



**Bradford College**

# **Annual Report and Financial Statements**

For the year Ended 31 July 2019

**EDUCATION  
ENTERPRISE  
EMPLOYMENT**

## **Key Management Personnel**

Key management personnel, defined as members of the College's Executive Management Team, were represented by the following in 2018/19:

Mr Chris Webb – Chief Executive Officer; Accounting Officer (appointed March 2019)

Ms Dawn Leak - Director of Employer Responsiveness.

Mr Richard Thomas – Provost, lead responsibility for Higher Education (left 15<sup>th</sup> Jan 2019)

Mr Chris Jones – Interim Group Chief Executive and Accounting Officer (appointed 2nd January 2018, resigned 31<sup>st</sup> Aug 2018)

Mr Chris Malish – Director of Finance and Corporate Affairs.

Mr Chris Jones resigned on 31<sup>st</sup> August 2018 and Mr Chris Malish was appointed interim CEO and Accounting Officer on that date.

Ms Sarah Cooper – Director of People Services (appointed 29<sup>th</sup> April 2019)

Mr Huw Roberts – Director of People Services (left 3<sup>rd</sup> December 2018)

Mr David Reeve - Interim Director of Finance & Corporate Affairs (appointed 2nd September 2018, left 28<sup>th</sup> February 2019)

Mr Craig Tupling – Deputy Chief Executive Officer (Appointed 29<sup>th</sup> October 2018)

## **Board of Governors**

A full list of Governors is given on page 12-14 of these financial statements.

Ms Joanna Green acted as Clerk to the Corporation until 17<sup>th</sup> January 2019

Mrs S West acted as interim Clerk to the Corporation from 1 Mar 2019

## **Professional Advisers**

### **Financial Statements and Regularity Auditors:**

PricewaterhouseCoopers LLP  
Central Square  
29 Wellington Place  
Leeds LS1 4DL

### **Bankers:**

Barclays Bank PLC  
PO Box 224  
10 Market Street  
Bradford  
BD1 1EG

Lloyds Bank  
Wholesale Banking & Markets  
North, East and West Yorkshire  
2nd Floor Lisbon House  
116 Wellington Street  
Leeds LS1 4LT

### **Internal Auditors:**

RSM  
Central Square  
29 Wellington Street  
Leeds LS1 4DL

### **Solicitors:**

Eversheds  
Bridgewater Place  
Water Lane  
Leeds  
LS11 5DR

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# BRADFORD COLLEGE

## CORPORATION REPORT

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### NATURE, OBJECTIVES AND STRATEGIES

1. The corporation present their report and the audited financial statements for the year ended 31 July 2019.

### Legal status

2. The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the then Bradford & Ilkley Community College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.
3. On 1 September 1999, with consent from the Secretary of State, the name of the Corporation was changed to Bradford College.

### Mission

4. The Corporation's current mission statement is:

*"To work together to create a better future for all through education, enterprise and employment."*

### Public Benefit

5. The College is an exempt charity under Part 3 of the Charities Act 2011 and its principal regulator is the Secretary of State for Education. The College Governors, who are trustees of the charity, are disclosed on page 12 of these financial statements. They are aware of their responsibilities as charity trustees to act for the public benefit in all their decision-making.
6. In setting and reviewing the College's strategic objectives, Governors had due regard for the Charity Commission's guidance on public benefit and, in particular, its supplementary guidance on the advancement of education.
7. The College is committed to providing high-quality education and to increasing educational opportunities among all the communities it serves, to increase the economic prospects and social mobility of Bradford and the surrounding areas. Substantial public benefit is provided through the wide range of activities it undertakes, from equipping individuals with basic life skills such as literacy and numeracy; to producing graduates and contribution research.
8. As its core business, the College operates a general further education College, delivering a range of courses and study programmes, including apprenticeships at intermediate and advanced levels, supporting individuals to achieve their learning goals and complete their studies with skills equipping them for higher level courses or for the national workforce. It supports a large number of those individuals to undertake practical work experience directly linked to their study programmes, to help develop their employability skills. The College works collaboratively with statutory agencies, educational partners and private enterprises, including the Leeds City Region and Combined Authority in order to contribute to the creation of a skilled workforce.
9. The College partners with numerous local charities, social enterprises and community organisations, encouraging students to become involved in volunteering to support their personal development, augmenting the employability skills of those concerned and nurturing their sense of citizenship and social responsibility.
10. Examples of the College's engagement in activities that are of benefit to the wider public in 2018/19 are:
  - The College joined more than 600 local organisations in signing up to the Bradford BID. The project will deliver £2.5 million of improvements to Bradford City Centre over five years, and will provide students and staff with volunteering opportunities in the local community.
  - The College worked in partnership with Bradford Council and local police to improve road safety and discourage anti-social behaviour in Bradford's learning quarter.

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## CORPORATION REPORT

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- Staff and students supported the Bradford Central Food Bank with food and clothing donations throughout the year.
  - The College worked in partnership with Sky to improve diversity in engineering. Through this partnership, 13 students (10 female and 3 male) were provided with engineering work experience with SKY's home installation team.
  - Music students used their end-of-year performance to raise money towards the cost of a headstone for a teenager who drowned in the River Aire.
  - Bradford College hosted the Cricket World Cup Trophy for an afternoon, enabling students and members of the community to see the sporting event.
  - Public services students went on placements with the West Yorkshire Fire and Rescue Service, learning about fire safety and the importance of building relationships with communities.
  - The College supported fundraising efforts to help send a former student to Germany for life-saving cancer treatment not available in the UK.
  - Following a visit to Bradford's Marie Curie Hospice, Art & Design students produced a range of photographs, drawings, paintings and mixed media art for the hospice's outpatient unit which is being built.
  - ESOL students volunteered at Lidget Green Healthy Living Centre, to practice their English and assisting the centre co-ordinator and setting up equipment for the Ladies' Art Group.
  - The College hosted 100 social care professionals and students from across Yorkshire at a conference marking World Social Work Day.
  - The College arranged a Question Time-style panel composed of local councillors to answer students questions on Brexit.
  - In partnership with the local authority, the College held a Looked After Children Aspirations Event. Aimed at looked after children and their foster carers, students were able to get an insight into further and education at College and raise their aspirations and confidence.
  - The College organised a Teachers & Advisors Conference, aimed at teachers and careers advisors in Bradford (and West Yorkshire) schools.
11. The College produces and conserves works of artistic merit, for example curating a rich textile archive which it makes available for art students, designers, fabric manufacturers and the general public. It has mounted a series of exhibitions at prestigious events and venues which are open to the public, some involving international work. Paintings, designs and sculpture are displayed around the College campus and include student work.
  12. The College continues to engage with the international programme Erasmus, although the medium term future of this programme is in question and will depend on the resolution of Brexit.
  13. The College has a Teaching Excellence Framework (TEF) Bronze award, meaning that the College "achieves good outcomes for most of its students"
  14. The College provides training and support for learners with learning difficulties and/or disabilities, enhancing their ability for both independent living and preparation for work. It supports such learners to enable them to be taught in mainstream classes and provides support for those with behavioural problems.
  15. The College has a strong commitment to widening participation in education and learning and, in furtherance of this, it works with a number of organisations in the region to promote this. Young people are also engaged through initiatives such as weekend workshops, for example in computer programming and art, as well as dance classes and theatre projects, aimed at nurturing talent, promoting further and higher education and building confidence, as well as increasing public understanding of careers in various sectors.
  16. The College delivers an extensive programme of teacher education, supporting school improvement through teacher training for local schools. It has excellent relationships with local schools, training a large proportion of their professional workforce. As well as training for new teachers, including for its own workforce, courses are offered for those who wish to improve their teaching skills.
  17. Further information about how the College has delivered its charitable purposes for the public benefit is detailed throughout the Corporation's Report.

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### Implementation of Strategic Plan

18. The strategic goals and objectives of the College's five-year corporate strategy in the pursuit of the College's educational mission are laid out below. At the start of each academic and financial year, Corporation approves the strategic priorities, key improvement actions and performance targets to be achieved by the end of that year. Performance targets are set for each of the key performance indicators that measure the success of achieving the strategic objectives. This allows for monitoring by Corporation during the year to allow for prompt intervention if there is any major deviation from achieving the strategic objectives and goals. In this way, the Corporation is overseeing the execution of the College's corporate strategy on an annual basis.

**Goal 1: Deliver an outstanding student experience**

**Goal 2: Support employability, enterprise and innovation**

**Goal 3: Place people and communities at the centre of our values**

**Goal 4: Maintain a dynamic and sustainable College**

**Goal 5: Grow our reputation and influence**

19. In pursuing the strategic goals and objective, the College do so in accordance with its set of **values**, which guide the way things are done:
- a. **Achievement:** We are ambitious. We set high standards for the College and all its students and staff. We help people transform their lives through education, experience, support and inspiration.
  - b. **Inclusion:** We are an open, welcoming and supportive College. Our commitment to equality and diversity underpins everything we do. We build and sustain positive relationships with many communities.
  - c. **Excellence:** We aim for excellence in all our teaching, learning and assessment, and across our campus and facilities. We are innovative and creative in our outlook and approach, and encourage these qualities in our students.
  - d. **Focus:** We are professional and purposeful, working towards our shared strategic goals and managing our resources well. We are forward-looking, engaging with the wider social and economic environment.
  - e. **Integrity:** We work to uphold our values in our planning and decision-making, our teaching and learning, our actions and relationships. We aim to be fair, open, honest and accountable to the communities we serve and to treat all with respect
20. In 2018/19, strategically, the College was committed to continue its strengthening of its academic and financial sustainability through the successful application to the restructuring facility and the ongoing challenges in both the FE and HE sectors in England.

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### Key Performance Indicators

21. The College monitors its performance in delivering the strategic goals and objectives of the institution using a set of key performance indicators. The indicators align with the goals set by the corporation, namely a) to deliver an outstanding student experience b) to support employability, enterprise and innovation c) to place people and communities at the centre of its values and d) to maintain a dynamic and sustainable College. Strategic performance is reported against each of these.

For 2018/19 a sample of the actual performance against target is shown below:

	Target	Actual
Staff costs as % of income (excl RF Grant)	62%	57.05%
Cash days in hand	64	63.72
Adult students achievement	89%	88%
Student attendance	90%	83%
EBITDA % Income*	-0.49%	2.44%
Staff cost % Income*	64.8%	62.64%

\*Excluding Restructuring Funding, Actuarial pension adjustments and loan breakages

### FINANCIAL POSITION

#### Financial results

22. The College Group generated a surplus before other gains and losses in the year of £17.993m (2017/18 – deficit of £0.171m).
23. The total comprehensive expense in 2018/19 is stated after accounting for the following items:
- Actuarial loss in respect of defined benefit pensions schemes, which relates to the West Yorkshire Pension Fund (WYPF, a Local Government Pension Scheme), of £18.469m (2017/18 – actuarial gain of £5.412m);
  - Restructuring costs of £2.840m (2017/18: cost of £0.996m);
  - Additional employer service costs for the defined benefit pension scheme with the WYPF of £1.080m as per FRS 102 (28) (2017/18 – cost of £1.239m), McCloud of £949k and GMP Indexation/equalisation £419k
  - Net interest payable on the defined pension liability with the WYPF of £0.51m as per FRS 102 (28) (2017/18 – cost of £0.57m);
  - Interest and other finance costs, excluding the pension finance cost as per the above item, of £7.63m (2017/18 cost of £2.474m)
  - Depreciation charge of £3.37m (2017/18 – cost of £3.73m)
  - Exceptional Financial Support Grant of £4.866m (2017/18 – £9.274m), ESFA Debt forgiveness £12.972m and matched Lloyds Debt Forgiveness £12.972m
24. Capital investment - the College group invested £2.845m in equipment additions during the year.
25. Reserves – the group reserves amounted to £23.807m at the year end. It held £8.598m in cash and bank balances at that date.

