

Bradford College Group

Annual Report and Financial Statements

For the Year Ended 31 July 2017

**EDUCATION
ENTERPRISE
EMPLOYMENT**

Key management personnel

Key management personnel are defined as members of the College's Executive Management Team were represented by the following in 2016/17:

Mr Andy Welsh – Group Chief Executive Officer; Accounting Officer (Resigned 2nd January 2018)

Mr David Hambleton – Director of Finance and Corporate Services (Resigned 17th September 2017)

Ms Marianne Harris-Bridge – Director of Student Recruitment from 1 November 2016 to April 2017 (Resigned 21st April 2017)

Mr David Harwood – Principal, lead responsibility for Further Education

Ms Dawn Leak - Director of Employer Responsiveness. Joined the College during 2016-17 on 5 December 2016.

Mr Richard Thomas – Provost, lead responsibility for Higher Education

Board of Governors

A full list of Governors is given on page 26 and 27 of these financial statements.

Ms Joanna Green - acted as Clerk to the Corporation throughout the year.

Professional Advisers

Financial Statements and Regularity Auditors:

PricewaterhouseCoopers LLP
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LS1 4DL

Internal Auditors:

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BRADFORD COLLEGE

MEMBERS' REPORT

NATURE, OBJECTIVES AND STRATEGIES

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

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 reviewed the College's mission during 2014-15 as part of a review of the College's corporate strategy and from the beginning of January 2015 adopted a refreshed mission statement as follows:

"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 following the Machinery of Government changes in July 2016, its principal regulator is the Secretary of State for Education. The College Governors, who are trustees of the charity, are disclosed on pages 27 and 28 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. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.
7. The College is committed to providing a high-quality education and to increasing educational opportunities and pushing up overall levels of educational achievement among all the communities it serves, to increase the economic prospects and social mobility of Bradford and the surrounding areas. Very 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 with advanced critical thinking, conceptual reasoning and analytical skills, and contributing to the store of useful human knowledge through research and the publication of the results.
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. Industrial links and the employability agenda have been in focus recently through the 'Green House' project with Hallmark Cards. The College works collaboratively with statutory agencies, educational partners and private enterprises, including the Leeds City Region and Combined Authority to develop relevant and impactful vocational training programmes, in order to contribute to the creation of a skilled workforce. In collaboration with the Leeds City Region Enterprise Partnership, it recently established a dental training base in Bradford that will deliver high-quality training to the dental profession. It employs apprentices in many of its own departments, providing on the job training to individuals so employed.

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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. The College works in partnership with organisations whose own aims include educational ones and whose activities are delivered for the public benefit, in order to educate its students and the wider public on important social issues, such as domestic violence; the creation of respect and understanding of subcultures; Lesbian-Gay-Bisexual-Trans+ equality; mental health issues; and the importance of remembrance and honouring those killed or injured in warfare. It collaborates with local partners to deliver social and community education in the community, for example it delivers a "Police Camp" experience for local young people in partnership with the Police, Ambulance Service and Fire Brigade, to promote citizenship and address anti-social behaviour.
11. In 2016-17, the College sponsored and participated in the delivery of the Bradford Literature Festival; it hosted the World Skills UK Beauty Therapy regional heats, in which a number of students participated; and contributed to the Saltaire Arts Trail celebrations by running public workshop sessions in special effects make-up, printmaking and lino printing. It put on numerous art exhibitions, including several featuring the work of College students and alumni, in its Dye House Gallery exhibition space, which is open to the public. These activities and others advanced the education of the public in general, promoting the study of literature, science, art and design to a broad audience.
12. 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 to visit and view. In collaboration with partners such as local arts charity Kala Sangham, the National Media Museum, the British Film Institute Film Academy, the Royal Shakespeare Company and the Impressions Gallery, the College has made works of artistic merit available for teaching purposes; has created and published a wide range of media; and 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 students produce plays and musical performances which are open to the public. Recent examples include a production of the Little Shop of Horrors and a performance of the Dolls House at Ilkley Playhouse.
13. The College was the Principal Sponsor of the first Yorkshire Games Festival in November 2016, in partnership with the National Science and Media Museum. The festival saw over 7500 people participate in a wide range of activities relating to computer games. With high profile international speakers. They College hosted some of the key events and ran a high successful "Creative Crunch" event for young people, which was fully subscribed.
14. The College's Tier 4 license was suspended and, after an unsuccessful appeal, withdrawn due to a visa refusal rate which breached the upper limit set by UKVI. As a result, the College is no longer able to recruit international students. However, this market is no longer significant for the College's HE recruitment, which declined rapidly after the government's withdrawal of the post-study work visa in 2012 and the tightening of UKVI regulations on visas, so that international students formed only a very small part of the College's recruitment in recent years.
15. Despite the suspension of the Tier 4 license the College continues to engage with international programmes, such as Erasmus+. The College's work on shorter-term international activity continues to be successful, with two further cohorts of Panamanian teachers and trainees spending a total of approximately five months at the College, undertaking advanced language lessons and learning about contemporary techniques for the teaching of English to non-English speakers. In addition, similar activities were undertaken with groups of teachers from Brazil and China, with highly positive feedback. The College is currently exploring a number of new opportunities to expand this work into other countries and is also beginning to explore opportunities in transnational education for its UK students, particularly with regards to overseas study opportunities for both students and staff at community colleges in Canada.
16. The College entered the new Teaching Excellence Framework (TEF) and received a Bronze award, meaning that the College "achieves good outcomes for most of its students" (The Higher Education Funding Council (HEFCE) descriptor for this award).

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17. 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.
18. The College has a strong commitment to widening participation in education and learning and, in furtherance of this, it works with Go Higher West Yorkshire, the network of West Yorkshire Universities and Colleges offering HE courses, to carry out collaborative outreach and widening participation work across the region. Its own student engagement and outreach officers undertake significant work with primary and secondary schools across the District, delivering aspiration-raising workshops and increasing awareness of career pathways and further and higher education. 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. In addition, by delivering a wide range of community courses, the College expands its reach by facilitating lifelong learning and promoting learning for pleasure, through the continued development of individual learners' capabilities, competencies, skills and understanding in subjects of educational value, such as languages, cookery, British Sign Language, computing and sewing.
19. The College contributes to the provision of education to the local population of Bradford at foundation stage, primary and secondary levels through its sponsorship of the Bradford College Education Trust, a multi-academy trust. During academic year 2016-17 it operated a Pupil Referral Unit, providing education for children who are excluded, sick, or otherwise unable to attend a mainstream or special maintained school. It supports home-schooled children to gain recognised qualifications and contracts with local secondary schools to deliver vocational courses as part of their enrolled pupils' programmes. For those who are beyond the age of compulsory education but not in possession of minimum educational requirements, the College offers opportunities to gain basic entry-level qualifications, for example in reading, writing and/or maths, offering courses at local community centres and other community venues. It widens participation by expanding the learning pathways it provides, offering flexible learning, work-based training and a range of online education via the web.
20. 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.
21. The College continues to grow its activity in appropriate scholarship and research, with the establishment of a forum for discussion (BLAST), the continuation of its annual colloquia and conferences and its in-house journals, Epicurious and Epicurette, which provide vehicles for publications by staff and students. In addition, the College was invited to participate in the annual Teaching Informed Research Intensive (TIRI) conference organised by the University of Bolton, the College's new validating partner. Papers from a number of staff were accepted for presentation and two of the conference sessions were chaired by senior academic staff from the College. Further collaborative opportunities are in the process of being established, including College staff participation in the university's Teaching Excellence Network.
22. The College also strengthened its leadership in HE with the appointment of Dr Naomi Sharples who took up the post of Deputy Provost on 1st January 2017.
23. Further information about how the College has delivered its charitable purposes for the public benefit is detailed throughout the Members' Report.

Implementation of Strategic Plan

24. 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 period. Performance targets are set for each of the key performance indicators that measure the success of achieving the strategic objectives.

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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

- i. Objective 1.1: To structure our Further and Higher Education provision, traineeships and apprenticeships in partnership with employers and in response to the employment needs of the regional, national and global economy.
- ii. Objective 1.2: To ensure the highest standards and best variety of teaching, learning and assessment across all our courses, traineeships.
- iii. Objective 1.3: To provide an enriching, well-resourced and well-supported student experience to all.
- iv. Objective 1.4: To foster high-quality research, subject specialism and scholarly activity among our staff and develop external research partnerships and profile.

Goal 2: Support employability, enterprise and innovation

- i. Objective 2.1: To enhance the employability and career outcomes of all our students and actively support their progression.
- ii. Objective 2.2: To support and encourage enterprise, entrepreneurship and self-employment among our students and alumni.
- iii. Objective 2.3: To build a culture of enterprise and innovation at all levels of the College, playing an active role in local, regional and wider developments.
- iv. Objective 2.4: To build a culture of enterprise and innovation at all levels of the College, playing an active role in local, regional and wider developments.

