrowing and its approach to interest rate risk have 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 has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. The College and group reserves include £118,000 held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at £17,303,000 (2016: £14,291,000). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in this report of the Governing Body. The financial position of the College, its cashflow, liquidity and borrowings are described in the financial statements and accompanying Notes.

The College primarily meets its day to day working capital requirements through cash generated from its day to day operations. It also has a fixed loan facility loan with Barclays Bank plc, which at 31 July 2017 had a balance of £2.7million due for repayment over a remaining period of 12 years.

Having reviewed budgets and forecasts, the Members have a reasonable expectation that the College has sufficient resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis of preparation.

In the 2015/16 Accounts, the College identified the proposed Merger as a factor representing a material uncertainty that might have cast significant doubt upon the College's ability to continue as a going concern. The decision to withdraw from the Merger ensures that this no longer impacts on the going concern assumption for the College as at 31 July 2017.

Events after the end of the reporting period

No post-balance sheet events to report.

Report of the Governing Body (continued)**CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE****Financial Health**

The College has 'Outstanding' Financial Health as confirmed by the ESFA (formerly the EFA and SFA) methodology. This position is due to a strong liquidity position and sustained profitability.

Student Numbers

Bury College enrolled a significant number of 16-18 year olds that were funded by the ESFA (formerly the EFA and SFA) (2016/17 4,139; 2015/16 4,448) as well as 16-18 Apprentices and Adults. In 2016/2017 Bury College delivered activity that produced funding of £27,205,000 (2015/16 £27,108,000) excluding releases of capital grants.

Student achievements

Overall Achievement Rate is predicted to be above 86% in 2016/17 and was above 81% for 2015/2016.

Curriculum developments

The needs of our students and the demands of current and future employers are continuously changing. Bury College regularly reviews its curriculum in order to provide students with skills advantages for progressing into jobs or continuing their education. Curriculum developments for the future include the introduction of new industry-relevant subjects, with an eye on future jobs and careers. This will be complemented by the broad range of Academic and Vocational subjects that the College is already positively recognised for.

Higher Education

Bury College works in partnership with the University of Bolton, the University of Cumbria, the University of Salford and Pearson to deliver a range of higher education courses at HND, Foundation Degree and Degree level to the local community.

The majority of programmes are funded directly, resulting in the College receiving the tuition fee directly from the Student Loan Company. The College has one indirectly funded course, which is validated by the University of Salford that will close at the end of the 2017/18 academic year.

The College will continue to increase the range of directly funded programmes, which meets the needs of the local communities and employers and will include the introduction of Degree Apprenticeships.

Students with learning difficulty or disability provision

Working in partnership with Local Authorities, the College has been able to teach and support young people with learning difficulties at the College in an inclusive and supportive but non-residential environment. As with other students, the aim is for these students to progress to further education or into employment.

FE Loans – Advanced Learning Loans

The Education and Skills Funding Agency do not fund all Level 3 and Level 4 courses where the learner is aged 19 and over when the course commences (except Apprenticeships). The learner maybe required to pay the tuition fee in full. Learners may be eligible for an Advanced Learner Loan from the Student Loan Company to pay all or part of their fees in which case the loan is paid directly to the College. In 2016/17 the College generated an income of £570,701 from Advanced Learning Loans.

Report of the Governing Body (continued)**Higher Apprenticeships**

In 2016-2017 the College developed its capacity to deliver Higher Apprenticeships, supported by funding via the City Deal Apprenticeship Hub Funding. Provision delivered in 2016-2017 was: -

- Level 4 Accountancy
- L5 Leadership and Management
- L5 Human Resource Management
- L4 IT, Software, Web & Telecom Professionals
- L4 Business and Professional Administration
- L4 Hospitality Management
- L5 Care Leadership and Management
- L4 Dental Practice Manager

Principal Risks and Uncertainties

Based on the strategic plan, the Business Security 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 Business Security Group considers any risks which may arise as a result of a new area of work being undertaken by the College or changes to the external environment.

A risk register is maintained at the College level which is reviewed termly by the Audit Committee. 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.

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

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

1. Government funding

The College has considerable reliance on continued government funding through ESFA (formerly the EFA and SFA). In 2015/16, 86.10% of the College's revenue was ultimately public funded and this level of reliance 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 in the future.

The College is aware of issues which may impact upon future funding:

- the current Further Education 16-18 funding methodology is called 'Lagged Funding'. In essence, the College will be paid the following year on the number of students recruited in the current year. The pressure to recruit in the current year is immense, as the demographics are falling for this cohort so just to maintain year on year student numbers is an achievement, to continue to grow recruitment of 16-18 year old students is exceeding expectations.

The 2016/17 ESFA (formerly the EFA and SFA) Allocation was based on 4,448 students (lagged number from 2015/16). Actual number of learners recruited in 2016/17 that count towards the 2017/18 ESFA (formerly the EFA) Allocation was 4,099 learners.

Funding rules are such that the funding of 18 year olds is reduced by 17.5% when compared to the funding of 16 and 17 year olds.

The College is aware of several issues which may impact on future funding, including apprenticeship reforms and the devolution of the adult education budget. The College, in conjunction with its key stakeholders, is developing a strategy for growth in response to the devolution agenda and to the apprenticeship reform. It is recognised that the introduction of the apprenticeship levy will significantly affect that marketplace though the full implications are not yet known as government policy continues to develop.