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26. The group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2018/19 these funding bodies provided over 80% of the Group's total income, including the receipt of the Exceptional Financial Support Grant.
27. The College Group is made up of the College and its two wholly-owned subsidiaries and two joint venture companies. The two wholly-owned subsidiary companies are: Training for Bradford Ltd trading as City Training Services (CTS) and Beacon Recruitment & Placement Services Ltd. The principal activity of CTS is apprenticeships and other forms of work-based learning. Beacon Recruitment & Placement Services Ltd recruits and places temporary staff within the College and elsewhere and arranges placements for students as part of their course requirements. The College has a 50% share in Inprint & Design Ltd, a joint venture company with the University of Bradford, the principal activity of which is a range of print and graphics design services. Its other joint venture is ATA.
28. A share of any profits generated by the subsidiaries and joint venture companies are gift aided to the College.

## FUTURE PROSPECTS

29. **Financial Plan** – the Corporation approved a three year financial plan in July 2019 which sets objectives for the period to 2022 as part of the recovery plan submission.
30. Treasury policies and objectives - the College has a Treasury Management Policy in place, applicable to both the investments and borrowings of the College. The policy recognises the difficulties of striving for effective risk management and controls whilst at the same time pursuing value for money. The aim is to effectively manage cash flows and banking arrangements to meet the College's needs.
31. **Cash flows and liquidity** - at £5.652m (inflow) for 2018/19 (2017/18 - £6.895m inflow).
32. The net overall cash inflow of £1.379m (2017/18 – inflow £2.5m) was due mainly to the net cash inflow from operating activities after receipt of an exceptional grant from ESFA of approx. £5m, note 21.
33. **Reserve Policy** - the College Group wishes to build its reserves in order to:
  - a. Maintain financial solvency and continually improve financial sustainability;
  - b. Strengthen the ESFA financial health grading;
  - c. Ensure full compliance with bank loan covenants;
  - d. Fully cover pension fund liabilities
34. At the year end the College had total group reserves of £23.807m. It is the College's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.
35. **Going concern** – In March 2019 the discussions concluded with the ESFA and the group's primary lender, Lloyd's bank, which resulted in additional grant funding from the ESFA and new loan arrangements were agreed with the Bank. This resulted in a further grant of approx. £5m being made available to the College from the ESFA. In addition the bank loans held at 31st July 2018 together with break costs associated with those loans have been fully repaid from a new loan facility of £20m, a further grant from the ESFA of approx. £12.8m and debt forgiveness by the bank of £12.8m. The new facility is comprised of a) a £2m interest only loan repayable in full at the end of 4 years unless repaid from the proceeds of disposal of surplus properties and b) an £18m loan repayable over 15 years with a capital holiday for the first two years and a final payment of £6.3m at the end. The balance of £11.7m is subject to a fixed rate interest charge of 3.784% per annum. All other loan balances are at a variable rate linked to LIBOR. The College continues to work closely and meets regularly with the bank and the ESFA to review progress against the Colleges strategic recovery plan, with the outturn for 2018/19 being slightly favourable to the plan. The cash position is reviewed regularly along with loan covenant compliance. Forecasts show limited headroom on one covenant; debt as a percentage of income.



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### FUTURE PROSPECTS CONTINUED

It is expected that the head room on this covenant will improve once two properties, which the College has exchanged contracts on, are disposed. It is anticipated these, along with a third property should be completed during 2020, which would fully repay the £2m interest only loan and would be ahead of the Colleges strategic recovery plan. However, a delay to the disposal of the buildings could result in a breach of the loan covenant. For this reason, the Group and College continue to adopt the going concern basis in preparing the financial statements. However, the uncertainty over the ongoing ability to meet one of the loan covenants along with the other conditions described above indicate that a material uncertainty exists that may cast significant doubt on the Group and College's ability to continue as a going concern.

### CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

#### FE Quality

36. Following the College's Further Education self-assessment review, against the new Education Inspection Framework, an overall effectiveness judgement of 'Requires improvement' has been agreed. This remains the same grade as 2017/18, however there has been a positive change in the grade for Education Programmes for Young People, which has been moved from 'Inadequate' to 'Requires Improvement'. Apprenticeships, Adult and High Needs provision has been graded as 'Good'.
37. A comprehensive quality improvement plan has been developed, identifying all the key areas for improvement, and this will be implemented and monitored on a regular basis, both internally and externally, through an enhanced review process.

#### Restructuring facility

38. The College submitted a bid for a Restructuring Facility to the ESFA in June 2018. The resultant agreement was signed in March 2019 and has placed the College on a sound financial base on which it will be able to build and realise a financially sustainable institution.

#### Payment Performance

39. The late payment of Commercial Debts (Interest) Act 1998 requires organisations, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of the goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95% which the College has not met, however it has shown an improvement from previous year (17/18) 27.11% to (18/19) 51.78%. No interest charges were incurred in respect of late payment.

### RESOURCES

40. The College Group has £23.807m of net assets (including a pension liability of £40.3m, an increase of 113% from the previous year). Fixed Assets include properties with a balance sheet value of £74.4m.
41. The pension liability continues to experience fluctuations, a result of the wider uncertainty in the stock market due to BREXIT and amendments to scheme rules and changing actuarial assumptions.
42. The College Group employs 654 staff (expressed as full-time equivalent) of whom 385 are teaching staff.
43. 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.

### PRINCIPAL RISKS AND UNCERTAINTIES

44. The College has well developed strategies for managing risk and seeks to imbed risk management in all that it does. Risk implications are considered at all committee meetings, with each agenda item being referenced to the relevant risk. The College continues to develop and embed improved systems of internal control, including financial, operational and risk management which are designed to protect the College's assets and

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reputation. It has standardised the risk management approach of the College's subsidiaries in line with that of the College.

45. The corporation has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement of Corporate Governance.
46. A strategic risk register is maintained at College level which is reviewed at each meeting of the Audit Committee and more frequently where necessary by other committees. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College, the sources of assurance and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.
47. Outlined below is a description of the principal risks affecting the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

### Outstanding student experience

48. The College needs to ensure it continually improves the quality of teaching, learning and assessment and there is a risk that it may not do this. The quality of delivery to students needs to be of sufficient quality to produce acceptable progression and achievement rates.
49. In addition, a failure to ensure that achievement rates and value-added increase and are above national averages may trigger an inspection. This would have a detrimental impact upon reputation and recruitment.

### Curriculum offer

50. The College needs to ensure the curriculum is relevant, innovative, adds value and is of high quality and is planned and improved to meet the needs of learners and employers. If this is not achieved and learner needs are not met, there is a risk that learner numbers will decline as they seek other providers of relevant curriculum.

### Staff

51. The College may fail to appoint and retain senior leaders with relevant skills and experience to be able to deliver clear strategy and strong leadership.
52. It could also fail to recruit, retain and engage high performing employees. The College will mitigate this by ensuring it offers a good but challenging working environment that also stimulates staff in parallel to market level with a strategic goal of becoming an employer of choice.

### Achieving recruitment targets

53. The College risks failing to meet its recruitment targets and thus missing its income total. The College would be required to address its cost base as a result of predicted deficits and face a position where financial obligations cannot be met

### Financial Sustainability

54. The College has formulated a strategic recovery plan in conjunction with the ESFA in light of the financial notice to improve issued in 2017/18 and to safeguard the College's against the ongoing financial challenges facing the FE sector and HE sector. There is a risk that there is an Inability to maintain financial sustainability by failure to generate operating surpluses, control costs and manage cash flow The College will continue to seek to identify and realise income growth and cost saving opportunities to improve the achievement value-for-money from the use of its resources in delivering the corporate strategy. The prime focus will be the improvement of student achievement and numbers enrolled. .  
The Teachers Pension Fund- employer contribution rate published 5 March 2019, stated whereupon the employer contribution rate is expected to increase to 23.8%, and will be payable from 1 September 2019. The

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7% increase is to be funded by ESFA from 1<sup>st</sup> September 2019 to March 2021. Funding from April 2021 onwards will be considered as part of the next spending review.

### STAKEHOLDER RELATIONSHIPS

55. In line with other Colleges and Universities, Bradford College has many stakeholders. These include:
- students, both current and future, and Alumni
  - funding councils;
  - staff and their trade unions
  - local employers (with specific links) including its suppliers,
  - local authorities, government offices and local enterprise partnerships
  - partner schools and universities as well as other Colleges
  - professional organisations in the sectors it works in

### Equality

56. Bradford 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, ability, religion or belief and age. It strives vigorously to remove conditions which place people at a disadvantage and actively combats bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equality and Diversity Policy, including Race Relations and Transgender Policy, is published on the College's internet site.
57. The College publishes an Annual Equality and Diversity Report to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.
58. The College has committed to the principles and objectives of the Positive about Disabled standard. It considers all applications for employment 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 facilitate the continuance of their employment with the College. The College's policy is to provide training, career development and opportunities for promotion for employees with disabilities that are, as far as possible, identical to those for non-disabled employees.

### Disability Statement

59. The College seeks to achieve the objectives set down in the Equality Act 2010:
- as part of the redevelopment of the buildings it has installed lifts and ramps so that most of its facilities allow access for people who have difficulty using stairs;
  - there is a stock of specialist equipment, such as lighting for audio facilities, and also a range of assistive technologies, which the College can make available for use by students who need it;
  - both FE and HE have an admissions policy which details the procedure for both admissions and appeals against a decision not to offer a place to any applicant; there is a College-wide Learning Support Policy and a Disclosure and Confidentiality Policy for Learners with Disabilities and/or Learning Difficulties that sets out the processes we follow;
  - the College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities to build a learning support team of academics;
  - there are a number of learning 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; specialist training is provided for staff supporting learners with specific additional needs.
  - specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format; and

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- viii. mental health and wellbeing, counselling and welfare services are provided. Support services for students are described on the website, during induction and via various publications in College.
- ix. marketing materials, prospectuses and course materials for learners are available in a range of alternative formats on requests, such as Braille, Large print or in British Sign Language.

### Trade union facility time

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

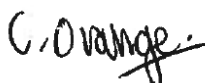
Numbers of employees in the relevant year	FTE employee number
788	654

Total cost of facility time	£59,236
Total pay bill	£586,083
Percentage of total bill spent on facility time	10.1%

### Disclosure of information to auditors

60. The Corporation 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 the 26<sup>th</sup> February 2020 and signed on its behalf by**



Ms C. Orange  
Chair

# BRADFORD COLLEGE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

### Statement of Corporate Governance

#### Purpose

The following statement is provided to enable readers of the College's annual report and financial statements to obtain a better understanding of its governance and legal structure. It covers the year from 1 August 2018 to 31 July 2019 and up to the date of approval of the annual report and financial statements.

The Corporation recognises that, as a body entrusted with both public and private funds, it has a duty to observe the highest standards of corporate governance at all times. It is committed to exhibiting best practice in all aspects of corporate governance, conducting its business in accordance with:

- (i) the seven principles identified by the Committee on Standards in Public Life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
- (ii) the guidance to Colleges from the Association of Colleges in *The Code of Good Governance for English Colleges* ("the Code"),

#### Compliance with the Code

The Corporation has undertaken a thorough review of its compliance with the Code during the year concerned and is satisfied that it achieved this throughout the year. 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 December 2015.