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

- i. Objective 3.1: To support the positive progression of all our students, as they advance in their studies, or move onto other destinations.
- ii. Objective 3.2: To work with our students and the Students' Union to ensure that students are active partners in the learning experience.
- iii. Objective 3.3: To be an employer of choice, supporting our staff in their professional development.
- iv. Objective 3.4: To be accountable to, and work in partnership with, the communities we serve and to engage with our alumni.
- v. Objective 3.5: To achieve an expanding and welcoming college community, where equality and diversity are embedded in all we do.

Goal 4: Maintain a dynamic and sustainable college

- i. Objective 4.1: To develop new initiatives and structures that enable us to expand our educational offer and champion innovation.
- ii. Objective 4.2: To ensure financial sustainability, enabling the College to invest and grow in priority areas.
- iii. Objective 4.3: To diversify our income sources, identifying new opportunities and responding to the changing needs of our students and the whole environment.

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- iv. Objective 4.4: To maximise the efficiency of our buildings and resources, providing high quality, environmentally sustainable facilities with maximum usage and return.
- v. Objective 4.5: To continuously develop our estate in line with our educational, income-generation and environmental aims.

Goal 5: Grow our reputation and influence

- i. Objective 5.1: To be the first choice for education and training in the Bradford District, and a leading provider across the UK and overseas.
- ii. Objective 5.2: To shape local and regional economic, employment and skills strategies, and to influence national and international policy in these areas.
- iii. Objective 5.3: To celebrate and share the achievements of our students, alumni, staff, Students' Union and the communities we serve.

Goal 6: Participate in the development of the Bradford College Group

- i. Objective 6.1: To be the first choice for education and training in the Bradford District, and a leading provider across the UK and overseas.
 - ii. Objective 6.2: To shape local and regional economic, employment and skills strategies, and to influence national and international policy in these areas.
25. 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

26. In 2016/17, strategically, the College was committed to continue its strengthening of its academic and financial sustainability in the face of significant challenges in both the FE and HE sectors in England.

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27. The strategic financial objectives contained within the corporate strategy as per the table below.

Strategic Financial Objectives			
	Actual 15/16	Actual 16/17	Target 16/17
% Annual increase in total earned income	-3.70%	5.41%	5%
Ratio of Earned Income to Capital Employed	0.61	1.29	0.64
Surplus/(deficit)for the year % total earned income	-2.30%	-7.96%	-2%
Contracted staff costs % total earned income	57%	57%	54%
Cash held as a proportion of total earned income,Cash days	26	30	57
SFA Financial Health Grade	Satisfactory		Satisfactory
Bank Covenant Compliance	Full Compliance		Full Compliance

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Performance Indicators

28. The College monitors its performance in delivering the strategic goals and objectives of the institution using a set of key performance indicators. Strategic performance in 2016/17 is reported against each of these below.
29. The scorecard for the Goal 1 key performance indicators is shown below.

	15/16	16/17
Goal 1: Delivery an outstanding student experience		
Objective 1.1		
% Annual Change in EFA regulated 16-19 students	8.6%	-0.3%
% Annual Change in EFA regulated 14-16 students	16.0%	-2.0%
% Annual Change in SFA regulated Adult FE students	-9.7%	19.7%
% Annual Change in SFA regulated Apprenticeships	11.9%	22.3%
% Annual Change in SFA regulated Traineeships	1275.0%	-9.1%
% Annual Change in UK/EU HE students	-7.4%	-14.7%
Objective 1.2		
FE % Overall FE student achievement	79%	83%
% FE Achievement of the core aim for those on 16 to 19 study programmes	74%	77%
% FE Achievement in English and Mathematics	73%	81%
% FE Overall Apprenticeship Achievement	84%	74%
HE Quality of Teaching on a course, final year students from NSS	83%	83%
Quality of Assessment and Feedback, final year HE students from NSS	76%	77%
Objective 1.3		
FE % Overall FE student satisfaction	89%	90%
% FE students feeling safe in all locations of the College	90%	94%
% Overall FE student retention	90%	92%
% Overall FE student attendance	82%	85%

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31. The scorecard for the for the Goal 2 key performance indicators is shown below;

		15/16	16/17
Goal 2:	Support employability, enterprise and innovation		
Objective 2.1			
FE	% Observation of Learning, Teaching & Assessment outcome greater than or equal to Grade 2 after intervention	85%	86%
HE	% HE student progression to employment or further study for HE leavers DLHE	89%	89%
Objective 2.4			
	SPOC (Student Perception of Course) re: learning resources	86%	88%
	NSS re: learning resources	66%	73%

32. The scorecard for the for the Goal 3 key performance indicators is shown below;

		15/16	16/17
Goal 3	Place people and communities at the centre of our values		
Objective 3.1			
Number of Students benefiting from ALS % Total Student Numbers			
FE		13.3%	23.0%
HE		4.0%	4.0%
Objective 3.2			
	% SPOC Response Rate for FE students	79%	74%
	%NSS Response Rate for HE Students	71%	61%
Objective 3.3			
	% Sickness Absence	5.3%	4.9%
	Ratio of Academic Staff to Support Staff	0.59	0.48
Objective 3.5			
	BME staff % total staff	24%	26%
	Female staff % total staff	59%	61%
	LBGTIQA staff % total staff	2.2%	3.0%

33. The scorecard for the for the Goal 4 key performance indicators is shown below;

	Actual 14/15	Actual 15/16	Actual 16/17
Goal 4: Maintain a dynamic and sustainable college			
Objective 4.2			
% Annual increase in total earned income	-2.0%	-3.7%	5.4%
Ratio of earned income to capital employed	0.60	0.61	1.29
Surplus /(deficit) for the year % total earned income	-2.4%	-2.3%	-7.96%
Contracted staff costs % total earned income	62%	57%	57%
Cash held as a proportion of total earned income, cash days	26	26	30
SFA financial health grade	Satisfactory	Satisfactory	Inadequate
Bank loan covenant compliance	Full Compliance	Full Compliance	Partial Compliance

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34. The scorecard for the for the Goal 5 key was to grow Market share in the Bradford District with performance shown below;

Market Share % (RCU) 16-19 EFA-Funded Learners – Main Area

	16/17	15/16	14/15
Bradford College	28	27	24
Other Colleges	19	19	19
Private Training Providers	4	4	5
Sixth Form Colleges	4	4	3
School Sixth Forms	44	46	48
Other Providers	0	0	0

Market Share % (RCU) Adults (SFA-Funded and Loans) – All Ages

	16/17	15/16	14/15
Bradford College	45	37	36
Other Colleges	24	26	31
Private Training Providers	27	23	22
Sixth Form Colleges	0	0	0
School Sixth Forms	0	0	0
Other Providers	4	14	11

Market Share % (RCU) Apprenticeships – All Ages

	16/17	15/16	14/15
Bradford College	9	8	9
Other Colleges	25	26	26
Private Training Providers	64	64	63
Sixth Form Colleges	<5	<5	<5
School Sixth Forms	0	0	0
Other Providers	2	2	2

35. The College is committed to observing the importance of sector measures and indicators and the use of the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Skills Funding Agency.
36. For HE students, the College draws upon sector measures as contained with the NSS (National Student Survey) and the KIS (Key Information Set) for monitoring strategy execution.

FINANCIAL POSITION

Financial results

37. The College Group generated a deficit before other gains and losses in the year of £5.09m (2015/16 – deficit of £1.59m). The total comprehensive expense in 2016/17 is stated after accounting for the following items:
- a. Actuarial gain in respect of defined benefit pensions schemes, which relates to the West Yorkshire Pension Fund (WYPF, a Local Government Pension Scheme), of £15.90m (2015/16 – actuarial loss of £12.31m);

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- b. Share of operating surplus in the College's joint ventures of £39k, of which a deficit of £16k relates to the Bradford District Apprenticeship Training Agency Ltd run with Bradford Metropolitan District Council and £54k relates to Inprint & Design Ltd run with University of Bradford.
 - c. Loss on disposal of land at Green Lane, £31,000. (2015/16 Profit on disposal of tangible fixed assets totalling £0.3m from: Grove Building of £0.2m and Russell St Nursery of £0.1m)
 - d. Restructuring costs of £0.44m (2015/16: cost of £0.79m);
 - e. Additional employer service costs for the defined benefit pension scheme with the WYPF of £1.33m as per FRS 102 (28) (2015/16 – cost of £0.80m);
 - f. Net interest payable on the defined pension liability with the WYPF of £0.86m as per FRS 102 (28) (2015/16 – cost of £0.75m);
 - g. Interest and other finance costs, excluding the pension finance cost as per the above item, of £2.12m (2015/16 cost of £2.09m)
 - h. Depreciation charge of £3.92m (2015/16 – cost of £4.29m)
38. The College in managing its financial affairs pays due regard to two key financial metrics in ensuring that a sufficient surplus is generated to covers its costs. The first of which is the EBITDA – education specific metric and the second is the underlying operating surplus metric. The Education and Skills Funding Agency, also, monitors these two financial metrics.
39. EBITDA – education specific, (EBITDA, Earnings before Interest Taxation, Depreciation and Amortisation) as defined by the Skills Funding Agency, was £3.17m for 2016/17 (2015/16 £6.36m) a decrease of 50% from the previous year, as per the table below.