Report of the Governing Body (continued)

This risk is mitigated in a number of ways:

- funding is derived through a number of direct and indirect contractual arrangements
- rigorous budget setting procedures and sensitivity analysis;
- regular in year budget monitoring;
- robust financial controls;
- exploring ongoing procurement efficiencies;
- 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 feeder schools;
- ensuring the College is focused on those priority sectors which will continue to benefit from public funding;
- development of additional income streams including HE (both Direct and Franchised in), pre-16, Project Funding, and development of commercial courses.

2. Tuition fee policy

The Funding Rules for 2016/17 continue to emphasise priorities in specific areas – increasing 16-18 year old student's participation, the achievement of full Level 2 and 3 qualifications for 19-23 year olds, and progression to GCSE English and Maths qualifications for all ages.

Advanced Learner Loans are now available to 19+ students.

For learners who meet stated requirements, the ESFA (formerly the Skills Funding Agency - SFA) fully funds the learner.

In the case of learners who do not qualify for 100% fee remission, the ESFA allocates a percentage to fee remission. For 2016 this element remains at 50%. Bury College continues to charge tuition fees equivalent to 50% of the national funding rate.

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;
- flexibility over payment terms offered to students;
- Advanced Learner Loans available through the Student Loan Company.

3. Maintain adequate funding of pension liabilities

Bury College employees currently have the right to be members of either the Teacher's Pension Scheme (TPS) or the Local Government Pension Scheme (LGPS). The Financial Statements report the share of the LGPS deficit on Bury College's balance sheet in line with the requirements of FRS102. Bury College monitors and reviews the pension scheme deficit and implements changes to the employer's contribution rate as determined by the fund's periodic actuarial valuation. There is no such requirement for the Teachers' Pension Agency (TPA) as it is funded by Government with no shortfall liability for the College.

4. Failure to maintain the financial viability of the College

The College's current financial health grade is classified as 'Outstanding' as described above. This is largely the consequence of strong liquidity and continued profitability. Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience. This risk is mitigated in a number of ways:

- by rigorous budget setting procedures and sensitivity analysis;
- regular in year budget monitoring;
- robust financial controls; and
- exploring ongoing procurement efficiencies.

Report of the Governing Body (continued)**Stakeholder Relationships**

In line with other colleges and with universities, Bury College has many stakeholders. These include:

- students;
- funding councils;
- staff;
- local employers (with specific links);
- local authorities;
- government offices/ regional development agencies/LEP's
- the local community;
- other FE institutions;
- trade unions; and
- professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College internet site, meetings and an annual achievement of success roadshow.

Equality

The College is committed to ensuring equality of opportunity for all who learn and work here. The College respects and values 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 Equality Policy is published on the College's Intranet site.

The College publishes an Annual Equality Report and Equality Objectives to achieve 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 committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The College has achieved accreditation to the Committed to Equality (C2E) standard at the gold (highest) level. The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Report of the Governing Body (continued)**Disability statement**

The College seeks to exceed the objectives set down in the Equality Act 2010:

- a) As part of its accommodation strategy the College has completed access audits with the aim of improving areas.
- b) The College has appointed an Access Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
- d) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) 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.
- f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

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 12th December 2017 and signed on its behalf by:



Mr P Nicol
Chair of the Corporation

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
- iii. having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

The Corporation is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code. 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.

In the opinion of the Corporation, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2017. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted in June 2015.

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 Corporation agreed to a temporary increase in membership numbers to twenty-four from 1 September 2016 to 8 May 2017 to allow for the addition of five nominees from the University of Bolton and three nominees from Bolton College as part of the governance arrangements relating to the proposed merger between the three institutions. Members who served on the Corporation during the year and up to the date of signature of this report were:

Membership of the Corporation 1st August 2016– 31st July 2017

<i>Name</i>	<i>Date of Appointment</i>	<i>Term of Office</i>	<i>Date of Resignation / End of Term of office</i>	<i>Status of Appointment</i>	<i>Committees Served</i>
Mr L Ali	18/05/94 Reappointed: 01/09/16	4 years	31/08/20	Independent Member	Audit (Chair) Search
Mr P Bury	01/09/08 Reappointed: 01/09/13	4 years	31/08/17	Independent Member	Audit
Mr N Chromik	02/11/17	1 year 10 months	31/08/18	Student Member	Curriculum & Quality
Mr C W Deane	01/05/12			Principal	Curriculum & Quality Resources Search
*Mr A Fawcett	01/09/16	1 year	Resigned 21/04/17	Independent Member	
Miss J Frodsham	03/03/16	2 years 5 months	31/08/18	Staff Member (Academic)	Curriculum & Quality
Mr M Granby	13/05/14 Reappointed: 01/09/15	4 years	31/08/19	Independent Member	Curriculum & Quality