#### Corporation Membership

During the year, the individuals named in the table below served as Governors on the Corporation:

Governor	Date of initial appointment	Most recent re-appointment	Length of current term of office	Termination date (if applicable)	Type of Governor	Committees, Boards, etc. served on	Attendance as a % of possible attendance between 01.08.18 and 31.07.19
Mrs C Orange (Chair)	21 Jan 2016		4 yrs		Independent	Corporation Chair Remuneration Committee Search Committee (Chair) Finance and General Purposes Committee Quality and Standards Committee	100%
Mr G Alvy	18 Oct 2018		4 yrs		Independent	Audit Committee (Chair from 28 Feb 2019))	62%
Mr P Ashton	14 Dec 2011	15 Dec 2015	4 yrs		Independent	Audit Committee (Chair to 28 Feb 2019) Finance and General Purposes Committee (Chair from 14 Mar 2019) Search Committee (Vice-Chair)	76%

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## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Governor	Date of initial appointment	Most recent re-appointment	Length of current term of office	Termination date (if applicable)	Type of Governor	Committees, Boards, etc. served on	Attendance as a % of possible attendance between 01.08.18 and 31.07.19
Cllr R Berry	23 March 2017		4 yrs	2 Dec 2018		Finance and General Purposes Committee	67%
Mr P Birtles	18 Oct 2018		4 yrs		Independent	Remuneration Committee	86%
Mrs J Durrant	28 Sept 2017		4 yrs		Independent	Quality and Standards Committee (Chair) Remuneration Committee Search Committee	69%
Miss S Elemgri	24 May 2015		4 yrs		Student	Quality & Standards Committee	88%
Mrs E Gregory	17 Feb 2007	17 Feb 2015	4 yrs	13 Dec 2018	Independent	Remuneration Committee (Chair) Finance and General Purposes Committee Quality and Standards Committee	33%
Ms L Ho	1 July 2019		4 yrs		Independent	Finance and General Purposes Committee	0%
Mr R Holden	5 Nov 2015		4 yrs	18 Jul 2019	Staff	Finance and General Purposes Committee Quality and Standards Committee	85%
Mr C Jones	3 Jan 2018		Ex officio	31 Aug 2018	Staff	Search Committee Finance and General Purposes Committee Quality and Standards Committee	0%
Ms A Kendal	19 Oct 2017		4 yrs		Independent	Remuneration Committee	88%
Mr S Khan	19 Jul 2018		4 yrs	23 May 2019	Independent	Audit Committee	42%
Mr N B Khokhar	1 Jul 2019		4 yrs		Independent	Quality and Standards Committee	0%

# BRADFORD COLLEGE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Governor	Date of initial appointment	Most recent re-appointment	Length of current term of office	Termination date (if applicable)	Type of Governor	Committees, Boards, etc. served on	Attendance as a % of possible attendance between 01.08.18 and 31.07.19
Mr C Malish	1 Sep 2018		Ex-Offico	28 Feb 2019	Interim Chief Executive Officer	Finance & General Purposes Committee Quality & Standards Committee Search Committee	100%
Mr D Mann	5 Nov 2015		4 yrs		Independent	Audit Committee (Vice-Chair)	38%
Mr M Peel	24 May 2018		4 yrs	18 Jul 2019	Student	Quality and Standards Committee	38%
Mr S Roberts	15 May 2018		4 yrs		Independent	Audit Committee	44%
Ms D Rolls	5 Nov 2015		4 yrs		Staff	Quality & Standards Committee	88%
Mr P Telemacque	29 March 2018		4 yrs		Staff		50%
Mr N Ward	18 Oct 2018		4 yr			Finance & General Purposes Committee (Vice-Chair)	79%
Mr C Webb	1 Mar 2019		Ex Officio		Chief Executive Officer	Finance & General Purposes Committee Quality & Standards Committee Search Committee	100%
Ms J Green, a solicitor, acted as Clerk to the Corporation until 17 Jan 2019. Mrs S West acted as interim Clerk to the Corporation from 1 Mar 2019							

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets approximately six times a year.

The Corporation conducts its business through committees, each having its own terms of reference approved by the Corporation. The current standing committees are Audit; Finance and General Purposes; Quality and Standards; and Remuneration and Search. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at [www.bradfordcollege.ac.uk/about/corporate-info/corporation/minutes/2019](http://www.bradfordcollege.ac.uk/about/corporate-info/corporation/minutes/2019) or can be obtained from the Clerk to the Corporation at the College's registered address.

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

# BRADFORD COLLEGE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

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

The Corporation has a strong and independent non-executive element; that group are completely independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. No individual or group dominates the Corporation's decision-making process. There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

### **Appointments to the Corporation**

All Governor appointments are made by the full Corporation, as required by the Instrument of Government. The Corporation's Search Committee, which consists of four members of the Corporation, is responsible for the selection and nomination of new Independent Governors 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, renewable for a maximum of two terms, except in exceptional circumstances or where undertaking a new and more senior role. This arrangement is a deliberate deviation from the Code: The Corporation considers that due to the complexity of the business it is in and the value of corporate memory, it is in the College's interests to be able to retain experienced trustees for more than two terms in exceptional circumstances.

### **Corporation performance**

The Corporation carried out a self-assessment of its own performance in January 2019.



# BRADFORD COLLEGE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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### Standing Committees of the Corporation

#### Search Committee

The Search Committee, which includes in its membership the Group Chief Executive (who is a Governor) and the Chair of the Corporation, considers applications for appointment to the Corporation. The Committee ensures that an appropriate range of skills and expertise is maintained on the board, including a programme of Governor training; and that there is effective succession planning. It closely monitors Governor attendance and operates a number of controls for the same, to ensure high levels of commitment are demonstrated and to mitigate the risk of ineffective governance where a majority of Governors are not fully briefed and up to date.

The Committee also reviews the annual performance of the Corporation and advises the full board on the adequacy of its governance arrangements.

#### Remuneration Committee

The Remuneration Committee oversees the appraisal and performance management arrangements for the Group Chief Executive Officer, the Clerk and other senior post holders as defined in Standing Orders. It also makes recommendations to the Corporation in respect of their remuneration, based on College performance, sector benchmarking and the achievement of individual objectives. Throughout the year the Committee had four members, all independent governors.

Details of payments for the year ended 31 July 2019 are set out in note 8 of the notes to the Financial Statements.

#### Audit Committee

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

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management.

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

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

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

#### Finance and General Purposes Committee

The Finance and Resources Committee considers and advises the Corporation on all aspects of the Corporation's finances and resources, inclusive of financial policies, controls and strategy. It meets twice termly. Its membership includes the Chair of the Corporation and the Chief Executive Officer.

#### Quality and Standards Committee

The Quality and Standards Committee ensures the College's curriculum offering is of a high calibre and reflects current practice and pedagogy in the sector. Its membership includes governors with relevant experience in the education sector especially within FE and HE.

# BRADFORD COLLEGE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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### 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 Chief Executive Officer, 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 Funding Agreement between Bradford College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

#### *The purpose of the system of internal control*

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 Bradford College for the year ended 31 July 2019 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 year ending 31 July 2019 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 Corporation
- regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

The College has an outsourced internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum, annually, the Head of Internal Audit (HIA) provides the Corporation 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.

# BRADFORD COLLEGE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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### *Review of effectiveness*

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

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

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Corporation will carry out the annual assessment for the year ended 31 July 2019 at its meeting on 12<sup>th</sup> December 2019 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2019.

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 accountability for how it spends public funds."*

**Approved by order of the members of the Corporation on 26<sup>th</sup> February 2020 and signed on its behalf by**

**Ms C. Orange**



**Chair**

**Mr Chris Webb**



**Chief Executive Officer**

# BRADFORD COLLEGE

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

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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 grant funding agreement with the ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with the ESFA.

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 grant funding agreements and contract with the ESFA, or any other public funder.

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



**Ms C. Orange**  
Chair



**Mr Chris Webb**  
Chief Executive Officer

# BRADFORD COLLEGE

## STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the College's grant funding agreements and contracts with the ESFA, the Corporation, through its accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, ESFA's College accounts direction and the UK's Generally Accepted Accounting Practice and which give a true and fair view of the state of affairs of the College and its surplus or deficit of income over expenditure 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 UK 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 information about 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 including the Further and Higher Education Act 1992 and Charities Act 2011 and relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard its assets and to prevent and detect fraud and other irregularities.

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

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

**Approved by order of the members of the Corporation and signed on its behalf by**



**Ms C. Orange**  
**Chair**

# BRADFORD COLLEGE

## INDEPENDENT AUDITORS REPORT TO THE CORPORATION OF BRADFORD COLLEGE

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### *Independent auditors' report to the Corporation of Bradford College (the "College")*

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#### **Report on the audit of the financial statements**

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##### ***Opinion***

In our opinion, Bradford College's group financial statements and College financial statements (the "financial statements"):

- give a true and fair view of the state of the group and College's affairs as at 31 July 2019 and of the group and College's income and expenditure, and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise the Consolidated and College Balance Sheets as at 31 July 2019; the Consolidated and College Statements of Comprehensive Income for the year then ended; the Consolidated and College Statements of Changes in Reserves for the year then ended; the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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##### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### ***Independence***

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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##### ***Material uncertainty relating to going concern***

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group and College's ability to continue as a going concern.

The group and College concluded a restructuring transaction with Lloyd's bank to reduce debt during the year. The new loan facility includes a number of loan covenants. Forecasts show that one of these covenants has limited headroom and relies on the sale of certain properties. Two properties are currently under offer and contracts have been exchanged, however there is uncertainty as to the date of completion. A delay to the property sale could result in a breach of a loan covenant.

# BRADFORD COLLEGE

## INDEPENDENT AUDITORS REPORT TO THE CORPORATION OF BRADFORD COLLEGE

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These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group and College's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group or College was unable to continue as a going concern.

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### ***Reporting on other information***

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

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

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### ***Responsibilities for the financial statements and the audit***

#### **Responsibilities of the Corporation for the financial statements**

As explained more fully in the statement of responsibilities of the members of the corporation set out on page 20, the Corporation is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Corporation is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditors' 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 auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the Corporation as a body in accordance with Article 22 of the College's Articles of Government and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# BRADFORD COLLEGE

## INDEPENDENT AUDITORS REPORT TO THE CORPORATION OF BRADFORD COLLEGE

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### Other Required Reporting

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#### *Opinions on other matters prescribed in the Post-16 Audit Code of Practice issued by the Education and Skills Funding Agency*

Under the Post-16 Audit Code of Practice issued by the Education and Skills Funding Agency we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
27 February 2020



# BRADFORD COLLEGE

## REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY

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### **Independent Reporting Accountant's Assurance Report on Regularity to the Corporation of Bradford College and the Secretary of State for Education acting through the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 15 July 2019 and further to the requirements of the financial memorandum with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Bradford College during the period 1 August 2018 to 31 July 2019 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 issued by the Education and Skills Funding Agency. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which Education and Skills Funding Agency has other assurance arrangements in place.

This report is made solely to the corporation of Bradford College and the Education and Skills Funding Agency in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Bradford College and Education and Skills Funding Agency those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation of Bradford College and Education and Skills Funding Agency for our work, for this report, or for the conclusion we have formed, save where expressly agreed in writing.

### **Respective responsibilities of Bradford College and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Post-16 Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

# BRADFORD COLLEGE

## REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY

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### **Approach**

We conducted our engagement in accordance with the Post-16 Audit Code of Practice issued jointly by the Education and Skills Funding Agency. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw to our conclusion includes:

### **Regularity**

1. Obtain an understanding of how the corporation discharges its responsibilities to safeguard the college's assets.
2. Review Corporation minutes to confirm there are reporting arrangements in place to regularly inform the college's Governing Body / Corporation of the financial health of the college and that there is due consideration of the financial health of the college when making decisions concerning the operation and direction of the college.
3. Review policies and procedures in place which set powers of authorisation and obtain evidence over situations where corporation approval is required.
4. Obtain an understanding of how members of the corporation discharge their responsibilities as charitable trustees.
5. Obtain evidence to demonstrate that members of the corporation are discharging their responsibilities as charitable trustees.
6. Review evidence to demonstrate how the college periodically reviews its activities to ensure they are within its powers.
7. Obtain an understanding of the non-core activities of the College. For non-core activities identified evaluate the controls over the monitoring of financial performance to review whether these activities are being materially subsidised from public funding.
8. Obtain an understanding of how the college established appropriate arrangements for each subsidiary and/or associate and/or joint venture to enable governors to discharge their accountability responsibilities which include:
  - appropriate representation by governors on the boards
  - arrangements for regular reporting of performance to the corporation
  - a clear memorandum of understanding in place
  - coverage of activities within the internal audit plan

# BRADFORD COLLEGE

## REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY

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9. Where the college is considering or has made settlements or employment claims by any employee:
- examine related authorisations, legal and other professional correspondence and Board minutes
  - evaluate whether procedures followed and decisions reached are reasonable and consistent with funding requirements
  - obtain evidence to demonstrate these have been brought to the attention of an independent auditor
10. Review the College's property strategy and confirm whether this has been developed in line with good practice guidance in the further education sector.
11. Where property has been disposed of, obtain evidence to demonstrate that the funding body has been notified.