Bradford College Group	2017	2016
EBITDA - Education specific	£000	£000
Total income	56,125	53,246
Add Share of operating surplus in joint ventures	39	42
Adjusted Total Income	56,164	53,288
Operating Expenditure		
Expenditure		
Staff costs	32,657	31,114
Other operating expenses	21,660	16,595
Total expenditure	54,317	47,709
EBITDA	1,847	5,579
Less Investment Income	-6	-17
Add Employer service costs as per FRS 102 (28)	1,333	797
EDITDA - education specific	3,174	6,359

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40. The underlying operating deficit, as defined by the Education Skills Funding Agency, was £2.42 for 2016/17 (2015/16 £0.80m surplus).

Bradford College Group	2017	2016
Operating Surplus	£000	£000
Surplus/(deficit)before tax	-4,468	-1,224
Add Loss on sale of tangible fixed assets	31	-321
Less Profit on disposal of Investments	-615	0
Add Restructuring costs	440	791
Add Employer service costs as per FRS 102 (28)	1,333	797
Add Pension finance costs as per FRS 102 (28)	855	753
Operating Surplus	-2,424	796

41. In 2016/17 the College experienced an increase in income for the first time in five years. Total earned income in 2016/17 of £56.1m (2015/16 - £53.3m) was an increase of 5% from the previous year. This was due to an increase in the number of FE students in the previous years an increase in income from Apprenticeships.
42. To achieve improved value-for-money the College outsourced the following support services: estates planned and preventative maintenance – August 2016; security – September 2016 and catering – October 2016, this resulted in the TUPE of 14 staff and the increase of cost on non-pay. Non pay was also increased by £1.25m due to a strategic investment in the fabric of the buildings and a back log of required maintenance.

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Bradford College Group Staff Costs Breakdown				
	<u>2016/17</u>	<u>2015/16</u>	<u>Increase/ (Decrease)</u>	<u>Increase/ (Decrease)</u>
	£000	£000	£000	%
Staff Costs				
Wages and Salaries	25,306	24,400	906	3.7%
Employment on costs				
Social Security (employers NIC)	2,340	1,986	354	17.82%
Employers Pension Contribution	3,238	3,140	98	3.12%
Employers pension service costs as per RFS102	1,333	797	536	67.25%
Total employment on costs	6,911	5,923	988	16.68%
Total Staff costs	33,750	30,323	1,894	6.2%
Average staff FTE	808	788	20	2.54%
Average salary per staff fte	33,217	30,964	2,253	7.28%
Average employment on cost per staff fte	8,553	7,516	1,037	13.80%
Average staff cost per staff fte	41,770	38,480	3,290	8.55%
% of Total Staff costs				
Wages and Salaries	79.52%	80.47%		
Total employment costs	20.48%	19.53%		
Total staff costs	100.00%	100.00%		

43. The College Group increased its average staff FTE by 2.5% to 808 FTE (2015/16 – 788 FTE). The average total employment cost per FTE increase by 8.55%. The increase is due to a combination of incoming staff being employed on a higher salary, full reflection of costs for individuals who started mid-way through 2015/16, the annual increments arising from annual movement up the pay spines and a 1% across the board pay rise was awarded to College staff in 2016/17. The growth in FTE included strategic investment to strengthen the staff base in areas such as marketing, student support and business development to enable income growth.
44. The on costs increase of 13.8%, is as result of an increase in the pension contribution level to the West Yorkshire Pension Fund and a change in the NIC rebate for Contracted out pension schemes.
45. The total balance for cash at bank and in hand at 31 July 2017 was £4.72m (31st July 2016 - £3.81m), an increase of 23.9% from the previous year's position.
46. Group tangible fixed asset additions during the year amounted to £1.11m for capital equipment this included investment in the new NORDEC dental training school of £0.40m, which was match funded by the LEP.
47. 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 recruits and places temporary staff within

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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.

48. The College's share of the results of these four companies for 2016/17 is as follows:
- a. CTS: £30,812 profit after the charging of gift aid (2015/16 £74,373). The gift aid received by the College from CTS was £221,043 (2015/16: £262,374). Net assets of £1,113,000 as at 31 July 2017 (31 July 2016 - £1,186,942)
 - b. Beacon: £11,000 loss (restated 2015/16 – profit £87,267). Net liabilities of £11,000 as at 31 July 2017 (31 July 2016 net liabilities- £740);
 - c. Inprint & Design Ltd: £54,000 share of profit (2015/16 - £1,000 share of profit). Share of net assets of £79,000 as at 31 July 2017 (31 July 2016 - £25,032); and
 - d. ATA: £15,000 share of profit (2015/16 - £41,000 share of profit). Share of net assets of £31,000 as at 31 July 2017 (31 July 2016 – £52,305).
49. A share of any profits generated by the subsidiaries and joint venture companies are gift aided to the College.

Treasury Policies and Objectives

50. Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
51. During the year ended 31 July 2017 the College revised its Treasury Management Policy applicable to both the investments and borrowings of the College. No variation has been made during the subsequent five years. 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 protect capital and provide availability of funds ahead of a financial return.
52. Surplus cash when available will be placed on cash deposit of up to three months duration with selected approved institutions classified with a minimum AA Credit Rating from one of the recognised rating agencies.
53. Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer, namely the Group Chief Executive Officer. Such arrangements are restricted by limits in the College's Financial Memorandum agreed with the EFSA. All other borrowing requires the authorisation of the Corporation.
54. Cash Flows and Liquidity
55. At £5,160,000 for 2016/17 (2015/16 - £2,844,000), the net cash inflow from operating activities showed a 81% increase from the previous year
56. The net overall cash inflow of £904,000 (2015/16 – outflow £202,000) was due to the net cash from operating activities of £5,160,000 and net cash outflow from investing activities of £307,000.
57. The College continued its strategy of rationalising its estate and secured the sale of the Green Lane Land, £180,000 and its share in the Virtual College.
58. No proceeds from new borrowing were received in 2016/17
59. Over the course of 2017/18 and 2018/19 challenges to the month-end cash position arise due to different patterns of capital outflows and inflows and revenue outflows and inflows during the next two financial years.

The College will continue to manage the liquidity risk in the following manner:

BRADFORD COLLEGE

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- i. Reduction of operating expenditure through improved staff and estate utilisation, further identification and delivery of operational improvements for teaching and support functions by changing ways of working enabled by technology; ensuring robust control of staff costs and non-pay through improving linkages between curriculum, planning, staffing and estate utilisation and the associated finances;
- ii. Realising income expansion and growth opportunities;
- iii. Ensuring capital expenditure aligns fully with the College strategy and occurs in a manner to protect and improve a high quality student experience, whilst avoiding any adverse finance impact due to the timing of implementation;
- iv. Accelerating property disposals;
- v. Short-term loans from the College's CTS (City Training Services, trading name for Training for Bradford Ltd) subsidiary;
- vi. Should it be necessary, securing short-term working capital finance from the College's bank; and
- vii. Should it be necessary, the College may seek short-term (less than one year) emergency funding from the ESFA.

Bank Loans

60. The College has fixed the interest rates with Lloyds Bank for the full term of both the £11.5M loan for the Trinity Green Development the £10M European Investment Bank loan for the David Hockney Building. Also, the interest rate for the £25M Revolving Credit Facility with Lloyds Bank for the David Hockney Building has been fixed for the full 10-year term of the facility.
61. Following the financial performance for the year ended 31 July 2017, the College breached one of its banking covenants with Lloyds Bank. The Bank has continued to support the College and has issued a reserved matters notice, whilst participating in discussions with the College and ESFA on the development of the College's Strategic Recovery Plan. These discussions are ongoing and therefore, the bank loans previously shown under long term liabilities have been classified as short term liabilities in the 2016/17 balance sheet.

Reserves Policy

The College Group wishes to accumulate reserves in order to:

- a. Maintain financial solvency and continually improve financial sustainability;
 - b. Strengthen the SFA financial health grading;
 - c. Ensure full compliance with bank loan covenants;
 - d. Strengthen risk reserves as part of the unrestricted accumulated income and expenditure reserve in the form of a contingency fund to cover the crystallisation of registered risks;
 - e. Strengthen capital and revenue reserves as part of the unrestricted accumulated income and expenditure reserve for new strategic investments; and
 - f. Fully cover pension fund liabilities
62. In so managing the unrestricted reserves of the College Group the aim is to have no unallocated reserves

BRADFORD COLLEGE

MEMBERS' REPORT

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

FE Quality

63. Following an OfSTED inspection in September 2017, the College was graded as "Requires Improvement", whilst disappointing the College acknowledges the feedback and areas where improvement is required. The formulation of the improvement plan started in October and will be a key element of the overall Strategic Recovery plan currently being formulated by the College. A monitoring inspection is expected to take place in either the first or second quarter of 2018.