BURY COLLEGE
Financial Statements for the Year Ended 31 July 2017

Name	Date of Appointment	Term of Office	Date of Resignation / End of Term of office	Status of Appointment	Committees Served
*Ms K Hall	01/09/16	1 year	Resigned 22/04/17	Independent Member	
**Prof G E Holmes	01/09/16	1 year	Resigned 08/05/17	Independent Member	
Mr T Hudson	02/11/16	10 months	31/08/17	Student Member	Curriculum & Quality
Mr P Johnson	01/05/09 Reappointed: 01/09/14	4 years	31/08/18	Independent Member	Audit
Mr G Jones	18/04/13 Reappointed 01/09/14	4 years	31/08/18	Independent Member	Resources
**Prof M J Leeming	01/09/16	1 year	Resigned 21/04/17	Independent Member	
Ms S McCambridge	01/09/11 Reappointed: 01/09/16	4 years	31/08/20	Independent Member	Resources (Chair) Remuneration Search
**The Rt Revd N McCulloch	01/09/16	1 year	Resigned 21/04/17	Independent Member	
Mrs L Minta	01/09/15	4 years	31/08/19	Staff Member (Business Support)	Audit
**Prof His Honour W Morris	01/09/16	1 year	Resigned 22/04/17	Independent Member	
Mr P Nicol (Corporation Chair)	15/12/04 Reappointed: 01/09/14	4 years	31/08/18	Independent Member	Resources Remuneration (Chair) Search (Chair)
*Mr A Roberts	01/09/16	1 year	Resigned 23/04/17	Independent Member	
Mr J Rush	01/09/11 Reappointed: 01/09/16	4 years	Resigned 26/09/17	Independent Member	Curriculum & Quality
Mr P Smith	15/10/13 Reappointed: 01/09/14	4 years	31/08/18	Independent Member	Curriculum & Quality
Mrs K Thomas-Wilson	01/09/09 Reappointed: 01/09/14	4 Years	31/08/18	Independent Member	Curriculum & Quality
Mr C Trees (Vice Chair)	06/07/06 Reappointed: 01/09/13	4 years	31/08/17	Independent Member	Curriculum & Quality (Chair) Remuneration Search
**Mr T Unsworth	01/09/16	1 year	Resigned 28/04/17	Independent Member	

*Nominated by Bolton College of Further Education.

** Nominated by the University of Bolton.

Statement of Corporate Governance and Internal Control

The Corporation has a target of 75% attendance at Board meetings and the percentage attendance at Ordinary Meetings in 2016/17 was 76.23% (excluding special meetings). The Remuneration Committee reviews individual Governor attendance and reports to the Board.

Co-Opted Committee Members

Name	Date of Appointment	Term of Office	Date of Resignation / End of Term of Office	Committees served
Ms M Livesey	07/10/14 Reappointed: 01/09/2015	3 years	31/08/18	Curriculum & Quality
Ms L Vernon	07/10/14 Reappointed: 01/09/2015	3 years	31/08/18	Resources
Mr D Weidenbaum	29/09/99 Reappointed: 01/09/16	2 Years	31/08/18	Audit

Mr J Fargher, Fargher Consultancy, provided services as the Clerk to the Corporation and resigned on 31 August 2017. The new independent clerk is Peter Ryan who was appointed from 1st September 2017. A number of new governors were appointed to the governing body at its meeting in September 2016 as disclosed on pages 12 and 14 of the accounts.

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

Members of the Corporation are 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 including health and safety and environmental issues. The Corporation Board meets at least once per term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Resources, Remuneration, Search, Audit and Curriculum and Quality. Full minutes of all Corporation meetings, except those deemed to be confidential by the Corporation, are published on the College website at <http://www.burycollege.ac.uk/governors/1617.aspx> and are available from the Clerk to the Corporation at:

Bury College
Market Street
Bury
Lancashire
BL9 0BG

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

All Corporation Members 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 Corporation Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to Corporation Members in a timely manner, prior to Corporation Board meetings. Briefings are also provided on a planned basis.

Statement of Corporate Governance and Internal Control

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 or be perceived to interfere with the exercise of their independent judgement.

There is a clear division of responsibility between Governance and Management and a clear distinction in that the roles of the Chair and the Principal as Accounting Officer are separate.

Appointments to the Corporation

The appointment of any new Members and the re-appointment of existing Members are matters for consideration by the Corporation as a whole on the advice and recommendation of the Search Committee. This Committee consists of five Members of the Corporation including the Corporation Chair, Vice-Chair, the Chairs of the Corporation's Committees and the Principal and is responsible for the selection and nomination of candidates 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 but Members who reach the end of their four-year term are eligible to be considered for re-appointment.

Corporation Performance

The Corporation and its sub-committee has a minimum attendance target of 75% which has been exceeded; all meetings during the year were quorate; there is an annual schedule of meetings/business covering all statutory requirements; we undertake an annual skills audit to seek to maintain a balance of skills, experience, expertise; Governors complete an annual declaration on their eligibility to serve as a Governors and complete an annual register of interests; there is a standing item on all agendas covering declarations of interest; a post-meeting evaluation form is completed after each Board and Committee meeting and action taken in response to any issues raised; progress on the implementation of recommendations/actions from each meeting is reported and monitored at subsequent meetings.

Remuneration Committee

Throughout the year ended 31 July 2017 the Remuneration Committee comprised three Members of the Corporation and these were the Corporation Chair, Vice-Chair and the Chair of the Corporation's Resources Committee. The Committee's responsibilities are to make recommendations to the Corporation Board on the remuneration of the Designated Senior Post holders i.e. the Principal, the Deputy Principal and the Vice-Principal Finance & Corporate Services.

Details of the remuneration of the Designated Senior Post holders for the year ended 31 July 2017 are included in Note 7 to the Financial Statements.