### Use of funds

12. Examine policies and procedures in operation during the year for each funding stream where there are specific conditions attached.
13. Evaluate the control environment for approval, administering, monitoring and applying funds in accordance with the terms and conditions attached to the funding. Where it is considered necessary to gain further assurance over the application of these funds perform substantive testing.
14. For funding streams identified evaluate the controls over the completion of funding claims and returns and obtain evidence that all necessary returns have been completed and returned and that these have been reconciled to the specific eligible costs/activities incurred/delivered.
15. Obtain an understanding of how the College ensures it complies with funding requirements for subcontracted provision and if necessary perform substantive testing to test that the college has complied with related funding requirements.

### Propriety

16. Obtain policies on acceptance of gifts and/or hospitality and other relevant policies and evaluate whether the college has put reasonable procedures in place to mitigate against corruption.
17. Understand and evaluate procedures for identifying and recording potential conflicts of interest and related parties for staff in a position of trust and obtain evidence that there is a register of interests to capture these.
18. Obtain evidence that the procurement process is clearly documented in college financial regulations or financial procedures.
19. Obtain an understanding of the access arrangements in place over the register of interests and confirm this covers all governors and staff with significant financial and decision making powers.
20. Obtain an understanding of and evaluate the college's whistle blowing policies and procedures and the impact of any whistle blowing allegations on the financial statements and regularity audit. Obtain evidence that this policy has been approved by the Corporation and that the confidentiality arrangements in place.
21. Obtain an understanding of and evaluate the college's controls and procedures for the safeguarding of assets from fire and theft. Inspect minutes and records to identify any occurrences in the year and obtain details of these.
22. Obtain an understanding of the process for regular review of insurance cover in place to ensure these are sufficient and adequate and obtain evidence of insurance cover in place over assets.
23. Obtain an understanding of the college's policies over the appointment of governors and staff, including the nature of checks made on appointment, how it undertakes 'fit and proper' checks when required, and how the college demonstrates even-handedness.

# BRADFORD COLLEGE

## REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY

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24. Obtain an understanding of whether the College has entered into any subsidiary, joint ventures or similar arrangements. Where necessary, ensure a cost/benefit analysis has been prepared and approved by the Corporation.
25. Obtain an understanding of the reporting arrangements to governors on the performance of investments, subsidiaries and joint ventures.
26. Obtain an understanding of the College's policy and procedures for monitoring overseas travel expenses and reporting arrangements to the Corporation. If considered significant, perform substantive testing to evidence that this relates to a strategy for overseas activities approved by the Corporation.
27. Obtain an understanding of policies and where necessary test the controls over disposals of fixed assets and review whether disposals are authorised in accordance with the financial regulations of the college.
28. Obtain an understanding of the policies in place over personal expense claims and perform substantive testing where necessary to confirm the controls are operating effectively.
29. Obtain an understanding of the reporting process and controls over project appraisal and monitoring from inception to completion and post implementation review. Perform substantive testing of these processes where necessary to gain assurance over the procedures in place for significant capital and revenue projects and these are in accordance with the financial regulations
30. Obtain evidence that the Corporation has approved expenditure levels above which formal quotations are required and that further approval levels are in place in the procurement process and documented in the financial regulations.
31. Obtain an understanding of and evaluate the College's controls and procedures for the safeguarding of assets from cyber security breaches. Inspect minutes and records to identify any occurrences in the year and obtain details of these.
32. Obtain an understanding of the policies in place over the authorisation of the use of College credit cards and perform substantive testing where necessary to confirm the controls are operating effectively.
33. Obtain an understanding of the policies in place over ex-gratia payments and perform substantive testing where necessary to confirm the controls are operating effectively.
34. Obtain an understanding of how the college trains its staff in the requirements of the Bribery Act 2000.
35. Obtain an understanding of the processes and controls in place to prevent fraud and financial irregularity.
36. Obtain an understanding of the process followed to ensure that fraud and financial irregularity is recorded on a fraud log and reported to the chair of the audit committee, internal and external auditors and, where required, the Education and Skills Funding Agency. Obtain evidence that reporting obligations have been followed.

# BRADFORD COLLEGE

## REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY

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### 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 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

A handwritten signature in black ink, appearing to read "PricewaterhouseCoopers LLP", is written across the page.

PricewaterhouseCoopers LLP

Chartered Accountants

Leeds

27 February 2020

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**BRADFORD COLLEGE**  
**CONSOLIDATED AND COLLEGE STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 JULY 2019**

	Note	Group 2019 £'000	College 2019 £'000	Group 2018 £'000	College 2018 £'000
<b>INCOME</b>					
Funding body grants	3	35,028	31,209	35,384	30,008
Tuition fees and education contracts	4	14,415	14,415	16,982	16,982
Research grants and contracts	5	707	707	535	535
Other income	6	31,410	31,192	10,073	9,794
Investment income	7	46	44	12	11
<b>Total income</b>		<b>81,606</b>	<b>77,567</b>	<b>62,986</b>	<b>57,330</b>
<b>EXPENDITURE</b>					
Staff costs	8	31,439	28,577	33,532	31,070
Restructuring costs	8	2,840	2,659	996	971
Other operating expenses	9	17,760	16,706	21,855	18,794
Depreciation	12	3,375	3,295	3,733	3,665
Interest and other finance costs	10	8,199	8,199	3,041	3,041
<b>Total expenditure</b>		<b>63,613</b>	<b>59,436</b>	<b>63,157</b>	<b>57,541</b>
<b>Surplus / (Deficit) before other gains and losses and share of surplus in joint ventures</b>		17,993	18,131	(171)	(211)
Loss on disposal of tangible fixed assets	12	(8)	-	(664)	(664)
Share of operating surplus/ (deficit) in joint venture		32	-	(32)	-
Impairment of investment		-	(10)	-	-
<b>Surplus (Deficit) before tax</b>		<b>18,017</b>	<b>18,121</b>	<b>(867)</b>	<b>(875)</b>
Taxation	11	-	-	-	-
<b>Surplus / (Deficit) for the year</b>		<b>18,017</b>	<b>18,121</b>	<b>(867)</b>	<b>(875)</b>
Actuarial (loss) / gain in respect of defined benefit pensions schemes	24	(18,469)	(18,469)	5,412	5,412
Actuarial loss in respect of enhanced pensions	19	-	-	(1)	(1)
Impairment charged to revaluation reserve		(21)	(21)	(856)	(856)
<b>Other comprehensive (expense) / income for the year</b>		<b>(18,490)</b>	<b>(18,490)</b>	<b>4,555</b>	<b>4,555</b>
<b>Total comprehensive (expense) / income for the year</b>		<b>(473)</b>	<b>(369)</b>	<b>3,688</b>	<b>3,680</b>

**BRADFORD COLLEGE**  
**CONSOLIDATED AND COLLEGE STATEMENTS OF CHANGES IN RESERVES**  
**FOR THE YEAR ENDED 31 JULY 2019**

	Restricted Reserves	Attributable to College Corporation		
	Endowment fund	Income and expenditure reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000
<b>GROUP</b>				
<b>Balance at 1 August 2017</b>	<b>124</b>	<b>13,022</b>	<b>7,446</b>	<b>20,592</b>
Deficit for the year	-	(867)	-	(867)
Other comprehensive expense	-	5,411	(856)	4,555
Transfers between revaluation and income and expenditure reserves	-	549	(549)	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>5,093</b>	<b>(1,405)</b>	<b>3,688</b>
<b>Balance at 31 July 2018</b>	<b>124</b>	<b>18,115</b>	<b>6,041</b>	<b>24,280</b>
Surplus for the year	-	18,017	-	18,017
Other comprehensive expense	-	(18,469)	(21)	(18,490)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(452)</b>	<b>(21)</b>	<b>(473)</b>
<b>Balance at 31 July 2019</b>	<b>124</b>	<b>17,663</b>	<b>6,020</b>	<b>23,807</b>
<b>COLLEGE</b>				
<b>Balance at 1 August 2017</b>	<b>124</b>	<b>12,238</b>	<b>7,446</b>	<b>19,808</b>
Deficit for the year	-	(875)	-	(875)
Other comprehensive income	-	5,412	(856)	4,556
Transfers between revaluation and income and expenditure reserves	-	549	(549)	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>5,086</b>	<b>(1,405)</b>	<b>3,681</b>
<b>Balance at 31 July 2018</b>	<b>124</b>	<b>17,324</b>	<b>6,041</b>	<b>23,489</b>
Surplus for the year	-	18,121	-	18,121
Other comprehensive expense	-	(18,469)	(21)	(18,490)
<b>Total comprehensive expense for the year</b>	<b>-</b>	<b>(348)</b>	<b>(21)</b>	<b>(369)</b>
<b>Balance at 31 July 2019</b>	<b>124</b>	<b>16,976</b>	<b>6,020</b>	<b>22,996</b>



# BRADFORD COLLEGE

## CONSOLIDATED AND COLLEGE BALANCE SHEETS AS AT 31 JULY 2019

	Note	Group 2019 £'000	College 2019 £'000	Group 2018 £'000	College 2018 £'000
<b>Fixed assets</b>					
Tangible assets	12	77,239	76,339	77,778	77,127
Investments	13	125	653	125	663
Net investment in joint venture	14	116	-	84	-
<b>Total fixed assets</b>		<b>77,480</b>	<b>76,992</b>	<b>77,987</b>	<b>77,790</b>
<b>Current assets</b>					
Stocks		45	44	33	33
Debtors	15	2,241	1,712	3,499	3,415
Assets held for resale	16	3,353	3,353	3,374	3,374
Cash at bank and in hand		8,598	8,489	7,219	6,371
<b>Total current assets</b>		<b>14,237</b>	<b>13,598</b>	<b>14,125</b>	<b>13,193</b>
<b>Current liabilities</b>					
Creditors – amounts falling due within one year	17	7,081	6,641	48,687	48,349
<b>Net current (liabilities)/assets</b>		<b>7,156</b>	<b>6,957</b>	<b>(34,562)</b>	<b>(35,156)</b>
<b>Total assets less current liabilities</b>		<b>84,636</b>	<b>83,949</b>	<b>43,425</b>	<b>42,634</b>
Creditors – amounts falling due after more than one year	18	20,277	20,277	-	-
<b>Provisions for liabilities</b>					
Defined benefit pension scheme	19	40,315	40,315	18,887	18,887
Other provisions	19	237	237	258	258
<b>Total net assets</b>		<b>23,807</b>	<b>23,120</b>	<b>24,280</b>	<b>23,489</b>
<b>Reserves</b>					
<b>Restricted reserves</b>					
Endowment fund		124	124	124	124
<b>Unrestricted Reserves</b>					
Income and expenditure reserve		17,663	16,976	18,115	17,324
Revaluation reserve		6,020	6,020	6,041	6,041
Attributable to the College Corporation		23,683	22,996	24,156	23,365
<b>Total reserves</b>		<b>23,807</b>	<b>23,120</b>	<b>24,280</b>	<b>23,489</b>

The financial statements were approved and authorised for issue by the Corporation on 12 December 2019 and were signed on its behalf on that date by:

**Ms C. Orange**  
Chair

**Mr C Webb**  
Accounting Officer

# BRADFORD COLLEGE

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2019

	Note	2019 £'000	2018 £'000
<b>Operating activities</b>			
Cash generated from operations	21	5,652	6,895
Taxation paid		-	-
<b>Net cash generated from operating activities</b>		<b>5,652</b>	<b>6,895</b>
<b>Investing activities</b>			
Proceeds from sale of tangible fixed assets		-	750
Gift aid received from jointly controlled entities		107	-
Investment income		46	12
Release of retentions and VAT adjustment		-	222
Purchase of tangible fixed assets		(2,595)	(630)
<b>Net cash (used in)/generated from investing activities</b>		<b>(2,442)</b>	<b>354</b>
<b>Financing activities</b>			
Interest paid on borrowings		(1,831)	(2,450)
Interest paid under finance leases		-	(24)
Repayments of borrowings		-	(1,552)
Repayments of obligations under finance leases		-	(721)
<b>Net cash used in financing activities</b>		<b>(1,831)</b>	<b>(4,747)</b>
<b>Increase in cash and cash equivalents in the year</b>		<b>1,379</b>	<b>2,501</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>7,219</b>	<b>4,718</b>
<b>Cash and cash equivalents at end of the year</b>		<b>8,598</b>	<b>7,219</b>

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# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 1. ACCOUNTING POLICIES

#### General information

Bradford College is a corporation established under the Further and Higher Education Act 1992 as an English general College of further education. The address of the College's principal place of business is Bradford College, Great Horton Road, Bradford, West Yorkshire, BD7 1AY.