Student number Income (FE and HE)

64. In 2016/17 the College Group delivered teaching and learning activity that produced £55.0m of teaching income - funding body grants, student tuition fees and education contracts - for both FE and HE students (2015/16 - £50.1m), an increase reduction of 7.5% from the previous year as per the table below.

Bradford College Group				
Teaching Income	16/17	15/16	Inc / (Dec)	Inc / (Dec)
	£000	£000	£000	%
FE				
Young people, 16-19 students				
EFA grant funding	19,286	16,010	3,276	20.5%
Adult FE and Apprenticeships, 19+students	1,202	-	1,202	100%
Total SFA grant funding	14,383	12,611	1,772	14.1%
FE student tuition fees	1,550	1,548	2	0.1%
FE education contracts	1,261	768	493	64.2%
Total of Adult FE and apprenticeships	18,396	14,927	2,267	15.2%
Total of FE teaching income	37,682	30,937	5,543	17.9%
HE				
HEFCE grant funding	1,690	1,596	94	5.9%
NCTL grant funding	667	579	88	15.2%
UK/EU HE student tuition fees	11,442	12,445	-1,003	-8.1%
UK/EU HE trainee teacher tuition fees	3,568	4,142	-574	-13.9%
Non- EU HE student tuition fees	0	410	-410	-100.0%
Total of HE teaching income	17,367	19,172	-1,805	-9.4%
Total teaching income	55,049	50,109	3,738	7.5%

Student achievements

65. The FE student achievement has improve significantly over the last three years rising from 79% in 14/15 to 82.2% in 16/17 and is now at above the national rate by 0.2%. Retention has improved from 90% in 14/15 to 92.2% in 16/17, now above the National rate or 91.6%. The overall college pass rate has improved from 86.4% in 14/15 to 89.2% in 16/17 yet still remains below the National rate of 90%. Both age groups 16-18 and 19+ have improved from 70.9% to 77.6% and 84.1% to 85.9% respectively.

Curriculum developments

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66. The College has continued to develop a coherent curriculum offer for both further and higher education. There is seamless provision from entry level to level 3 at further education and a good range of HND, honours and masters degrees at higher education. The College is also unique in that it holds a directly funded teacher education contract from the NCTL.
67. The FE curriculum development follows an established business and planning cycle, this has included for the academic year inputs from external stakeholder in particularly the Leeds City Region and Local Enterprise Partnership to identify the skills gaps in the Bradford region. The curriculum planning has been mapped against these skill priorities along with numerous other measures to aid the career development and pathways for students.
68. Over the last three years, progression from further education to higher education has been increasing, with many of the college's higher education programmes are endorsed by professional bodies and these bodies, together with the external examiners, testify to the high standards of the awards. However, it is noted that this is one area than can be improved further and other similar sized Colleges have a much higher progression rate.
69. The College's teacher education department continues to respond well to partnership working whilst maintaining its student numbers in a competitive environment.
70. Following the withdrawal of the University of Teesside from its validation relationship with the College, a new partnership was formed with the University of Bolton, after an extensive selection process in which the potential for partnership with over ten universities was explored. During the first half of the academic year a considerable amount of work was undertaken to validate ninety five undergraduate, postgraduate and sub-degree programmes. The validation activity was completed by the end of January 2017, enabling the College to offer places to applicants without the need for them to include the caveat "subject to validation". Having secured the College's ability to continue to deliver its portfolio of HE programmes, curriculum review activity for each school will take place in the next academic year with a view to maintaining currency and identifying new curriculum opportunities to proceed to validation, as well as maximising the efficiency of operational aspects of curriculum delivery.

Payment Performance

71. The late payment of Commercial Debts (Interest) Act 1998 which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make 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%. During the accounting period there were times when the College Group performance fell below this level. The Group's financial plan aims to rebuild liquidity to a position where it will be able to meet the target.

Events after the end of the reporting period

72. Christopher Malish joined the College on 1 August 2017 as the new Director of Finance and Corporate Services. On 29th October 2018 Craig Tupling was appointed Deputy Chief Executive Officer. Chris Webb has been appointed Chief Executive Officer and will be took up his post on 1st March 2019.
73. An OFSTED inspection of the College's Teacher Training in primary provision began late in the 2016/17 academic year. This is a two-stage process with interim reporting at the end of the initial phase and the second phase was completed in September 2017 where the College was graded as 'requires improvement'.
74. An OFSTED inspection of the College's FE provision occurred in September 2017 in which the College was graded as "Requires Improvement", whilst disappointing the College acknowledges the feedback and areas where improvement is required. The formulation of the improvement plan started in October and will be a key element of the overall Strategic Recovery plan currently being formulated by the College. It is expected that a monitoring inspection is to take place in either the first or second quarter of 2018

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75. There was no confirmation by the Education Skills Funding Agency that the College's financial plan for 2017/18 is rated as having a satisfactory financial health grade, due to the application of Emergency Financial support in October 2017 and health grade assessment of the 2016/17 financial performance being inadequate.
76. Under the Exceptional Financial Support (EFS) from the ESFA the college received the following amounts on the dates given;
- | | | |
|---------------------------|------|-------------------|
| 15 th December | 2017 | £1,500,000 |
| 28 th December | 2017 | £1,500,000 |
| 16 th January | 2018 | £1,274,000 |
| 27 th February | 2018 | £1,500,000 |
| 15 th March | 2018 | <u>£3,500,000</u> |
| Total received | | £9,274,000 |
77. Following the financial performance for the year ended 31 July 2017, the College breached one of its banking covenants with Lloyds Bank. The Bank has continued to support the College and has issued a reserved matters notice, whilst participating in discussions with the College and ESFA on the development of the College's Strategic Recovery Plan. These discussions were ongoing and therefore, the bank loans previously shown under long term liabilities have been classified as short term liabilities in the 2016/17 balance sheet. These discussions have progressed positively and have culminated in a further grant award and loan restructure in March 2019.
78. The result of the application for EFS from the ESFA was an intervention visit from the FE Commissioner which occurred in November 2017 and the outcome report from this visit was received in early 2018.
79. The College accepted an offer for the purchase of the Appleton Building of £1.25m in November 2017.
80. The Corporation formally approved the creation of a Finance and Resources committee (whose first meeting was in November 2017) and a Quality and Standards committee both are which are in response to the Financial Notice to Improve and the rating of requires improvement from OFSTED.
81. In September 2017 the College submitted an ITT response to the ESFA for apprenticeship starts and growth for the period from 1 January 2018 to 31 March 2019. The College continues to be registered on the Register of Training Organisations (ROTO) and the Register of Apprenticeship Training Providers (RoATP)

Future Prospects

82. Cuts to funding body grants for both FE and HE are expected to continue in some shape or form.
83. The David Hockney Building continues to provide an exceptional teaching and learning space and has the capacity to accommodate additional students thereby there is the opportunity to increase student numbers, particularly ESFA funded students due to the growing young people population in Bradford.
84. The College is seeking to continue its growth in Sixth form provision given the structural changes across the region.
85. Improving progression from its vocational students and "A"-level students is a major area of focus for both the College's management team Provost of HE and the Principal of FE.
86. The College continues to blend the use of technology enabled learning with adaptive teaching methods, including increasing on-line content.
87. The College will continue to seek to expand and grow its share of the market for apprenticeships and high-level and degree apprenticeships is a key part of the College's vocational HE strategy.
88. The College is committed to leveraging its membership of the West Yorkshire Consortium of Colleges to secure an increase in the level of funding for education and training projects from EU sources.

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89. Other operating income generation has some growth potential based upon the College's knowledge base and resource, which remains a key objective for the Director of Employer Responsiveness.
90. The College is developing a new approach to branding to improve the brand awareness and recognition of the College's many education and training opportunities for prospective students, which is led by the new Director of Employer Responsiveness.
91. Whilst the College continues to minimise its impact on the environment, the nature of its existing estate in terms of the older buildings has limited the extent of what it can do. Existing buildings are energy inefficient and equipment is often duplicated being on multi-sites. The relatively new development of Trinity Green has made a significant impact as an energy efficient building. In addition, the David Hockney Building and the Advanced Technology Centre allow for a more efficient use of energy in the coming years. Further improvements to estate energy efficiency will be realised with a revised property strategy in early 2018.
92. The College has good arrangements in place to demonstrate Corporate Social Responsibility. Active engagement in the public life of the city is of course demonstrated at various levels but the College also makes a wider contribution to the communities it serves. A good example includes the Police Summer Camp hosted at Trinity Green, which saw over 700 children from high crime areas engaged in various activities during the summer holidays.
93. A refreshed property strategy, Phase Three, is due to be completed in late 2017 which will aim to give greater estate definition to FE and HE provision, along with improved utilisation and engagement with organisations for their education and training needs.
94. With the development of the College Strategic recovery plan and support from the ESFA the College believes it will be able to continue in operation and meet its liabilities taking account of the current position and principal risks over the full horizon of its ten-year financial plan, which is based upon the College realising efficiency savings and some growth opportunities in both a value-for-money and risk-based manner.
95. The Corporation has a reasonable expectation after making enquiries that the College with support from the ESFA and in the formulation and implementation of the strategic recovery plans has adequate resources in place to continue in operational existence for the foreseeable future.