Audit Committee

The Audit Committee comprised five Members throughout the year which included four Members of the Corporation (excluding the Corporation Chair and the Principal) and a co-opted finance/audit specialist. The Audit Committee operates in accordance with written Terms of Reference approved by the Corporation which take account of the requirements of the ESFA Post-16 Audit Code of Practice 2016 /17 Assurance and accountability requirements for post-16 providers (issued March 2017).

The Committee meets at least once in each term and provides a forum for reporting by the College's Internal Auditors and the Financial Statements/Regularity Auditors both of whom have access to the Committee for independent discussion, without the presence of College management should this be necessary. The Audit Committee also receives reports from other sources including the main Funding Agencies as they affect the College's business.

College management is responsible for the implementation of agreed audit recommendations and the Internal Auditors undertake periodic follow-up reviews to give assurance that agreed recommendations have been implemented.

Statement of Corporate Governance and Internal Control

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

Curriculum & Quality Committee

This Committee comprised ten Members which included the two Student Members of the Corporation, the Staff Member (Academic) and one External Co-opted Member with experience of working with Student Unions in the Higher Education sector. The Committee, chaired by the Vice-Chair of the Corporation Board, met on four occasions during 2016/17.

The main objectives of the Curriculum & Quality Committee are to:

- advise the Corporation on the determination of annual performance targets including success rates, value added and student attendance;
- monitor College performance in terms of the quality of provision and outcomes for students;
- ensure that effective mechanisms are in operation for monitoring curriculum-related aspects of the College's performance including the quality of teaching, learning & assessment;
- advise the Corporation on policies and procedures relating to Learner Voice, student entitlement, student representation and student conduct.

Resources Committee

The Resources Committee consisted of five Members, four of which were Corporation Members (including the Principal and the Corporation Chair) and one External Co-opted Member. The Corporation Chair was granted leave of absence from Committee meetings held during 2016/17 owing to the heavy time commitment demanded by the negotiations on the proposed merger between Bury College and the University of Bolton. The Committee met four times in the 2016/17 Financial Year. The main objectives of the Resources Committee are to:

- monitor the financial position of the College and any of its subsidiaries to support the Corporation in fulfilling its statutory responsibilities with regard to solvency, safeguarding of assets, approval of financial forecast and the annual estimates of income and expenditure;
- advise the Corporation on the Property Strategy;
- approve the College's employment, health, safety and welfare, safeguarding and industrial relations frameworks and advise the Corporation on their effectiveness.

Internal control*Scope of responsibility*

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

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

Statement of Corporate Governance and Internal Control*The purpose of the system of internal control*

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bury College for the year ended 31 July 2017 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

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

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

Bury College has an internal audit service, which operates in accordance with the requirements of the ESFA's (formerly the EFA and SFA) *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At 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. His review of the effectiveness of the system of internal control is informed by:

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

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

Statement of Corporate Governance and Internal Control

The College leadership team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The College leadership team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The 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 October 2017 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2017 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2017.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for *"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 being a period of not less than 12 months from the date of approval of these financial statements. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Refer to the going concern assessment within the Report of the Governing Body on page 6 for further details.

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

Signed

Mr P Nicol
Chair of the Corporation

Signed

Mr C Deane
Accounting Officer

Statement of Regularity, Propriety and Compliance

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the College's Financial Memorandum. 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 terms and conditions of funding under the College's Financial Memorandum.

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

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

Signed

Mr P Nicol
Chair of the Corporation

Signed

Mr C Deane
Accounting Officer

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 College's Funding Agreement with the ESFA (formerly the EFA and SFA), 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 *College Accounts Direction 2016 to 2017* issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 Members' Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

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

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



Mr P Nicol
Chair of the Corporation

Independent auditor's report to the Corporation of Bury College**Opinion**

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

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent College's affairs as at 31 July 2017 and of the Group's surplus of income over expenditure and parent College's surplus of income over expenditure for the year then ended; and
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting for Further and Higher Education issued in March 2014.

Basis for opinion

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

Who are we reporting to

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

Conclusions relating to going concern

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

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

Other information

The Corporation is responsible for the other information. The other information comprises the information included in the Report of the Governing Body, set out on pages 2 to 11 other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Corporation for the financial statements

As explained more fully in the Statement of Responsibilities of the Corporation set out on page 20, the College's Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

Date: 12 December 2017

15

Reporting accountant's assurance report on regularity**To the corporation of Bury College and Secretary of State for Education acting through the Department for Education ('the Department')**

In accordance with the terms of our engagement letter dated 15 November 2017 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 anything has come to our attention that would suggest that, in all material respects, the expenditure disbursed and income received by Bury College during the period 1 August 2016 to 31 July 2017 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the corporation of Bury College, as a body, and the Department, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Bury College and the Department those matters we are required to state in a limited assurance 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 Bury College, as a body, and the Department, as a body, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Bury College and the reporting accountant

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

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

Approach

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

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

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

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

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the college's activities;
- evaluation of the processes and controls established and maintained in respect of regularity and propriety for the use of public funds through observation of the arrangements in place and enquiries of management;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and that included in the self-assessment questionnaire (SAQ); and
- limited testing, on a sample basis, of income and expenditure for the areas identified as high risk and included on the SAQ.