#### Basis of accounting

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

The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with the Statement of Recommended Practice (SORP): Accounting for further and higher education 2015 (the "SORP") and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland. They conform to guidance published jointly by the Skills Funding Agency and EFA, in the 2018/19 Accounts Direction Handbook.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the College's accounting policies (see note 2).

The following principal accounting policies have been applied:

#### Reduced disclosures

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

#### Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, Training for Bradford Limited and Beacon Recruitment and Placement Services Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All financial statements are made up to 31 July 2019.

All intra-group transactions, balances and unrealised gains on transactions between group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. Joint Venture entities are accounted for using the equity method. The investment is initially measured at cost and is subsequently adjusted to reflect the College's share of the profit or loss and equity.

#### Going concern

In March 2019 the discussions concluded with the ESFA and the group's primary lender, Lloyd's bank, which resulted in additional grant funding from the ESFA and new loan arrangements were agreed with the bank. This resulted in a further grant of approx. £5m being made available to the College from the ESFA. In addition the bank loans held at 31st July 2018 together with break costs associated with those loans have been fully repaid from a new loan facility of £20m, a further grant from the ESFA of approx. £12.8m and debt forgiveness by the bank of £12.8m. The new facility is comprised of a) a £2m interest only loan repayable in full at the end of 4 years unless repaid from the proceeds of disposal of surplus properties and b) an £18m loan repayable over 15 years with a capital holiday for the first two years and a final payment of £6.3m at the end.

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 1. ACCOUNTING POLICIES (CONTINUED)

The balance of £11.7m, repayable over 15 years, is subject to a fixed rate interest charge of 3.784% per annum. All other loan balances are at a variable rate linked to LIBOR. The College continues to work closely and meets regularly with the bank and the ESFA to review progress against the Colleges strategic recovery plan, with the outturn for 2018/19 being slightly favourable to the plan. The cash position is reviewed regularly along with loan covenant compliance. Forecasts show limited headroom on one covenant; debt as a percentage of income. It is expected that the head room on this covenant will improve, once two buildings which the College has exchanged contracts on, are disposed. It is anticipated these, along with a third property should be completed during 2020, which would fully repay the £2m interest only loan and would be ahead of the Colleges strategic recovery plan. However, a delay to the disposal of the buildings could result in a breach of the loan covenant.

The Group is operating under the regime of a strategic recovery plan, where cash and loan covenant compliance are under continual scrutiny to ensure the Group continues to be financially on target to meet its obligations. The Group works closely and meets regularly with the bank and the ESFA. The 2018/19 outturn is slightly favourable to plan. For this reason, the Group and College continue to adopt the going concern basis in preparing the financial statements. However, the uncertainty over the ongoing ability to meet one of the loan covenants along with the other conditions described above indicate that a material uncertainty exists that may cast significant doubt on the Group and College's ability to continue as a going concern.

In March 2019 additional grant funding from the ESFA and new loan arrangements were agreed with the Bank. The Group has introduced a number of efficiencies to be enacted over 2018/19 and 2019/20. These fall under the following five headings:

- Streamline management and optimise the use of different workforce contract types
- Review curriculum delivery
- Review of subcontracting provision
- Review of subsidiary structures
- Support function review.

The ESFA extended further grant funding and a new bank loan facility has been negotiated during 2018/19.

### Recognition of income

#### Grants – government and non-government

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

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

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

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

Grants from non-government sources, including grants relating to assets, are recognised in income when the

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 1. ACCOUNTING POLICIES (CONTINUED)

College has met the performance-related conditions and the grant will be received. Income received in advance of performance related conditions being met is recognised as a liability.

Government capital grants for assets are accounted for under the performance model. The grant income received or receivable is recognised in full in profit or loss in the year in which the performance criteria related to the grant are met. Where the performance criteria relating to the grant are not met in the year in which the grant is received, the grant is not recognised in profit or loss.

#### **Tuitions fee Income**

Invoices are raised against courses where a fee is due from the student and recognised in the accounts in the year of study. The student applies where applicable for student finance or advanced learner loan to cover the fees. The fee invoice will be cleared by the Student Loan Company on behalf of the student or the student themselves as applicable.

#### **Workbased Learning Fees**

ESFA funding from the Adult Education Budget to support learning in the workplace combined with learning in the classroom. Income is recognised in the period of study.

#### **Educational Contracts**

Other educational contracts awarded to the College Group, funded by public and/or private sector partners. Income is recognised in line with stage of completion of the contract.

#### **Apprenticeship Income**

Fees received through the ESFA and recognised in the period of study. The retention fee of 20% is recognised when received.

#### **Other income**

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

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

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

#### **Restructuring Costs**

The cost of redundancy is calculated either in accordance with contractual terms or statutory provisions and a cost is recognised when the group has a detailed formal plan for restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring. The relevant statutory provisions are based on the employee's age, length of continuous employment and either the statutory figure or actual weekly pay. Considerations will be given to the relevant provisions of the Local Government and Teacher's Pension Schemes.

#### **Retirement benefits**

Retirement benefits to employees of the College are principally provided by Teachers' Pensions Scheme (TPS) and the West Yorkshire Pension Fund (WYPF), which are multi-employer defined benefit plans.

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

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 1. ACCOUNTING POLICIES (CONTINUED)

contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

#### **Short term Employment benefits**

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

#### **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to comprehensive income in the year that the member of staff retires. In subsequent years the provision is re-measured, and a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the association of college's.

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 1. ACCOUNTING POLICIES (CONTINUED)

#### **Fixed asset investments**

##### *College*

Interests in subsidiaries and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses in the separate financial statements of the College.

Interests in subsidiaries and jointly controlled entities are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in comprehensive income.

##### *Group*

##### *Jointly controlled entities*

Entities in which the Group has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities. Jointly controlled entities are accounted for using the equity method. The investment is initially measured at cost and subsequently adjusted to reflect the College's share of the profit or loss and equity.

##### *Other investments and endowment assets*

Listed investments or endowment assets are stated at fair value through the profit or loss. Investments comprising unquoted equity instruments whose fair values cannot be measured reliably are measured at cost less impairment. The income from the sale of investments is recognised as the sale is completed and any profit arising disclosed in the Statement of Comprehensive Income.

#### **Tangible fixed assets**

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

##### *Land and buildings*

Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation and revalued at 7<sup>th</sup> May 2018 less accumulated depreciation and accumulated impairment losses).

##### *Properties under construction*

Properties in the course of construction are accounted for at cost less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to operating condition. They are not depreciated until they are brought into use.

##### *Equipment*

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



# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 1. ACCOUNTING POLICIES (CONTINUED)

#### *Depreciation and residual values*

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

- Freehold buildings - between 10 and 50 years
- Major adoptions to buildings - 25 years
- Furniture and equipment - 20% per year – Straight Line Method
- Motor vehicles - 25% per year – Straight Line Method
- Fixtures and fittings - 10% per year – Straight Line Method
- Computer equipment - 25% per year – Straight Line Method

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

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

#### **Impairments of fixed assets**

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

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

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

#### **Assets held for resale**

When a fixed asset is determined to no longer be used for the long term benefit (i.e. for greater than 12 months) of the Group or College, and it is intended to dispose of the asset and it is available for disposal, it is recognised as a current asset held for sale. Assets held for resale are measured at the lower of the carrying amount and the fair value less costs to sell.

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 1. ACCOUNTING POLICIES (CONTINUED)

#### Leased assets

##### *Finance leased assets*

Leasing agreements which transfer to the College substantially all the benefits and risks and rewards incidental to ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset or, if lower, the present value of minimum lease payments as determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets are depreciated over the shorter of the lease term and the estimated useful economic life of the asset and assessed for impairment losses in the same way as owned assets.

##### *Operating leases*

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

#### Financial Instruments

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

##### *Financial assets and liabilities*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

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

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

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

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 1. ACCOUNTING POLICIES (CONTINUED)

#### **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 charity 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.

Training for Bradford Limited and Beacon Recruitment and Placement Services Limited are subject to both corporation tax and to VAT in the same way as any commercial organisation.

#### **Provisions and contingent liabilities**

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

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

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

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

#### **Unrestricted reserves**

##### *Income and expenditure reserve*

Cumulative surplus/deficit generated by the Group.

##### *Revaluation reserve*

The cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in profit or loss.

#### **Agency arrangements**

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

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION OF UNCERTAINTY

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

#### *Critical areas of judgement*

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

- In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Group and College as lessee.
- The Group and College makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile and historical experience of the customer.
- The Group and College makes a judgement in categorising assets held for resale. Management carries out an assessment of whether it is probable that a property will be sold within 12 months.

Critical accounting estimates and assumptions:

- The Group and College has reviewed its ability to continue as a going concern. Note 1 highlights some of the risks and challenges that will be faced by the College over 2019/20.
- Tangible fixed assets

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

- West Yorkshire Pension Fund

The present value of the West Yorkshire Pension Fund 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 24, 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 2019. 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. Furthermore a liability has been provided for McCloud and GMP Indexation please see disclosure note 24 for full judgements and estimates.

- Impairment of fixed assets

The group considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the estimation of the recoverable amount of the asset or the recoverable amount of the cash-generating unit is required. There was no indication of impairment in current year.

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

### 3. FUNDING BODY GRANTS

	2019		2018	
	Group £'000	College £'000	Group £'000	College £'000
Education and Skills Funding Agency - Adult	12,760	8,941	14,318	8,942
Education and Skills Funding Agency – 16-18	20,744	20,744	19,120	19,120
Office for Students capital grant	128	128	279	279
Office for Students revenue grants	975	975	1,165	1,165
DfE grants	421	421	502	502
<b>Total</b>	<b>35,028</b>	<b>31,209</b>	<b>35,384</b>	<b>30,008</b>

The Education and Skills Funding Agency (non-recurrent grant) – Adult funding includes in Community Learning funds of £956k for 2019. Previously this element was included, but not identified separately, within the Education and Skills Funding Agency – Adult non-recurrent grant funding.