RESOURCES

Financial

96. The College Group has £20.59m of net assets (including a pension liability of £22.49m, a reduction of 38% from the previous year): an increase of £11.35m (122%) against the previous year.
97. The pension liability in relation to the West Yorkshire Pension Fund continues to experienced large up and down fluctuations, a result of the wider uncertainty in the stock market due to BREXIT and amendments to scheme rules and changing actuarial assumptions. These fluctuations are difficult to mitigate against, without challenging the Actuary on the assumptions chosen and this level of volatility is expected to continue at least in the short term.

People

98. The College Group employs 808 people (expressed as full-time equivalent) of whom 313 are teaching staff.

Reputation

99. The College has an excellent reputation locally, nationally and internationally although more recently this may have suffered some damage given the recent Ofsted inspection and the Financial Notice to improve from the ESFA. However, maintaining a quality brand is essential for the College's success at attracting students and developing external relationships and it is felt that this can be maintained as the college formulates the strategic recovery plan in conjunction with the ESFA.

BRADFORD COLLEGE

MEMBERS' REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

100. Academic and financial sustainability is at the forefront of the agendas of College governance and management. Expanding, growing and diversifying income; increasing cost effectiveness, efficiencies and economies; investing (in technology, new people, staff training and development, new product development marketing, continuing estate rationalisation and new structures) and securing returns on investment; and the use of revenue and capital contingencies are critical to the management of academic and financial sustainability. In addition, the College continues to seek collaborative opportunities for FE, HE and support services based upon good and innovative practice together with knowledge of benchmark performance levels.
101. The volatility of the funding environment, together with the uncertainty of student numbers presents a significant risk to the College Group. We continue to manage this by enhancing the teaching and learning environment and student experience to strengthen our recruitment whilst at the same time drive out costs and inefficiencies.
102. 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 reputation. In addition, good progress is being made to standardise the risk management approach of the College's subsidiaries in line with that of the College.
103. Initially, based on an updated strategic plan which took effect from 2010/11 and the strategic plan which came into effect in 2015 (although this will be superseded by the Strategic recovery plan which is currently being formulated), the Executive is continuing to undertake a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions, which should mitigate any potential impact on the College. The internal controls are then implemented and subsequent appraisals will review their effectiveness and progress against risk mitigation actions.
104. The College's internal auditors monitor 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 and then in due course to Corporation.
105. Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow up reviews to ensure that such recommendations have been implemented.
106. A 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 and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.
107. In conjunction with RSM, the College's Internal Auditors, our Risk Management process continues to be improved, updated and widened to cover a more comprehensive view of risks.
108. Outlined below is a description of the principal risks that may affect the College. Not all the risks are within the College's control. Other risks besides those listed below may also adversely affect the College and are recorded in the College's risk register.

Competitive Environment

109. Whilst it is known a number of high schools across the Bradford area are closing or looking to close their sixth form provision over the coming periods, there is growing competition entering the market such as New College Bradford and the Dixons Academy Sixth form. Which will result in the competition for students continuing to intensify. However, the demographics of Bradford mean that we have a growing young population to serve, which may ease some of the impact of the new market entrants. This added to the raising levels of participation age and the investment in the City Centre should at least enable the College to maintain or marginally increase the size its share of the 16-18 market.

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110. The College's ability to retain and improve its TEF award will be a key focus for improving competitiveness and is likely to be a factor that will require continuous scrutiny and action, as it will for all HE providers.
111. The establishment of the Office for Students (OfS), which will replace both HEFCE and OFFA from 1st April 2017 and the need for all providers, including the College, to successfully register as a HE provider introduces a degree of uncertainty. At the time of writing, early stage documentation on the registration process has been published, but full details are yet to emerge. Following successful registration, OfS will be responsible for assessing the quality of the College's HE provision and this process of monitoring and assessment will provide a source of risk to the College, which will be addressed by the College's HE Quality Improvement Plan and managed through the deliberative committee structure, and ultimately through Academic Board, reporting to Corporation.
112. The lifting of the cap on recruitment of HE students in 2015/16, the introduction of student fees (and the possibility of further increases in fee levels), the introduction of the TEF and the reduction in the UK's market share of international students are some of the key factors in the changing HE landscape that have led to a hyper-competitive environment for HE providers, with the College competing against larger, universities with significant budgets, who are adopting increasingly aggressive recruitment strategies and investing heavily in improving student experience and in providing high quality resources for students. The College is currently reviewing its strategies for recruitment and retention and associated activity to meet these competitive challenges.
113. To diversify its income streams away from an over reliance on adult FE grant funding, excluding apprenticeships, the College is seeking to expand and grow income from; EU funded projects; consultancy; CPD/short courses of a non-credit bearing nature; hire of facilities and equipment and conferences & events. In addition, the College is seeking to continue to grow traineeships and apprenticeships.
114. The Apprenticeship reform has also enabled third party providers to enter the market thereby increasing competition.

Low take up of loan facilities for Adult FE fees

115. The College continued in 2016/17 to under-utilise its allocated loan facility for 24+ adult FE fees. However, the take up of the adult loan facilities increased from £0.45m in 2015/16 to £0.78m in 2016/17 following a marketing and student support campaign to promote the access to loans for the eligible students. It must be noted however that the risk is that this position does not continue to improve and may be worsened by an extension of learning loans to 19+ adult FE learners.

Speed and extent of responding to employer needs is too slow and too small, respectively

Maintain adequate funding of pension liabilities

116. The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 102 section 28. The College is seeking to continue to improve its annual surplus to contribute to a reduction of the pension scheme deficit. In addition, it will be reviewing all options to improve the funding of pension liabilities, including a review of actuarial assumptions pertinent to the College as opposed to those relevant to the local authority.

Maintaining liquidity

117. The College's highest and most significant risk is currently managing the cash flow and controlling costs. The College is under a financial notice of concern based on the current year performance and the application for EFS in October 2017. Management continue to closely monitor and control income and expenditure during the period in parallel will develop the Strategic recovery plan that will deliver financial sustainability.

BRADFORD COLLEGE

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Financial Sustainability

118. The College has formulated a strategic recovery plan in conjunction with the ESFA in light of this year's result to safeguard the College's against the significant 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 in line with that plan. The College will continue to seek to identify and realise income growth and cost saving opportunities to improve the use of its resources in delivering the plan. The prime focus will be the improvement of student achievement and numbers enrolled.

Other Risks

119. Other risks including those associated with employees, assets, ICT, contingent liabilities, operational uncertainties and external relationships are dealt with through delegated responsibilities to senior post-holders, who convene working groups and facilitate action plans to ensure that each of these risks is mitigated against to a satisfactory level.

STAKEHOLDER RELATIONSHIPS

120. In line with other Colleges and Universities, Bradford College has many stakeholders. These include:
- Students;
 - Funding Councils;
 - Staff;
 - Local Employers (with specific links);
 - Local Authorities;
 - Government Offices;
 - Local Enterprise Partnerships (LEPs);
 - The Local Community;
 - Overseas Communities;
 - Other FE institutions;
 - Other HE institutions, including taught degree validating partners;
 - Suppliers and Service Providers;
 - Trade Unions; and
 - Professional bodies.
121. The College recognises the importance of these relationships and engages in regular communication with them through the College internet site and by meetings. A stakeholder perception study was undertaken and it demonstrated that the College is highly respected by the majority of shareholders. In addition the College is piloting a CRM system, with the intention of rolling out group wide to enable that these relationships are managed in a more strategic manner.

Equal Opportunities

122. 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, class 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.
123. 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.
124. The College 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.

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MEMBERS' REPORT

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

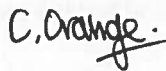
125. The following are examples of measures and adjustments the College has made in compliance with its Equality Act 2010. Both repealed in full by Schedule 27 Equality Act 2010 Part 1 obligations as an employer and service provider:

- i. 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;
- ii. 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;
- iii. 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;
- iv. 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;
- v. there is a number of learning support assistants who provide a variety of support for learning.
- vi. 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.
- vii. specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format; and
- 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.

Disclosure of information to auditors

126. 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 4th April 2019 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 period from 1 August 2016 to 31 July 2017 and up to the date of approval of the annual report and financial statements ("the Relevant Period"). The governance arrangements described in this statement are for the most part set out in the College's Instrument and Articles of Government¹.

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 Nolan Committee on Standards in Public Life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
- (ii) the College's values of achievement, inclusion, excellence, integrity and focus; and
- (iii) the guidance to colleges from the Association of Colleges in *The Code of Good Governance for English Colleges* ("the Code"), which it formally adopted on 17 December 2015.