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 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants
Manchester

Date: 12 December 2017

15

Consolidated and College Statement of Comprehensive Income

	Notes	Year ended 31 July 2017		Year ended 31 July 2016	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	27,469	27,469	27,372	27,372
Tuition fees and education contracts	3	4,002	4,002	3,803	3,803
Other grants and contracts	4	2	2	34	34
Other income	5	696	696	867	867
Investment income	6	24	24	46	46
Total income		32,193	32,193	32,122	32,122
EXPENDITURE					
Staff costs	7	21,720	21,720	21,238	21,238
Other operating expenses	8	8,191	8,191	8,155	8,155
Depreciation	11	1,192	1,192	1,205	1,205
Interest and other finance costs	9	554	554	636	636
Total expenditure		31,657	31,657	31,234	31,234
Surplus before other gains and losses		536	536	888	888
Surplus before tax		536	536	888	888
Taxation	10	-	-	-	-
Surplus for the year		536	536	888	888
Actuarial gain/(loss) in respect of pension scheme	23	2,420	2,420	(2,404)	(2,404)
Total Comprehensive Income for the year		2,956	2,956	(1,516)	(1,516)
Represented by:					
Unrestricted comprehensive income		2,956	2,956	(1,516)	(1,516)
Restricted comprehensive income		-	-	-	-
		2,956	2,956	(1,516)	(1,516)

The accompanying notes form part of these financial statements.

Consolidated and College Statement of Changes in Reserves

	Income and Expenditure Account Reserve	Revaluation reserve	Endowment Reserve	TOTAL
	£'000	£'000	£'000	£'000
Group and College				
Balance at 1st August 2015	15,751	4,105	118	19,974
Surplus from the income and expenditure account	888	-	-	888
Other comprehensive income	(2,404)	-	-	(2,404)
Transfers between revaluation and income and expenditure reserves	56	(56)	-	-
	(1,460)	(56)	-	(1,516)
Balance at 31st July 2016	14,291	4,049	118	18,458
Surplus from the income and expenditure account	536	-	-	536
Other comprehensive income	2,420	-	-	2,420
Transfers between revaluation and income and expenditure reserves	56	(56)	-	-
Total comprehensive income for the year	3,012	(56)	-	2,956
Balance at 31 July 2017	17,303	3,993	118	21,414

Consolidated and College Balance sheets as at 31 July

	Notes	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Non-current assets					
Tangible fixed assets	11	42,449	42,449	43,160	43,160
Investments	13	-	81	-	81
Endowment investment	18	118	118	118	118
		42,567	42,648	43,278	43,359
Current assets					
Trade and other receivables	13	1,899	1,899	733	733
Cash and cash equivalents	18	7,975	7,894	6,973	6,892
Net current assets		9,874	9,793	7,706	7,625
Less: Creditors – amounts falling due within one year	14	(4,199)	(4,199)	(3,603)	(3,603)
Net current assets		5,675	5,594	4,103	4,022
Total assets less current liabilities		48,242	48,242	47,381	47,381
Less: Creditors – amounts falling due after more than one year	15	(12,540)	(12,540)	(13,026)	(13,026)
Provisions					
Defined benefit obligations	23	(13,427)	(13,427)	(14,972)	(14,972)
Other provisions	17	(861)	(861)	(925)	(925)
Total net assets		21,414	21,414	18,458	18,458
Restricted Reserves					
Endowment Reserves		118	118	118	118
Unrestricted Reserves					
Income and expenditure reserve		17,303	17,303	14,291	14,291
Revaluation reserve		3,993	3,993	4,049	4,049
Total unrestricted reserves		21,414	21,414	18,458	18,458

The financial statements on pages 25-48 were approved and authorised for issue by the Corporation on 12th December 2017 and were signed on its behalf on that date by:



Mr P Nicol
Chair



Mr C Deane
Accounting Officer

Consolidated Statement of Cash Flows

	2017	2016
	£'000	£'000
Cash flow from operating activities		
Surplus/(deficit) for the year	536	888
Adjustment for non-cash items		
Depreciation	1,192	1,205
(Decrease) in provisions	(64)	(47)
(Increase)/decrease in debtors	(1,166)	302
(Decrease)/Increase in creditors	602	(647)
Pensions costs less contributions payable	510	216
Deferred capital grant release	(264)	(265)
Pension finance cost	365	433
Adjustment for investing or financing activities		
Interest payable	189	203
Interest receivable	(24)	(46)
Net cash flow from operating activities	1,876	2,242
Cash flows from investing activities		
Investment income	24	46
Deferred capital grants received		
Payments made to acquire fixed assets	(482)	(1,255)
	(458)	(1,209)
Cash flows from financing activities		
Interest paid	(189)	(203)
Repayments of amounts borrowed	(227)	(227)
	(416)	(430)
Increase in cash and cash equivalents in the year	1,002	603
Cash and cash equivalents at beginning of the year	6,973	6,370
Cash and cash equivalents at end of the year	7,975	6,973

Notes to the Accounts

The College's registered address is Bury College, Market Street, Bury, BL9 0BG.

1. Statement of accounting policies and estimation techniques

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

Legal Status

The College was established under the Further and Higher Education Act 1992 for the purposes of conducting Bury College. The College is an exempt Charity for the purposes of the Charity Act 2011.

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2016 to 2017* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

The Financial Statements are prepared in £ sterling.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, Bury College Enterprises Limited, using the purchase method of accounting. 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. For the year ended 31st July 2017 and the previous year Bury College Enterprises Limited remains dormant.