### 4. TUITION FEES AND EDUCATION CONTRACTS

	2019		2018	
	Group £'000	College £'000	Group £'000	College £'000
Tuition fees				
UK higher education students	8,710	8,710	10,281	10,281
Trainee teachers	3,154	3,154	3,327	3,327
UK and EU further education students	1,508	1,508	1,848	1,848
Work based learning fees	908	908	1,260	1,260
Education contracts	135	135	266	266
<b>Total</b>	<b>14,415</b>	<b>14,415</b>	<b>16,982</b>	<b>16,982</b>

### 5. RESEARCH GRANTS AND CONTRACTS

	2019		2018	
	Group £'000	College £'000	Group £'000	College £'000
European Commission	-	-	22	22
Other grants and contracts	707	707	513	513
<b>Total</b>	<b>707</b>	<b>707</b>	<b>535</b>	<b>535</b>

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

### 6. OTHER INCOME

	2019		2018	
	Group £'000	College £'000	Group £'000	College £'000
Catering and residencies	-	-	1	1
Other income generating activities	24	24	25	25
Other Grant Income	17,838	17,838	9,274	9,274
Finance Income	12,972	12,972	-	-
Miscellaneous income	576	358	773	494
<b>Total</b>	<b>31,410</b>	<b>31,192</b>	<b>10,073</b>	<b>9,794</b>

Other Grant Income - Exceptional Financial Support grant received from ESFA to meet immediate cash need in 2019 £4,866k (2018: £9,274k). In addition in 2019 ESFA debt forgiveness of £12,972k.

Finance Income - Lloyds bank also matched debt forgiveness approx. £12,972k.

### 7. INVESTMENT INCOME

	2019		2018	
	Group £'000	College £'000	Group £'000	College £'000
Other interest receivable	46	44	12	11
<b>Total</b>	<b>46</b>	<b>44</b>	<b>12</b>	<b>11</b>

### 8. STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION – GROUP AND COLLEGE

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

	2019		2018	
	Group No.	College No.	Group No.	College No.
Teaching staff	385	385	340	328
Non-teaching staff	365	269	517	436
<b>Total</b>	<b>750</b>	<b>654</b>	<b>857</b>	<b>764</b>

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

### 8. STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION – GROUP AND COLLEGE (CONTINUED)

#### Staff costs for the above persons

	2019		2018	
	Group £'000	College £'000	Group £'000	College £'000
Wages and salaries	23,432	20,877	26,330	24,097
Social security costs	2,314	2,103	2,454	2,305
Other pension costs	5,453	5,357	4,748	4,668
Apprenticeship Levy	240	240	-	-
<b>Payroll sub-total</b>	<b>31,439</b>	<b>28,577</b>	<b>33,532</b>	<b>31,070</b>
Restructuring costs - Contractual	2,840	2,659	996	971
<b>Total staff costs</b>	<b>34,279</b>	<b>31,236</b>	<b>34,528</b>	<b>32,041</b>

#### Key management personnel compensation

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 Executive Team, which comprised the Chief Executive Officer, Deputy Chief Executive Officer, Director of Employer Responsiveness, Provost, Group Chief Executive, the Director of Finance & Corporate Affairs, and the Director of People Services.

The emoluments of the KMP and the AO, are considered by the Remuneration Committee, who make recommendations to The Corporation for the approval of KMP and AO emoluments. Emoluments are benchmarked alongside sector rates. Performance of the KMP and the AO is taken into consideration through target and KPI setting.

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

	2019 No.	2018 No.
The number of key management personnel including Accounting Officer was:	<b>9</b>	<b>8</b>

The numbers of key management personnel were slightly higher in 2019 than 2018 due to the change in personnel including the Chief Executive Officer and Director of Finance. The actual number in post at any time was the same in both years.

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

### 8. STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION – GROUP AND COLLEGE (CONTINUED)

The number of key management personnel and other staff 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		Other staff	
	2019 No.	2018 No.	2019 No.	2018 No.
£60,001 to £65,000 p.a.	-	-	3	6
£65,001 to £70,000 p.a.	-	-	6	1
£70,001 to £75,000 p.a.	-	-	2	2
£75,001 to £80,000 p.a.	-	1	1	1
£80,001 to £85,000 p.a.	1	1	-	-
£85,001 to £90,000 p.a.	2	-	-	-
£90,001 to £95,000 p.a.	1	-	-	-
£95,001 to £100,000 p.a.	-	-	-	-
£100,001 to £105,000 p.a.	-	1	-	-
£105,001 to £110,000 p.a.	-	2	-	-
£110,001 to £115,000 p.a.	3	2	-	-
£115,001 to £120,000 p.a.	-	-	-	-
£120,001 to £125,000 p.a.	1	-	-	-
£125,001 to £130,000 p.a.	-	-	-	-
£135,001 to £140,000 p.a.	-	-	-	-
£140,001 to £145,000 p.a.	-	-	-	-
£145,001 to £150,000 p.a.	-	-	-	-
£150,001 to £160,000 p.a.	-	1	-	-
£160,001 to £165,000 p.a.	1	-	-	-
	<b>9</b>	<b>8</b>	<b>12</b>	<b>10</b>

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

	2019 £'000	2018 £'000
Salaries – gross of salary sacrifice and waived emoluments	486	661
Restructuring costs	-	271
Benefits in kind	-	2
Employers National insurance	62	93
	<b>548</b>	<b>1,027</b>
Employers pension contributions	62	98
<b>Total Emoluments</b>	<b>610</b>	<b>1,125</b>



# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

### 8. STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION – GROUP AND COLLEGE (CONTINUED)

The above emoluments include termination payments made in 2018 to former senior personnel. Restructuring costs of £271k above are termination payments.

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

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Salaries	<b>141</b>	129
Employers National insurance	<b>18</b>	17
	<b>159</b>	146
Employers pension contributions	<b>22</b>	19
<b>Total Emoluments</b>	<b>181</b>	165

The above is calculated on three individual members of staff who undertook the Accounting Officer role during 2018/19 breakdown as follows.

	C Jones	C Malish	C Webb
	£'000	£'000	£'000
Salaries	9	63	69
Employers National insurance	1	8	9
	10	71	78
Employers pension contributions	2	9	11
<b>Total Emoluments</b>	12	80	89

The period in which each of the accounting officers undertook were as follows:

Christopher Jones Aug 18, Christopher Malish September 18 to February 19 and Christopher Webb March 19 to July 19.

Pay multiple Corporations must disclose the relationship between the Accounting Officer's emoluments and that of all other employees as a pay multiple, calculated on a full time equivalent basis, excluding apprentices as an exception and expressed as follows:

	<b>2019</b>	<b>2018</b>
AO's basic salary as a multiple of median pay for all other staff members	3.89:1	1.99:1
AO's gross salary as a multiple of median pay for all other staff members	3.69:1	1.99:1

#### **C. Jones to Aug 18**

	<b>2019</b>
AO's basic salary as a multiple of median pay for all other staff members	3.10:1
AO's gross salary as a multiple of median pay for all other staff members	2.67:1

#### **C. Malish Sept 18 to Feb 19**

AO's basic salary as a multiple of median pay for all other staff members	3.46:1
AO's gross salary as a multiple of median pay for all other staff members	3.28:1

#### **C. Webb March 19 to July 19**

AO's basic salary as a multiple of median pay for all other staff members	4.56:1
AO's gross salary as a multiple of median pay for all other staff members	4.41:1

The calculation is based on the emolument for the period of office annualised and taken as a multiple of the median annual basic salary of all other College employees based on a full time equivalent, excluding apprentices during the year.

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 8. STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION – GROUP AND COLLEGE (CONTINUED)

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles in future.

The remuneration package of Key management staff, including Chief Executive Officer, is subject to annual review by the Remuneration Committee of the governing body, who set the appropriate remuneration based on effectiveness of the senior post holders. The Committee terms of reference are tasked with avoiding rewarding poor performance. Benchmarking information is referenced to provide objective guidance.

The Executive Team reports to the Chair of Board, who undertakes an annual review of their performance against the college's overall objectives using both qualitative and quantitative measures of performance.

There was no severance payment's approved by the College's Remuneration Committee in year any redundancy payments were due to restructure.

The Chief Executive Officer's basic salary is 4.56 (1.99 2018) times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the College to its staff.

The Chief Executive Officer's total remuneration is 4.41 (1.99 2018) times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the College to its staff. The College's operating context and performance in 2018-19 are described in detail elsewhere in these financial statements. The Chief Executive Officer's remuneration is set in the context of a college with a turnover of £81.6m with operating surplus of £18m before other gains and losses. The College operates in an increasingly competitive student recruitment environment, linked to demographic factors and changes in government policy. Major risks include rising competition in the local area, financial sustainability and rising pension's costs. In 2018/19, strategically, the College committed to continue its strengthening of its academic and financial sustainability through the successful application to the restructuring facility and the ongoing challenges in both the FE and HE sectors in England.

Performance of the College is monitored in delivering the strategic goals and objectives as set by the corporation, namely 1) to deliver an outstanding student experience b) to support employability, enterprise and innovation c) to place people and communities at the centre of its values and d) to maintain a dynamic and sustainable College.

The remuneration for 2018-19 of the Chief Executive Officer, Christopher Webb, was considered to be fair, appropriate and justifiable, given the College's operating context and performance in 2018-19 outlined above.

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.

#### **Governors' remuneration**

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

During the year five governors (2018: three governors) were paid total expenses of £2,156 (2018: £478) in respect of travel and subsistence and other out of pocket expenses incurred in the course of their duties.

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

### 9. OTHER OPERATING EXPENSES

	2019		2018	
	Group £'000	College £'000	Group £'000	College £'000
Teaching costs	5,237	5,237	5,855	5,855
Non-teaching costs	7,365	6,311	10,616	7,555
Premises costs	5,088	5,088	5,277	5,277
HE Bursaries paid	70	70	107	107
<b>Total</b>	<b>17,760</b>	<b>16,706</b>	<b>21,855</b>	<b>18,794</b>

	2019		2018	
	Group £'000	College £'000	Group £'000	College £'000
<b>Deficit before tax is stated after charging/(crediting):</b>				
<b>External auditors' remuneration:</b>				
Financial statements audit	69	50	69	50
Other services provided by the financial statements auditors:				
Assurance services	4	4	2	2
<b>Internal auditors' remuneration:</b>				
Internal audit work	63	63	52	52
Other services provided by the internal auditor	12	12	26	26
<b>Profit/ (Loss) on disposal of tangible fixed assets</b>	<b>(9)</b>	<b>-</b>	<b>(664)</b>	<b>(664)</b>
<b>Impairment of investment</b>	<b>-</b>	<b>(10)</b>	<b>-</b>	<b>-</b>
<b>Operating lease rentals</b>	<b>342</b>	<b>342</b>	<b>94</b>	<b>94</b>

### 10. INTEREST AND OTHER FINANCE COSTS – GROUP AND COLLEGE

	2019 £'000	2018 £'000
Bank loans, overdrafts and other loans	7,630	2,448
Finance leases	58	26
Net interest on defined pension liability (note 24)	511	567
<b>Total</b>	<b>8,199</b>	<b>3,041</b>

Included in Bank loans, overdrafts and other loans above is £5.875m breakage costs.

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 11. TAXATION

#### - GROUP

Tax expense included in Statement of Comprehensive Income

	<b>2019</b>	2018
	<b>£'000</b>	£'000
United Kingdom corporation tax at 19% (2018: 19%)	-	-
Provision for deferred corporation tax	-	-
<b>Total tax payable</b>	<u>-</u>	<u>-</u>

#### Reconciliation of tax charge

Tax assessed for the year is lower (2018: higher) the standard rate of corporation tax in the UK for the year ended 31 July 2019 of 19% (2018: 19%). The differences are explained below.