Compliance with the Code

The Corporation has undertaken a thorough review of its compliance with the Code during the Relevant Period and is satisfied that it achieved compliance with all mandatory requirements (those expressed as "must" statements) as well as substantial compliance with the activities the Code describes as representing good or enhanced governance practice (those expressed as "should" statements). The summary below describes the manner in which the Corporation has applied the principles set out in the Code and identifies where it has departed from the guidance contained in the Code and why.

Legal and Charitable Status

Bradford College is conducted by a Further Education Corporation ("the Corporation") established in 1993 by statutory instrument under the Further and Higher Education Act 1992. It is an exempt charity within the meaning of Part 3 of the Charities Act 2011 ("the Act") and the Corporation members, known as Governors, are charity trustees. The Corporation's principal regulator for charity law purposes is the Secretary of State for Education. The Governors confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

¹ <https://www.bradfordcollege.ac.uk/sites/default/files/shared/documents/2015/instrument-and-articles-21may15.pdf>

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Corporation Membership

During the Relevant Period, the individuals named in the table overleaf 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
Mr Richard Wightman (Chair)	25 May 2005 (1 Jan 2009 as Chair of Corporation)	25 May 2017 (12 Feb 2017 as Chair of Corporation)	4 yrs		16 Jan 2018	Independent	Remuneration Committee Search Committee External Affairs Committee Bradford and District ATA Board Beacon Recruitment & Placement Services Board Bradford College Education Trust Board Special Committee for Recruitment of Director Finance and Corporate Services Equality & Diversity Working Group
Cllr Sameena Akhtar	28 Jul 2016	28 Jul 2016	4 yrs		3 Nov 2016	Independent	None
Mr Mazn Amhamed	09 Jul 2015	09 Jul 2015	4 yrs		2 Feb 2017	Student	None
Mr Paul Ashton	14 Dec 2011	15 Dec 2015	4 yrs			Independent	Audit Committee (Chair) Search Committee (Vice-Chair) Special Committee for Recruitment of Director Finance and Corporate Services Special Committee convening 27.07.17
Cllr Nazam Azam	07 Jul 2016	07 Jul 2016	4 yrs		2 Feb 2017	Independent	None
Cllr Ralph Berry	23 March 2017	23 March 2017	4 yrs			Independent	Remuneration Committee Special Committee convening 27.07.17
Mr Terry Davis	08 Oct 2015	08 Oct 2015	4 yrs		26 Jan 2017	Independent	External Affairs Committee Remuneration Committee
Cllr Richard Dunbar	23 March 2017	23 March 2017	4 yrs			Independent	Special Committee convening 27.07.17
Ms June Durrant	28 Sept 2017	28 Sept 2017	4 yrs			Independent	
Mrs Eve Gregory	17 Feb 2007	17 Feb 2015	4 yrs			Independent	Remuneration (Chair) Bradford College Education Trust Board Samuel Lister Governing Body (Chair) Maths and English Task & Finish Group Link Governor, FE Special Committee for Recruitment of Director Finance and Corporate Services Special Committee convening 27.07.17

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Mr Robert Holden	5 Nov 2015	5 Nov 2015	4 yrs			Staff	
Ms Nasreen Karim	19 Aug 2009	19 Aug 2013	4 yrs		23 Nov 2016	Independent	External Affairs Committee (Chair)
Ann Kendal	19 Oct 2017	19 Oct 2017	4 yrs			Independent	
Mr Dave Mann	05 Nov 2015	05 Nov 2015	4 yrs			Independent	Audit Committee (Vice Chair) Special Committee for Recruitment of Director Finance and Corporate Services Special Committee convening 27.07.17
Mrs Cath Orange	21 Jan 2016	21 Jan 2016	4 yrs			Independent	External Advisory Committee Chair Link Governor, HE Special Committee for Recruitment of Director Finance and Corporate Services Special Committee convening 27.07.17
Mr Karl Oxford	10 Oct 1996	10 Oct 2016	4 yrs		16 Jan 2018	Independent	External Affairs Committee Equality & Diversity Working Group Special Committee for Recruitment of Director Finance and Corporate Services Special Committee convening 27.07.17
Ms Debbie Rolls	05 Nov 2015	05 Nov 2015	4 yrs			Staff	
Mr Waseem Siddique	20 July 2017	20 July 2017	4 yrs			Student	
Dr Ramindar Singh	17 Mar 2004	17 Mar 2016	2 yrs		16 Jan 2018	Independent	Remuneration Committee (Vice Chair) Inprint & Design Board Equality & Diversity Working Group Special Committee for Recruitment of Director Finance and Corporate Services Special Committee convening 27.07.17
Cllr Dale Smith	Pre 1996	7 Oct 2016	4 yrs		16 Jan 2018	Independent	Audit Committee External Affairs Committee Search Committee (Chair) Special Committee for Recruitment of Director Finance and Corporate Services Special Committee convening 27.07.17
Mr Andy Welsh	1 Aug 2014	1 Aug 2014	Ex officio		2 Jan 2018	Executive	Search Committee External Affairs Committee Training for Bradford Ltd Board Samuel Lister Local Governing Body Beacon Recruitment and Placement Services Board Bradford College Education Trust Board Special Committee for Recruitment of Director Finance and Corporate Services

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 once a month.

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

To the extent that the Corporation conducts its business through committees, each has terms of reference approved by the Corporation. The current standing committees are Remuneration, Search, Audit and Finance and Resources. 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/2017 or can be obtained from the Clerk to the Corporation at:

Room F6, Old Building
Bradford College
Great Horton Road
Bradford BD7 1AY

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

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

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

The Corporation has a strong and independent non-executive element; the majority of Governors 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 Chairman 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 and one co-opted member of the College's staff, which 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.

The Group Chief Executive Officer is an ex-officio member of the Corporation. Staff and Student Governors are nominated for appointment by the staff and student bodies respectively and nominations are periodically sought from the Whips Office of the Local Authority to fill up to three Independent Governor positions; nominees are considered for recommendation by the Search Committee. All other candidates for appointment as Independent Governors are sought through a combination of targeted advertising and personal networks. Applicants are assessed for suitability against agreed criteria set by the Corporation and periodically reviewed. The Search Committee compares candidates' CV, covering letter and information elicited at interview with a person specification containing 'essential' and 'desirable' characteristics, in order to identify suitable candidates. Only those who meet the criteria are proposed for approval to the full Corporation.

In line with the Code, the Corporation seeks to ensure that its membership is well-balanced in terms of skills and experience and, additionally, seeks to ensure that the composition of the Corporation broadly reflects the community that the College serves (50-50 male/female; 36% BME). During the Relevant Period, the Search Committee sought to ensure that there was diversity of representation on the Corporation. At the start of the 2016-17 academic year, the Corporation board comprised eleven men and five women, with seven individuals in the black and minority ethnic ("BME") category. By December 2017, there were eleven men and six women, with four individuals in the BME category. One Governor is co-chair of the Bradford Strategic Disability Partnership; another manages local LGBT+ charity Equity Partnership.

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Members of the Corporation are appointed for a term of office not exceeding four years, renewable for a maximum of two further 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.

The Chair and Vice Chair of the Corporation hold office for two years and are eligible for reappointment at the end of that period. Mr Richard Wightman served as Corporation Chair throughout the Relevant Period. Mrs Eve Gregory served as Vice Chair. The processes by which the Chair and Vice Chair are appointed and may be removed are agreed by the Corporation as a formal part of its governance procedures, with advice from the Search Committee. Role descriptions and person specifications for both roles, as well as for Governors generally, are in place and are periodically reviewed.

Continuous professional development is provided for all Governors, with key themes revisited annually to capture both new Governors' induction needs and existing Governors' refresher training, for example around performance indicators and success measures for Further Education. All Governors complete mandatory Safeguarding and Home Office Prevent training and all have access to independent professional advice from the Clerk, who is independent from the Executive and the College management team and directly accountable to the Corporation. The Association of Colleges telephone advisory service for Governors is well-publicised. In addition, Governors receive advice and guidance on their individual responsibilities both as Governors and as charity trustees from the Clerk in advisory reports.

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, as well as nominations for the award of Honorary Fellowship of the College, and recommends to the full board those individuals who fit criteria stipulated by the Corporation. The Committee ensures that an appropriate range of skills and expertise is maintained on the board, including through a programme of Governor training; also 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 control for 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. Throughout the Relevant Period, the Committee was chaired by long-standing Governor, Cllr Dale Smith.

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 Relevant Period the Committee had four members, all Independent Governors, including the Chair and Vice Chair of the Corporation.

Details of payments for the year ended 31 July 2017 are set out in note 8 of the notes to the Financial Statements.