Basis of preparation – Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Report of the Governing Body. The financial position of the College, its cashflow, liquidity and borrowings are described in the financial statements and accompanying Notes.

The College primarily meets its day to day working capital requirements through cash generated from its day to day operations. It also has a fixed loan facility loan with Barclays Bank plc, which at 31 July 2017 had a balance of £2.7 million due for repayment over a remaining period of 12 years.

In the 2015/16 Accounts, the College identified the proposed Merger as a factor representing a material uncertainty that might have cast significant doubt upon the College's ability to continue as a going concern. The decision to withdraw from the Merger ensures that this no longer impacts on the going concern assumptions for the College as at 31 July 2017.

RECOGNITION OF INCOME

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

Notes to the Accounts (continued)

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

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met

Fee Income

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

Investment Income

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

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

Teachers' Pension Scheme (TPS)

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

Greater Manchester Pension Fund (GMPF), part of the Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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

Short term Employment benefits

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

Notes to the Accounts (continued)**Enhanced Pensions**

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

Non-current Assets - Tangible fixed assets

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

Land and buildings

Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 2003, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

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

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £3,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- | | |
|------------------------------------|----------|
| • General equipment | 10 years |
| • Servers/IT/Infrastructure | 4 years |
| • Computer equipment | 3 years |
| • Furniture, fixtures and fittings | 10 years |

Borrowing costs

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

Leased assets

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

Notes to the Accounts (continued)**Investments***Investments in subsidiaries*

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

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.

Financial liabilities and equity

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

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

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 around 3% 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 company is 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 a reliable estimate can be made of the amount of the obligation.

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

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

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

Agency arrangements

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

Notes to the Accounts (continued)**Judgements in applying accounting policies and key sources of estimation uncertainty**

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

- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Accounts (continued)

2 Funding council grants	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education & Skills Funding Agency - Adult	2,656	2,656	2,595	2,595
Education & Skills Funding Agency – 16-18	21,234	21,234	21,177	21,177
Education & Skills Funding Agency – apprenticeships	3,315	3,315	3,336	3,336
Higher Education Funding Council				
Specific grants				
Releases of government capital grants	264	264	264	264
Total	27,469	27,469	27,372	27,372
3 Tuition fees and education contracts	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Fees for FE supported courses	1,160	1,160	1,093	1,093
Fees for HE loan supported courses	1,679	1,679	1,524	1,524
Total tuition fees	2,839	2,839	2,617	2,617
Education contracts	1,163	1,163	1,186	1,186
Total	4,002	4,002	3,803	3,803
4 Other grants and contracts	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
European Commission	2	2	34	34
	2	2	34	34
5 Other income	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other income generating activities	23	23	29	29
Miscellaneous income	673	673	838	838
Total	696	696	867	867

Notes to the Accounts (continued)

6 Investment income

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	24	24	46	46
Investment income	<u>24</u>	<u>24</u>	<u>46</u>	<u>46</u>

7 Staff costs – Group and College

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

	2017	2016
	No.	No.
Teaching staff	307	252
Non-teaching staff	227	276
	<u>534</u>	<u>528</u>

Staff costs for the above persons

	2017	2016
	£'000	£'000
Wages and salaries	17,100	17,272
Social security costs	1,470	1,181
Other pension costs	3,024	2,624
Payroll sub total	<u>21,594</u>	<u>21,077</u>
	21,594	21,077
Restructuring costs -Contractual	126	161
Total staff costs	<u>21,720</u>	<u>21,238</u>

Notes to the Accounts (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 Leadership Team which comprises the Principal, Vice Principal and Directors in curriculum and service areas of the College. 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

	2017	2016
	No.	No.
The number of key management personnel including the Accounting Officer was:	15	15
This consists of the Leadership Team of the College		

The number of key management personnel who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	Key Management Personnel	
	2017	2016
	No.	No.
£40,001 to £50,000	-	-
£50,001 to £60,000	6	7
£60,001 to £70,000	6	5
£70,001 to £80,000	-	-
£80,001 to £90,000	-	-
£90,001 to £100,000	1	1
£100,001 to £110,000	1	1
£100,001 to £120,000	-	-
£120,001 to £130,000	-	-
£130,001 to £140,000	-	-
£140,001 to £150,000	-	-
£150,001 to £160,000	-	1
£160,001 to £170,000	1	-
	15	15

No other staff received emoluments over £60,000 during the year (2016: None).

Key Management personnel emoluments are made up as follows:

	2017	2016
	£'000	£'000
Salaries	1,020	1,118
Employers National Insurance	118	118
Benefits in kind	-	-
	1,138	1,236
Pension contributions	150	184
Payments on leaving the organisation	62	23
Total emoluments	1,232	1,325

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

Notes to the Accounts (continued)

	2017	2016
	£,000	£,000
Salaries	162	153
Employers National Insurance	7	19
Benefits in kind	-	-
	<u>169</u>	<u>172</u>
Pension contributions	<u>14</u>	<u>32</u>
Compensation for loss of office paid to former key management personnel	2017	2016
	£,000	£,000
Compensation paid to two former key management personnel – contractual	<u>62</u>	<u>23</u>

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

Notes to the Accounts (continued)