	<b>2019</b>	2018
	<b>£'000</b>	£'000
<b>Surplus / (Deficit) before tax</b>	<b>18,017</b>	<b>(867)</b>
Surplus / (Deficit) multiplied by the standard rate of tax in the UK of 19% (2018:19%)	<b>3,423</b>	<b>(165)</b>
Effects of: Income not subject to tax	<b>(3,423)</b>	<b>165</b>
<b>Total charge for the year</b>	<u>-</u>	<u>-</u>

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

### 12. TANGIBLE ASSETS GROUP

	Land and buildings	Fixtures, Computers & Equipment	Total
	£'000	£'000	£'000
<b>Cost or valuation</b>			
At 1 August 2018	92,094	11,396	103,490
Additions	1,605	1,240	2,845
Disposals	(13)	(4)	(17)
<b>At 31 July 2019</b>	<b>93,686</b>	<b>12,632</b>	<b>106,318</b>
<b>Accumulated Depreciation</b>			
At 1 August 2018	17,460	8,252	25,712
Charge for the year	1,872	1,503	3,375
Elimination in respect of disposals	(4)	(4)	(8)
<b>At 31 July 2019</b>	<b>19,328</b>	<b>9,751</b>	<b>29,079</b>
<b>Carrying amount</b>			
<b>At 31 July 2019</b>	<b>74,358</b>	<b>2,881</b>	<b>77,239</b>
At 31 July 2018	74,634	3,144	77,778

### 12. TANGIBLE ASSETS COLLEGE

	Land and buildings	Fixtures, Computers & Equipment	Total
	£'000	£'000	£'000
<b>Cost or valuation</b>			
At 1 August 2018	90,380	11,017	101,397
Additions	1,434	1,073	2,507
<b>At 31 July 2019</b>	<b>91,814</b>	<b>12,090</b>	<b>103,904</b>
<b>Accumulated Depreciation</b>			
At 1 August 2018	16,324	7,946	24,270
Charge for the year	1,839	1,456	3,295
<b>At 31 July 2019</b>	<b>18,163</b>	<b>9,402</b>	<b>27,565</b>
<b>Carrying amount</b>			
<b>At 31 July 2019</b>	<b>73,651</b>	<b>2,688</b>	<b>76,339</b>
At 31 July 2018	74,056	3,071	77,127

The carrying amount of land and buildings (for both group and the College) includes an amount of £250k (2018: £ -) in respect of assets held under finance leases.

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 13. INVESTMENTS

	2019		2018	
	Group £'000	College £'000	Group £'000	College £'000
Subsidiary undertakings	-	528	-	538
Other investments	125	125	125	125
<b>Total</b>	<b>125</b>	<b>653</b>	125	663

The College's subsidiary undertakings are:

Name of undertaking	Class of shareholding	Proportion of nominal value held directly	Nature of business
Training for Bradford Limited	Limited by guarantee	Sole ownership	Administration and supervision of training
Beacon Recruitment and Placement Services Limited	Ordinary	100%	Recruitment and placement of temporary and permanent staff

In 2011/12 the College acquired the power to exercise a dominant influence over the Bradford College Educational Trust (BCET), a body sponsoring two academies and a studio school in the Bradford district. The basis of that influence is that a majority of the board members of BCET are College corporation members or senior post holders. However, in line with the accounts direction 2018/19, the results of BCET have not been consolidated into these financial statements on the basis that effective control does not rest with the College, in particular with reference to the condition in BCET's constitution that on a winding up its assets would not be distributed to the College and has no rights to a share of the income or assets of BCET whilst it is a going concern.

The Corporation believes that the carrying value of the investments is supported by their underlying net assets.

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 14. NET INVESTMENT IN JOINT VENTURE

The College holds the following interests in jointly controlled entities:

Name of undertaking	Class of shareholding	Proportion of nominal value		Nature of Business
		Directly held	Indirectly held	
Inprint & Design Limited	Ordinary	50%	-	Production of printed materials
Bradford District Apprentice Training Agency	Ordinary	50%	-	Placement of apprentices

On 1 August 2002 the College acquired 50% of the issued ordinary shares of Inprint & Design Limited, a joint venture with the University of Bradford. The investment is held at a carrying amount of £92,000 (2018: £60,000).

On 28 February 2013 the College acquired 50% of the issued ordinary shares of Bradford District Apprentice Training Agency (BDATA), a joint venture with the City of Bradford Metropolitan. The investment is held at a carrying amount of £24,000 (2018: £24,000).

### 15. DEBTORS

	2019		2018	
	Group £'000	College £'000	Group £'000	College £'000
Amounts falling due within one year:				
Trade debtors	785	640	1,230	1,181
Amounts owed by group undertakings	-	9	-	123
Amounts owed by jointly controlled entities	66	66	65	65
Prepayments and accrued income	1,390	997	2,204	2,046
<b>Total</b>	<b>2,241</b>	<b>1,712</b>	<b>3,499</b>	<b>3,415</b>

### 16. ASSETS HELD FOR SALE

Assets held for sale at 31 July 2019 comprises of five buildings (Junction Mills, Garden Mills, Appleton Building, Old Building and Victoria Building), which had become surplus to College requirements and are expected to be sold during 2019/20. The assets are held at the lower of cost and net realisable value of £3,353,000. (2018: £3,374,000).

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 17. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019		2018	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans and overdrafts	-	-	40,413	40,413
Obligations under finance leases	31	31	-	-
Trade creditors	990	824	1,404	1,239
Amounts owed to subsidiary undertakings	-	8	-	12
Joint venture undertakings	16	16	22	22
Taxation and social security	798	717	660	608
Accruals and deferred income	3,579	3,378	4,531	4,398
Amounts owed to funding bodies	1,667	1,667	1,657	1,657
<b>Total</b>	<b>7,081</b>	<b>6,641</b>	<b>48,687</b>	<b>48,349</b>



# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

### 18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019		2018	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans	20,000	20,000	-	-
Obligations under finance leases	277	277	-	-
<b>Total</b>	<b>20,277</b>	<b>20,277</b>	-	-

#### Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2019		2018	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	-	-	40,413	40,413
Between one and two years	-	-	-	-
Between two and five years	4,925	4,925	-	-
In five years or more	15,075	15,075	-	-
<b>Total</b>	<b>20,000</b>	<b>20,000</b>	40,413	40,413

The bank loans held at 31 July 2018 of £40.4m together with break costs of £5.875m have been fully discharged through debt forgiveness of £12.9m and repayment of £32.9 through additional grant funding from ESFA of £12.9m and the new loan facility of £20.0m.

The new facility is comprised of a) a £2m interest only loan repayable in full at the end of 4 years unless repaid from the proceeds of disposal of surplus properties, b) an £11.7m loan repayable over 15 years with a capital holiday for the first two years, and c) a final payment of £6.3m at the end of the 15 year term of the £11.7m loan.

The balance of £11.7m is subject to a fixed rate interest charge of 3.784% per annum. All other loan balances are at a variable rate linked to LIBOR.

In March 2019, the College signed a contract with Bradford Council to lease the Alexandra Car Park, Great Horton Road. The lease agreement consisted of:

- One peppercorn rent per annum from 15 June 2015 to 14<sup>th</sup> June 2020
- Rent of £31,400 per annum from 15 June 2020 to 14<sup>th</sup> June 2034
- Rent of £31,212 for the final year from 15 June 2034 to 14<sup>th</sup> June 2035

Purchase Price 15 June 2035 £1.00.

In 2018 the balance of £40,413m consists of three loans - Trinity Green loan £8,903,126 and two unsecured loans on the funding of the construction of the new building of £7,259,723 and £24,250,051.

There is a financial condition set out in the agreement for the covenants to be tested quarterly for the following- Cashflow Cover, Projected Cashflow Cover, Total Gross Debt to EBITDA, Total Gross Debt to Total Revenue, Total Gross Debt to Net Assets, Capital Expenditure, Finance Leases and a Minimum Cash Balance.

The following charges on property exist within the group:

The Secretary of State for Education 29<sup>th</sup> July 2019 Property: 39 and 41 Chapel Street, Bradford  
Lloyds Bank Plc Date: 29<sup>th</sup> May 2019 Property: 39 and 41 Chapel Street, Bradford

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 19. PROVISIONS FOR LIABILITIES

#### Group and College

	Defined benefit obligations (note 24) £'000	Enhanced pensions £'000	Other £'000	Total £'000
At 1 August 2018	18,887	258	-	19,145
Amounts utilised	-	(21)	-	(21)
Recognised in income and expenditure	2,959	-	-	2,959
Recognised in other comprehensive income	18,469	-	-	18,469
<b>At 31 July 2019</b>	<b>40,315</b>	<b>237</b>	<b>-</b>	<b>40,552</b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 24.

The enhanced pension provision relates to the cost of staff that have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to comprehensive income in the year that the member of staff retires. In subsequent years the provision will be re-measured, and a charge made to provisions in the balance sheet.

	2019	2018
Price inflation	2.30%	1.30%
Discount rate	2.10%	2.30%

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 20. FINANCIAL INSTRUMENTS

The Group has the following financial instruments:

	2019	2018
	£'000	£'000
<b>Financial assets</b>		
Debt instruments measured at amortised cost:		
Trade debtors	785	1,230
Accrued income	759	915
<b>Total</b>	<b>1,544</b>	<b>2,145</b>
	2019	2018
	£'000	£'000
<b>Financial liabilities</b>		
Trade creditors	990	1,404
Bank loans and overdrafts	20,000	40,413
Finance leases	308	-
Accruals	2,939	4,531
Amounts owed to funding bodies	1,667	1,657
<b>Total</b>	<b>25,904</b>	<b>48,005</b>

Financial assets and financial liabilities are measured at amortised costs.

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 21. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

	2019 £'000	2018 £'000
<b>Surplus after tax for the year</b>	<b>18,017</b>	(867)
Adjustment for:		
Depreciation	3,375	3,733
Investment income	(46)	(12)
Interest payable	8,199	3,041
Loss on sale of tangible fixed assets	9	664
Loan Restructure of new borrowing	20,000	-
Repayments of loan restructure borrowing	(40,474)	-
Loan Breakage Costs	(5,876)	-
Impairment of investment	10	-
Impairment on asset held for resale	21	-
Decrease in other provisions	(21)	(12)
Pension costs less contributions payable	2,448	1,239
Share of operating (deficit)/ surplus in joint venture	(32)	32
Operating cash flow before movements in working capital	<u>5,630</u>	<u>7,818</u>
(Increase) / Decrease in stocks	(12)	28
Decrease in debtors	1,258	181
Decrease in creditors	(1,224)	(1,132)
<b>Cash generated from operations</b>	<u><b>5,652</b></u>	<u><b>6,895</b></u>

### 22. CAPITAL COMMITMENTS

As at 31<sup>st</sup> July 2019 the Group and College had no capital commitments (2018: £nil)

### 23. COMMITMENTS UNDER OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases as follows:

	Group and College	
	2019 £'000	2018 £'000
<b>Payments due</b>		
Not later than one year	326	316
Later than one year and not later than five years	199	399
Later than five years	-	-
	<u>525</u>	<u>715</u>

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

### 24. RETIREMENT BENEFITS

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the West Yorkshire Pension Fund (WYPF) for non-teaching staff, which is managed by West Yorkshire Pension Fund. Both are multi-employer defined-benefit plans.

	2019		2018	
	£'000	£'000	£'000	£'000
<b>Total pension cost for the year</b>				
Teachers' pension scheme contributions paid		1,633		2,060
West Yorkshire Pension Fund:				
Current Service Costs:				
Contributions paid	1,282		1,378	
FRS102 (28) charge	946		1,178	
Past Service Costs	1,502		61	
Charge to the Statement of Comprehensive income		3,730		2,617
Enhanced pension charge to Statement of Comprehensive income		(6)		(9)
Pension contributions paid into subsidiary defined contribution scheme		96		80
<b>Total Pension Cost for year within staff costs</b>		<b>5,453</b>		<b>4,748</b>

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

Contributions amounting to £129,275 (2018: £155,783) were payable to the WYPF at 31 July and contributions amounting to £215,808 (2018: £247,277) were payable to the TPS at 31 July and are included within creditors.

2019 Past Service Costs include calculations for McCloud of £949k and GMP indexation/equalisation of £419k.

#### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer.