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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 Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

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

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

The Audit Committee also advises the Corporation on the appointment of internal, 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 Resources Committee

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

Committee Terms of Reference and Minutes

Terms of Reference for all Corporation Committees and minutes of all meetings, except those items which Corporation determines should be dealt with on a confidential basis and where the public interest in disclosure does not outweigh the reasons for such determination, are available from the Clerk at: Room F6, Old Building, Bradford College, Great Horton Road, Bradford BD7 1AY.

Significant Activities and Public Benefit

The Corporation only involves itself in activities that are within the scope of its principal or supplementary powers as set out in the Further and Higher Education Act 1992 and which further its charitable objects and do not put at risk its charitable status.

In the course of the Relevant Period, the Corporation has had due regard for the Charity Commission's guidance on public benefit and, in particular, its supplementary guidance on the advancement of education.

A report on how the College has delivered its charitable purposes for the public benefit and a summary of its main activities during the Relevant Period is contained in the Members' Report.

Approved by order of the members of the Corporation on 4th April 2019 and signed on its behalf by

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Ms C. Orange

Mr Chris Webb



Chair

Group Chief Executive

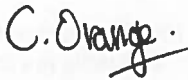
BRADFORD COLLEGE

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

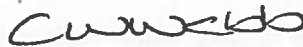
The Corporation has considered its responsibility to notify the Skills Funding Agency/Education Funding Agency of material irregularity, impropriety and non-compliance with Skills Funding Agency/Education Funding Agency terms and conditions of funding, under the financial memorandum in place between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

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

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



Ms C. Orange
Chair



Mr Chris Webb
Group Chief Executive

BRADFORD COLLEGE

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF CORPORATION

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

Within the terms and conditions of the Financial Memorandum between the Education & Skills Funding Agency and the Corporation of the College, the Corporation, through the Group Chief Executive Officer of the College, is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP 2015) and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the Skills Funding Agency are used only in accordance with the Financial Memorandum with the Skills Funding Agency and any other conditions that the Skills Funding Agency may prescribe from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits derived from the application of public funds from the Skills Funding Agency 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

Independent auditors' report to the Corporation of Bradford College

Report on the audit of the financial statements

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's and of the College's affairs as at 31 July 2017 and of the group's and College's income and expenditure and 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 2017; the Consolidated and College Statement of Comprehensive Income for the year then ended; the Consolidated and College Statement 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.

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.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

BRADFORD COLLEGE

INDEPENDENT AUDITORS REPORT TO THE CORPORATION OF BRADFORD COLLEGE

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Corporation's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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.

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 33, 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's 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. This description forms part of our auditors' report.

BRADFORD COLLEGE

INDEPENDENT AUDITORS REPORT TO THE CORPORATION OF BRADFORD COLLEGE

Use of this report

This report, including the opinions, has been prepared for and only for the Governing Body as a body in accordance with Article 22 of the institution'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.

Other Required Reporting

Opinions on other matters prescribed in the Audit Code of Practice issued by the Education and Skills Funding Agency

In our opinion, in all material respects:

- proper accounting records have been kept, and
- the financial statements are in agreement with the accounting records and returns.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
9 April 2019

BRADFORD COLLEGE

REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY

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 5 October 2017 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 2016 to 31 July 2017 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice 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 2016 to 31 July 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them as set out in the Association of Colleges Accounts Direction 2016 to 2017.

BRADFORD COLLEGE

REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY

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 Corporation of the financial health 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 arrangements for any 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

9. Where the College is considering or has made settlements or employment claims by a senior post holder:

- examine related authorisations, legal and other professional correspondence and Board minutes
- evaluate whether procedures followed and decisions reached are reasonable and consistent with Financial Memorandum 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 interest 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 the confidentiality arrangements in place.

BRADFORD COLLEGE

REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY

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 staff and how the college demonstrates even-handedness.
24. Obtain an understanding of if 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.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Leeds
9 April 2019

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BRADFORD COLLEGE

CONSOLIDATED AND COLLEGE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2017

INCOME	Note	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Funding body grants	3	36,026	30,832	30,796	26,492
Tuition fees and education contracts	4	19,023	19,023	19,313	20,349
Research grants and contracts	5	374	374	616	616
Other income	6	696	694	2,504	2,366
Investment income	7	6	6	17	15
Total income		56,125	50,929	53,246	49,838
EXPENDITURE					
Staff costs	8	32,217	30,349	30,323	29,041
Restructuring costs	8	440	350	791	773
Other operating expenses	9	21,660	18,510	16,595	14,770
Depreciation	12	3,920	3,852	4,285	4,205
Interest and other finance costs	10	2,979	2,979	2,839	2,839
Total expenditure		61,216	56,040	54,833	51,628
Deficit before other gains and losses and share of surplus in joint ventures		(5,091)	(5,111)	(1,587)	(1,790)
(Loss) / Profit on disposal of tangible fixed assets and assets held for resale	9	(31)	(31)	321	321
Share of operating surplus in joint venture		39	-	42	-
Profit on sale of investment		615	615	-	-
Deficit before tax		(4,468)	(4,527)	(1,224)	(1,469)
Taxation	11	-	-	-	-
Deficit for the year		(4,468)	(4,527)	(1,224)	(1,469)
Actuarial gain/ (loss) in respect of defined benefit pensions schemes	24	15,898	15,898	(12,308)	(12,308)
Actuarial loss in respect of enhanced pensions	19	(29)	(29)	-	-
Impairment charged to revaluation reserve		(51)	(51)	-	-
Other comprehensive income/(expense) for the year		15,818	15,818	(12,308)	(12,308)
Total comprehensive income/(expense) for the year		11,350	11,291	(13,532)	(13,777)

BRADFORD COLLEGE

CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 JULY 2017

Group	Attributable to College Corporation			Total
	Endowment fund	Income and expenditure reserve	Revaluation reserve	
	£'000	£'000	£'000	£'000
Balance at 1 August 2015	124	14,110	8,540	22,774
Deficit for the year	-	(1,224)	-	(1,224)
Other comprehensive expense	-	(12,308)	-	(12,308)
Transfers between revaluation and income and expenditure reserves	-	719	(719)	-
Total comprehensive expense for the year	-	(12,813)	(719)	(13,532)
Balance at 31 July 2016	124	1,297	7,821	9,242
Deficit for the year	-	(4,468)	-	(4,468)
Other comprehensive income	-	15,869	(51)	15,818
Transfers between revaluation and income and expenditure reserves	-	324	(324)	-
Total comprehensive income/(expense) for the year	-	11,725	(375)	11,350
Balance at 31 July 2017	124	13,022	7,446	20,592

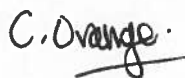
College	Attributable to College Corporation			Total
	Endowment fund	Income and expenditure reserve	Revaluation reserve	
	£'000	£'000	£'000	£'000
Balance at 1 August 2015	124	13,630	8,540	22,294
Deficit for the year	-	(1,469)	-	(1,469)
Other comprehensive expense	-	(12,308)	-	(12,308)
Transfers between revaluation and income and expenditure reserves	-	719	(719)	-
Total comprehensive expense for the year	-	(13,058)	(719)	(13,777)
Balance at 31 July 2016	124	572	7,821	8,517
Deficit for the year	-	(4,527)	-	(4,527)
Other comprehensive income	-	15,869	(51)	15,818
Transfers between revaluation and income and expenditure reserves	-	324	(324)	-
Total comprehensive income/(expense) for the year	-	11,666	(375)	11,291
Balance at 31 July 2017	124	12,238	7,446	19,808

BRADFORD COLLEGE

CONSOLIDATED AND COLLEGE BALANCE SHEETS AS AT 31 JULY 2017

	Note	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Fixed assets					
Tangible assets	12	81,238	80,555	87,443	86,728
Investments	13	125	663	126	664
Net investment in joint venture	14	116	-	78	-
Total fixed assets		81,479	81,218	87,647	87,392
Current assets					
Stocks		61	61	83	83
Debtors	15	3,680	4,205	1,978	2,294
Assets held for resale	16	5,509	5,509	2,528	2,528
Cash at bank and in hand		4,718	4,414	3,814	3,221
Total current assets		13,968	14,189	8,403	8,126
Current liabilities					
Creditors – amounts falling due within one year	17	51,806	52,550	7,653	7,846
Net current (liabilities)/assets		(37,838)	(38,361)	750	280
Total assets less current liabilities		43,641	42,857	88,397	87,672
Creditors – amounts falling due after more than one year	18	286	286	42,711	42,711
Provisions for liabilities					
Defined benefit pension scheme	19	22,493	22,493	36,203	36,203
Other provisions	19	270	270	241	241
Total net assets		20,592	19,808	9,242	8,517
Reserves					
Restricted reserves					
Endowment fund		124	124	124	124
Unrestricted Reserves					
Income and expenditure reserve		13,022	12,238	1,297	572
Revaluation reserve		7,446	7,446	7,821	7,821
Attributable to the College Corporation		20,468	19,684	9,118	8,393
Total reserves		20,592	19,808	9,242	8,517

The financial statements were approved and authorised for issue by the Corporation on 4th April 2019 and were signed on its behalf on that date by:



Ms C. Orange
Chair



Mr Chris Webb
Accounting Officer

BRADFORD COLLEGE

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2017

	Note	2017 £'000	2016 £'000
Operating activities			
Cash generated from operations	21	5,160	2,844
Taxation paid		-	-
Net cash generated from operating activities		5,160	2,844
Investing activities			
Proceeds from sale of tangible fixed assets and assets held for resale		181	956
Proceeds sale of investment		616	-
Gift aid received from jointly controlled entities		-	1
Investment income		6	17
Purchase of tangible fixed assets		(1,110)	(294)
Net cash (used in)/generated from investing activities		(307)	680
Financing activities			
Interest paid on borrowings		(2,057)	(2,003)
Interest paid under finance leases		(67)	(83)
Repayments of borrowings		(1,044)	(862)
Repayments of obligations under finance leases		(781)	(778)
Net cash used in financing activities		(3,949)	(3,726)
Increase/(decrease) in cash and cash equivalents in the year		904	(202)
Cash and cash equivalents at beginning of the year		3,814	4,016
Cash and cash equivalents at end of the year		4,718	3,814

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BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

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 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 and the Companies Act 2006. They conform to guidance published jointly by the Skills Funding Agency and EFA, in the 2015/16 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 2017.