8 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	3,134	3,134	3,617	3,617
Non-teaching costs	3,055	3,055	2,253	2,253
Premises costs	2,002	2,002	2,285	2,285
Total	8,191	8,191	8,155	8,155

Other operating expenses include:

	2017	2016
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	23	22
Other services provided by the Financial Statements Auditors	2	-
Internal audit	20	15
Hire of assets under operating leases – plant and machinery	81	126
Hire of assets under operating leases – land and buildings	49	46

9 Interest payable – Group and College

	2017	2016
	£'000	£'000
On bank loans, overdrafts and other loans:	189	203
	<u>189</u>	<u>203</u>
Pension finance costs (note 23)	365	433
	<u>365</u>	<u>433</u>
Total	554	636

10 Taxation

	2017	2016
	£'000	£'000
Corporation tax	-	-
Provision for deferred corporation tax in the accounts of the subsidiary company	-	-
	<u>-</u>	<u>-</u>
Total	-	-

As an exempt charity under the Charities Act 2011, the College is outside the scope of corporation tax in respect of its charitable activities.

Notes to the Accounts (continued)

11 Tangible fixed assets (Group and College)

	Land and buildings	Equipment	Assets in the course of construction	Total
	Freehold			
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2016	50,849	2,317	-	53,166
Transfers	-	-	-	-
Additions	356	125	-	481
Disposals	-	(7)	-	(7)
At 31 July 2017	51,205	2,435	-	53,640
Depreciation				
At 1 August 2016	8,426	1,580	-	10,006
Charge for the year	997	195	-	1,192
Elimination in respect of disposals	-	(7)	-	(7)
At 31 July 2016	9,423	1,768	-	11,191
Net book value at 31 July 2017	41,782	667	-	42,449
Net book value at 31 July 2016	42,423	737	-	43,160

Land and buildings were valued in 1994 at depreciated replacement cost by the Metropolitan Borough of Bury using their Department of Development Services chartered surveyors. Other tangible fixed assets inherited from the LEA on incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice.

In 2003 Land and Buildings were revalued by Storey Sons and Parker, a firm of independent Chartered Surveyors in accordance with the RICS statement of asset practice guidance notes.

12 Non-current investments

	College 2017 £'000	College 2016 £'000
Investments in subsidiary companies	81	81

The College owns 100 per cent of the issued ordinary £1 shares of Bury College Enterprises Limited, a company incorporated in England and Wales. The principal business activity of Bury College Enterprises Limited is that of a design and build contractor although the company remains non-trading.

Notes to the Accounts (continued)

13 Trade and other receivables	Group	College	Group	College
	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	881	881	202	202
Prepayments and accrued income	1,018	1,018	531	531
Total	1,899	1,899	733	733

14 Creditors: amounts falling due within one year	Group	College	Group	College
	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	227	227	227	227
Trade payables	335	335	485	485
Other taxation and social security	516	516	673	673
Accruals and deferred income	1,007	1,007	607	607
Deferred income – government capital grants	264	264	270	270
Other creditors	963	963	1,039	1,039
Amounts owed to ESFA	887	887	392	392
Total	4,199	4,199	3,603	3,603

15 Creditors: amounts falling due after one year	Group	College	Group	College
	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
Bank loans	2,500	2,500	2,727	2,727
Deferred income - government capital grants	10,040	10,040	10,299	10,299
Total	12,540	12,540	13,026	13,026

Notes to the Accounts (continued)

16 Maturity of debt

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group	College	Group	College
	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
In one year or less	227	227	227	227
Between one and two years	227	227	227	227
Between two and five years	681	681	681	681
In five years or more	1,592	1,592	1,820	1,820
Total	2,727	2,727	2,955	2,955

The College has a fixed loan facility of 25 years to 2029 at a fixed rate of 6.0625%. The security of the 25 year fixed term loan is on a proportion of College land.

Financial assets and liabilities

	Group	College	Group	College
	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
Financial assets measured at amortised cost	8,856	8,775	7,175	7,094
Financial liabilities measured at amortised cost	5,919	5,919	5,477	5,477

Financial assets are measured at amortised cost and comprise cash and cash equivalents and trade debtors.

Financial liabilities are measured at amortised cost and comprise bank loans, trade creditors, accruals and other creditors.

Notes to the Accounts (continued)

17 Provisions

	Group and College				
	Dilapidations	Restructuring	Enhanced pensions	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2016	41	77	807	-	925
Expenditure in the period (release of provision)	26	(70)	(49)	-	(93)
Actuarial loss for the year	-	-	10	-	10
Interest on liabilities	-	-	19	-	19
At 31 July 2017	67	7	787	-	861

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

The principal assumptions for this calculation are:

	2017	2016
	%	%
Price inflation	1.3	1.3
Discount rate	2.3	2.3

18 Cash and cash equivalents

Group	At 1 August 2016	Cash flows	At 31 July 2017
	£'000	£'000	£'000
Cash and cash equivalents			
Cash at bank	6,973	1,002	7,975
Endowment asset investment	118	-	118
	<u>7,091</u>	<u>1,002</u>	<u>8,093</u>
Debt due within one year	(227)	-	(227)
Debt due after more than one year	(2,727)	(227)	(2,500)
Total	<u>4,137</u>	<u>775</u>	<u>5,366</u>

19 Capital commitments

	Group and College	
	2017	2016
	£'000	£'000
Commitments contracted for at 31 July	-	300

Notes to the Accounts (continued)**20 Lease obligations**

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

	Group and College	
	2017	2016
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	38	38
Later than one year and not later than five years	19	56
Later than five years	-	-
	<u>57</u>	<u>94</u>

21 Contingent liabilities

There are no contingent liabilities that need to be disclosed (2016: nil).