#### Valuation of the Teachers' Pension Scheme

The Government Actuary ("GA") uses normal actuarial principles conducting a formal actuarial review of the TPS latest assumptions advise published 5 March 2019 for Actuarial Valuation at 31 March 2016. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The employer contribution rate was 14.1% until 1 September 2015, when it increased to 16.48% (including a 0.08% administration fees), with an employer cost cap of 10.9% of pensionable pay. The employer contribution rate will be payable on the next valuation as at March 2016 which was published 5 March 2019, stating whereupon the employer contribution rate is expected to increase to 23.8%, and will be payable from 1 September 2019. The 7% increase is to be funded by ESFA from 1<sup>st</sup> September 2019 to March 2021. Funding from April 2021 onwards will be considered as part of the next spending review.

The pension costs paid to TPS in the year amounted to £1,633,000 (2018: £2,060,000). The TPS is a multi-

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 24. RETIREMENT BENEFITS (CONTINUED)

employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

#### West Yorkshire Pension Fund

The WYPF is a funded defined-benefit plan, with the assets held in separate funds administered by West Yorkshire Pension Fund. The total contributions made for the year ended 31 July 2019 were £1,794,000 (2018 - £1,970,000) of which employer's contributions totalled £1,282,000 (2018 - £1,378,000) and employees' contributions totalled £512,000. (2018 - £592,000). The agreed contribution rates until 31<sup>st</sup> March 2020 are 14.5% for employers and range from 5.5% to 12.5% for employees, depending on salary. The proposed contribution rate for employers increases as follows, following the draft actuarial valuation results as at 11<sup>th</sup> November 2019:

16% from 1<sup>st</sup> April 2020.  
17% from 1<sup>st</sup> April 2021.  
18% from 1<sup>st</sup> April 2022.

#### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2019 by a qualified independent actuary.

	At 31 July 2019	At 31 July 2018
Rate of increase in salaries	3.55%	3.35%
Future pensions increase	2.30%	2.10%
Discount rate	2.10%	2.80%
Inflation assumption (CPI)	2.30%	2.10%
Commutation of pensions to lump sums	75.0%	75.0%

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

	At 31 July 2019 Years	At 31 July 2018 Years
<i>Retiring today</i>		
Males	22.2	22.1
Females	25.4	25.3
<i>Retiring in 20 years</i>		
Males	23.2	23.1
Females	27.2	27.1

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 24. RETIREMENT BENEFITS (CONTINUED)

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

<b>Fair Value of assets</b>	<b>Fair Value at 31 July 2019</b>	<b>Fair value at 31 July 2018</b>
	<b>£'000</b>	<b>£'000</b>
Equity instruments	<b>79,391</b>	<b>71,139</b>
Property	<b>4,343</b>	<b>4,005</b>
Government Bonds	<b>10,000</b>	<b>10,299</b>
Corporate Bonds	<b>3,636</b>	<b>3,338</b>
Cash	<b>2,121</b>	<b>2,098</b>
Other	<b>1,515</b>	<b>4,482</b>
<b>Total fair value of plan assets</b>	<b>101,006</b>	<b>95,361</b>
<b>Actual return on plan assets</b>	<b>7,241</b>	<b>6,376</b>

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

### 24. RETIREMENT BENEFITS (CONTINUED)

Amounts charged/ (credited) to the Statement of Comprehensive Income in respect of the plan are as follows:

	2019 £'000	2018 £'000
Amounts included in staff costs:		
Current service cost	2,228	2,556
Past service cost	1,502	61
<b>Total</b>	<b>3,730</b>	<b>2,617</b>

Amounts included in investment income:

Net interest expense	511	567
<b>Total</b>	<b>511</b>	<b>567</b>

Amount recognised in other comprehensive income:

Return on pension plan assets	(4,593)	(4,047)
Actuarial losses/ (gains)	23,062	(1,365)
<b>Amount recognised in Other Comprehensive Income</b>	<b>18,469</b>	<b>(5,412)</b>

Changes in the present value of defined benefit obligations	2019 £'000	2018 £'000
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**Defined benefit obligations at start of year**

Liabilities at start of the year	114,248	112,641
Current service cost	2,228	2,556
Interest cost	3,159	2,896
Contributions by scheme participants	512	592
Actuarial losses/(gains)	23,062	(1,365)
Benefits paid	(3,390)	(3,133)
Past service cost	1,502	61

**Defined benefit obligations at end of year**

<b>141,321</b>	<b>114,248</b>
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**Changes in fair value of plan assets**

2019	2018
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£'000	£'000
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**Fair value of plan assets at start of year**

95,361	90,148
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Interest income	2,648	2,329
Return on plan assets (excluding net interest on the net defined benefit liability)	4,593	4,047
Employer contributions	1,282	1,378
Contributions by scheme participants	512	592
Benefits paid	(3,390)	(3,133)
<b>Fair value of plan assets at end of year</b>	<b>101,006</b>	<b>95,361</b>

**Deficit of plan obligations net of plan assets**

40,315	18,887
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# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 24. RETIREMENT BENEFITS (CONTINUED)

The College has made provisions in the accounts form Cloud and GMP Indexation and Equalisation

Both values and judgements are stated as follows:-

#### **McCloud Judgement (Past Service Cost £0.949m)**

In December 2018, the Court of Appeal ruled in the 'McCloud / Sargeant' judgement that the transitional protection arrangements, put in place when the Firefighters and Judges' pension schemes were reformed, were age discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement, however this was rejected on 27<sup>th</sup> June 2019. The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation. In a Ministerial Statement dated 15<sup>th</sup> July 2019, Government committed to extending a remedy across all public sector schemes which included similar transitional protection arrangements, which includes the LGPS.

The underpin liability to allow for Past Service Cost at 31<sup>st</sup> July 2019, covering the period from 1 April 2014 to 31 July 2019 is calculated at £0.949m. This constructive obligation has been included in the Financial Statements to 31<sup>st</sup> July 2019. This is equivalent to 12.06% of Pensionable pay over 2018/19. The liability takes account of actual pay progression since 1 April 2014. Calculation of the liability has been based on full membership data that was used in the actuarial valuation performed on the 31<sup>st</sup> March 2016.

The calculation of the underpin liability takes into account normal retirement and ill health benefits on both the 2014 and 2008 Scheme benefit scales. The calculations endeavour to capture the maximum of both scheme benefits. The underpin liability is based on actual pensionable payroll and the liability has been accumulated with interest.

#### **Guaranteed Minimum Pension (GMP) Indexation and Equalisation (Past Service Cost £0.419m)**

Following changes to the State Pension in April 2016, there was a risk that members of the LGPS who were 'contracted out' of the State Pension between 6 April 1978 and 6 April 1997, and who would reach their State Pension Age (SPA) after April 2016, would be worse off. This is because the State Pension reforms removed the facility for the State to pay 'top up' payments to ensure their total pension was fully inflation protected. The LGPS was only required to pay limited increases on some elements of GMP (a portion of pension accrued in the LGPS when members were contracted out of the State Scheme). In March 2016, the Government committed LGPS to pay full pension increases on GMPs to individuals reaching SPA between 6 April 2016 and 5 December 2018. This has previously been accounted for.

In January 2018, the Government committed the LGPS to pay full pension increases on GMPs to individuals reaching SPA between 6 December 2018 and 5 April 2021. This has not been recognised to date. The Government is also committed to continuing to compensate all members of public sector schemes reaching SPA after 5 April 2021. The Governments view is that this also meets sex equalisation requirements.

The College has allowed for its obligations under the Employer's obligations as follows:

GMP liability (constructive obligation) of £0.419m as at 31<sup>st</sup> July 2019: This is equivalent to 0.30% (% of defined benefit obligation) at that date. The total additional liability to cover Past Service Cost has been allowed for in the pension liabilities in the Financial Statements for the year ended 31<sup>st</sup> July 2019. The calculation uses the full membership data available from the last scheme actuarial valuation as at 31 March 2016. The calculations have been performed to protect all scheme members effected by the equalisation of benefits. GMP liabilities have been calculated assuming pension increases at CPI and pension increases of 0% on pre 88 GMP and CPI capped 3% on post 88 GMP.

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 25. RELATED PARTY TRANSACTIONS

#### Transactions with key management personnel

Key management compensation disclosure is given in note 8.

#### City of Bradford Metropolitan District Council

During the relevant year, Councillors Ralph Berry was a member of the Corporation of Bradford College. Purchase transactions with City of Bradford Metropolitan District Council (excluding business rates payments) amounted to £101,796 (2017/18: £117,323) with balances outstanding at the year-end of £5,264 (2017/18: £5,673). Sales transactions with City of Bradford Metropolitan District Council in the year amounted to £127,266 (2017/18: £193,550) with a balance outstanding at the year-end of £14,724 (2017/18: £45,000).

#### Bradford College Education Trust (company number 6772181) ("BCET")

BCET, a multi-academy trust, was formed on the 12 December 2008, as a company limited by guarantee. It operates the Appleton Academy and the Samuel Lister Academy, as well as the Bradford Studio School. During the relevant year, the following individuals were directors of BCET:

E Gregory  
K Cornforth (resigned 31<sup>st</sup> August 2018)  
P Harris (resigned 31<sup>st</sup> August 2018)  
E Hughes (resigned 29<sup>th</sup> September 2018)  
D Saxton (Accounting Officer, resigned 31<sup>st</sup> August 2018)  
N Ward (resigned 31<sup>st</sup> August 2018)  
H Roberts (resigned 31<sup>st</sup> August 2018)  
D Leak

Purchase transactions with BCET (including the individual academies and studio school) during the year amounted to £0 (2017/18: £0) with a balance of £0 outstanding at the year-end (2017/18: £0). Sales transactions with BCET (including the individual academies and the studio school) amounted to £30,067 (2017/18: £0) with a balance of £0 (2017/18: £0) outstanding at the year end.

For the first two years of operation of Bradford Studio School, part of BCET, Bradford College as the sponsor agreed to underwrite any deficit that arose as per the EFA funding contract by way of donation. From the 1 August 2014, this guarantee was no longer a requirement

#### Bradford and District ATA (company number 8424557)

Bradford and District ATA is a company limited by guarantee owned and operated as a joint venture with Bradford Council. In the relevant year, the following individuals were directors of the company: Richard Wightman, the Chair of the Corporation. There were £- purchase transactions with the Company in the year (2017/18: £0) with £0 balance outstanding at the year-end (2017/18: £0). Sales transactions with the company amounted to £0 during the year (2017/18: £52,336). Amounts outstanding at the year-end were £0 (2017/18: £26,000).

#### Inprint & Design Limited (company number 4229897)

Inprint & Design Limited is a private limited company in which the College holds 50% of the issued share capital, the remaining 50% being held by The University of Bradford. Chris Malish was a director of Inprint & Design Limited during the relevant year. Purchase transactions with Inprint & Design Limited in the year amounted to £409,549 (2017/18: £439,476) with £16,299 outstanding at the year-end (2017/18: £22,204). Sales transactions with Inprint & Design Limited in the year amounted to £288,087 (2017/18: £339,245) with a balance of £66,733 outstanding at the year-end (2017/18: £65,613). A gift aid value of £107k was gifted to Bradford College for the accounting period.

# BRADFORD COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 26. AMOUNTS DISBURSED AS AGENT LEARNER SUPPORT FUNDS

	2019 £'000	2018 £'000
Balances brought forward	1,687	1,495
Funding body grants – bursary support	-	-
Funding body grants – discretionary learner support	1,200	1,131
Funding body grants – residential bursaries	-	-
Other funding body grants	1,220	1,370
Interest earned	-	-
	<hr/> 4,107	<hr/> 3,996
Disbursed to students	(2,411)	(2,229)
Disbursed to employers	-	-
Administration costs	(58)	(71)
Other Adjustments	4	(9)
<b>Balance unspent as at 31 July, included in creditors</b>	<hr/> <b>1,642</b>	<hr/> <b>1,687</b>

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.