22 Events after the reporting period

There are no events after the reporting period.

23 Defined benefit obligations

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

	2017		2016	
	£000		£000	
Total pension cost for the year				
Teachers' Pension Scheme: contributions paid		1,274		1,212
Local Government Pension Scheme:				
Contributions paid	1,235		1,183	
FRS 102 (28) charge	498		195	
Past service costs	12		21	
Losses on curtailment	-		40	
Charge to the Statement of Comprehensive Income		<u>1,745</u>		<u>1,439</u>
Enhanced pension charge to Statement of Comprehensive Income		29		58
Total Pension Cost for Year within staff costs		<u>3,048</u>		<u>2,709</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Notes to the Accounts (continued)

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

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

Valuation of the Teachers' Pension Scheme

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

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.
- The assumed rate of real return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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

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

Scheme Changes

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

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

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

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

The pension costs paid to TPS in the year amounted to £1,274,000 (2016: £1,212,000)

Notes to the Accounts (continued)**FRS 102 (28)**

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 LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Tameside Local Authority on behalf of the Greater Manchester Local Government Pension Fund. The total contributions made for the year ended 31 July 2017 were £1,595,570, of which employer's contributions totalled £1,237,256 and employees' contributions totalled £358,313. The agreed contribution rates for future years are 22.2% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2017 by a qualified independent actuary.

	At 31 July 2017	At 31 July 2016
Rate of increase in salaries	3.30%	3.20%
Future pensions increases	2.50%	1.90%
Discount rate for scheme liabilities	2.70%	2.40%
Inflation assumption (CPI)	2.50%	1.90%
Commutation of pensions to lump sums	55%	55%

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

	At 31 July 2017	At 31 July 2016
	years	years
<i>Retiring today</i>		
Males	21.50	21.40
Females	24.10	24.00
<i>Retiring in 20 years</i>		
Males	23.70	22.40
Females	26.20	25.10

Sensitivity Analysis

Changes in assumptions:	Approximate % increase to Defined Benefit Obligation At 31 July 2017	Approximate % increase to Defined Benefit Obligation At 31 July 2016
<i>0.5% decrease in Real Discount Rate</i>	11%	12%
<i>0.5% increase in the Salary Increase Rate</i>	2%	4%
<i>0.5% increase in the Pension increase</i>	9%	8%

Notes to the Accounts (continued)

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

	2017	2016
	£'000	£'000
Fair value of plan assets	36,227	31,520
Present value of plan liabilities	(49,654)	(46,492)
Net pensions liability	(13,427)	(14,972)

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

	2017	2016
	£'000	£'000
Amounts included in staff costs		
Current service cost	1,733	1,378
Past service cost	12	21
Total	1,745	1,399

Amounts included in interest payable

Net interest payable	365	433
	365	433

Amount recognised in Other Comprehensive Income

Return on pension plan assets	3,216	2,329
Experience losses arising on defined benefit obligations	1,486	444
Changes in assumptions underlying the present value of plan liabilities	(2,282)	(5,177)
Amount recognised in Other Comprehensive Income	2,420	(2,404)

Movement in net defined benefit (liability during the year)

	2017	2016
	£'000	£'000
Deficit in scheme at 1 August	14,972	11,919
Movement in year:		
Current service cost	1,733	1,378
Employer contributions	(1,235)	(1,183)
Past service cost	12	21
Net interest on the defined liability	365	433
Actuarial (gain)/loss	(2,420)	2,404
Net defined benefit liability at 31 July	13,427	14,972

Asset and Liability Reconciliation

	2017	2016
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	46,492	39,347
Current service cost	1,733	1,378
Interest cost	1,130	1,434
Contributions by Scheme participants	357	337
Experience gains and losses on defined benefit obligations	(1,486)	(444)
Changes in demographic assumption	119	-
Changes in financial assumptions	2,163	5,177
Estimated benefits paid	(866)	(758)
Past Service cost	12	21
Curtailments and settlements	-	-
Defined benefit obligations at end of period	49,654	46,492
Reconciliation of Assets		
Fair value of plan assets at start of period	31,520	27,428
Interest on plan assets	765	1,001
Return on plan assets	3,216	2,329
Employer contributions	1,235	1,183
Contributions by Scheme participants	357	337
Estimated benefits paid	(866)	(758)
Assets at end of period	36,227	31,520

24 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year 2017 was: £503; 3 Governors (2016: £1,236.54; 2 Governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings, training events and representing the College at other events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2016: None).

The College is the sponsor for Bury College Education Trust a company limited by guarantee and an exempt charity. The College charged the Trust £Nil for professional services (2016: £15,220) plus Vat of £Nil (2016: £3,044). This represented the cost of managers time only, no contribution to College overheads or any surplus.

25 Amounts disbursed as agent

Learner support funds	2017	2016
	£'000	£'000
Funding body grants – Hardship support	837	1,281
Disbursed to students	(800)	(1,002)
Administration costs	(37)	(41)
Balance unspent as at 31 July, included in creditors	<u>-</u>	<u>237</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.