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

The College continues to operate in an environment of inherent uncertainty, as a consequence of the evolving government policy on the provision and funding of further education. This together with the introduction of a new Insolvency regime and associated changes of attitudes of major banks towards lending and known cost pressures has created significant challenges around financial sustainability for the BCG.

Following the preparation of the period 12 management accounts and the Financial statements for 2016/17 it became apparent that the key financial challenges had crystallised in the form of a breach of lending covenants, operating costs in excess of income and significantly depleted working capital. By early in the academic year 2017/18 income targets set in the budget were not being met.

The college requested exceptional financial support from the ESFA in October 2017. On 31st October 2017 the Group was issued with a notice of financial concern and required to produce a recovery plan.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

1. ACCOUNTING POLICIES (CONTINUED)

The Group worked on a revised financial plan, which aimed to move the Group into positive operating cash flows and ensure that it is sustainable into the future. The Group aims to significantly increase contribution by introducing a number of efficiencies over the next three years.

These fall under the following six 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
- Process review of the exam function

The plan is phased over three years and intends to deliver savings of £6m.

The Group has long term borrowing of £42m with Lloyds Bank. The results for 2016/17 led to a breach of a lending covenants with Lloyds Bank and the subsequent reclassification of bank loans previously shown under long term liabilities as short term liabilities. Lloyds Bank continued to support the Group issued a notice of reserved matters.

The Group submitted a request for short term exceptional financial support to the Skills Funding Agency in October 2017 and drew down short term funding in December 2017 with the timing of repayment to be agreed following the production of the Strategic Financial Recovery Plan. The Group had recourse to additional short term support funds should they be required whilst a longer term solution was sought.

As stated in note 27 following the submission of a restructuring facility application to the ESFA and further discussions with Lloyds Bank new grant and loan funding was agreed. Taking into account these facilities, the current performance of the Group; the financial plan, principal risks, cash flow projections and the position of the Bank and the Education Skills Funding Agency, the Board believes that the Group remains a going concern and will be able to continue its operations and meet its liabilities into the foreseeable future. The financial statements have, therefore, been prepared on a going concern basis and do not include adjustments that would be required if the Group was unable to continue as a going concern.

Recognition of income

Grants – government and non-government

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

Funding body recurrent grants are measured in line with best estimates for the year of what is receivable and depend on the particular income stream involved. Any under achievement of the Adult 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 HEFCE represents the funding allocations attributable to the current financial year and is recognised when received or receivable.

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

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

1. ACCOUNTING POLICIES (CONTINUED)

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 period in which the performance criteria related to the grant are met. Where the performance criteria relating to the grant are not met in the period in which the grant is received, the grant is not recognised in profit or loss.

Other income

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

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

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

Retirement benefits

Retirement benefits to employees of the College are principally provided by Teachers' Pensions Scheme (TPS) and the 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 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 schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts 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 period 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 a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

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 the date of transition to FRS 102) 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 period 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 2017

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 25 and 50 years |
| • Major adoptions to buildings | - 25 years |
| • Furniture and equipment | - 20% per year |
| • Motor vehicles | - 25% per year |
| • Fixtures and fittings | - 10% per year |
| • Computer equipment | - 25% per year |

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.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred. Borrowing costs which are directly attributable to the acquisition, construction or production of freehold buildings are added to the cost of those properties until such a time as those properties are ready for their intended use.

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 2017

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 2017

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 charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 3% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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 period it arises.

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

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

Unrestricted reserves

Income and expenditure reserve

Cumulative surplus/deficit generated by the Group net of distributions.

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 2017

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

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

Critical areas of judgement

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

- 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 a judgement 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
- 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 2017/18 and 2018/19.

Critical accounting estimates and assumptions

- 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- 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. These will requires an estimation of the future cash flow and selection of an appropriate discount rates in order to calculate the net present value of those cash flows.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

3. FUNDING BODY GRANTS

	2017		2016	
	Group £'000	College £'000	Group £'000	College £'000
Education and Skills Funding Agency - Adult	13,401	8,207	11,655	7,351
Education and Skills Funding Agency – 16-18	19,286	19,286	16,010	16,010
HEFCE capital grant	225	225	172	172
Education and Skills Funding Agency – non recurrent grant	757	757	784	784
HEFCE revenue grants	1,690	1,690	1,596	1,596
NCTL grants	667	667	579	579
Total	36,026	30,832	30,796	26,492

The Education and Skills Funding Agency (non-recurrent grant) of £757,000 (2016: £784,000) is for Community Learning.

4. TUITION FEES AND EDUCATION CONTRACTS

	2017		2016	
	Group £'000	College £'000	Group £'000	College £'000
Tuition fees				
UK higher education students	11,442	11,442	12,445	12,445
Apprenticeship fees & contracts	300	300	-	-
Trainee teachers	3,568	3,568	4,142	4,142
UK and EU further education students	1,550	1,550	1,548	1,548
Non-European Union students	-	-	410	410
Work based learning fees	902	902	-	1,036
Education contracts	1,261	1,261	768	768
Total	19,023	19,023	19,313	20,349

5. RESEARCH GRANTS AND CONTRACTS

	2017		2016	
	Group £'000	College £'000	Group £'000	College £'000
UK-based charities	-	-	22	22
European Commission	133	133	42	42
Other grants and contracts	241	241	552	552
Total	374	374	616	616

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

6. OTHER INCOME

	2017		2016	
	Group £'000	College £'000	Group £'000	College £'000
Catering and residencies	11	11	124	124
Other income generating activities	48	48	177	177
Other grant income	6	6	-	-
Miscellaneous income	631	629	2,203	2,065
Total	696	694	2,504	2,366

7. INVESTMENT INCOME

	2017		2016	
	Group £'000	College £'000	Group £'000	College £'000
Other interest receivable	6	6	17	15
Total	6	6	17	15

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:

	2017		2016	
	Group No.	College No.	Group No.	College No.
Teaching staff	313	313	292	292
Non-teaching staff	495	432	496	436
Total	808	745	788	728

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

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

Staff costs for the above persons

	2017		2016	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Wages and salaries	25,306	23,655	24,400	23,323
Social security costs	2,340	2,201	1,986	1,851
Other pension costs	4,571	4,493	3,937	3,867
Payroll sub-total	32,217	30,349	30,323	29,041
Restructuring costs - Contractual	440	350	791	773
Total staff costs	32,657	30,699	31,114	29,814

All severance payments are approved by the College's Staffing Change Control Group (SCCG).

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 comprises the Group Chief Executive Officer, the Principal, the Provost, the Director of Finance and the Chief Operating officer.

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

	2017 No.	2016 No.
The number of key management personnel including Accounting Officer was:	5	5

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

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	
	2017 No.	2016 No.	2017 No.	2016 No.
£60,001 to £70,000 p.a.	-	-	8	7
£70,001 to £80,000 p.a.	-	-	3	1
£80,001 to £90,000 p.a.	-	-	1	-
£90,000 to £100,000 p.a.	1	2	-	-
£100,001 to £110,000 p.a.	3	2	-	-
£110,001 to £120,000 p.a.	-	-	-	-
£130,001 to £140,000 p.a.	-	-	-	-
£140,001 to £150,000 p.a.	-	-	-	-
£150,001 to £160,000 p.a.	-	-	-	-
£160,001 to £170,000 p.a.	1	1	-	-
	5	5	12	8

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

	2017 £'000	2016 £'000
Salaries – gross of salary sacrifice and waived emoluments	518	528
Benefits in kind	2	2
Employers National Insurance	66	66
	586	596
Employers pension contributions	75	74
Total Emoluments	661	670

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

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

	2017 £'000	2016 £'000
Salaries	160	160
Benefits in kind	2	2
Employers National insurance	21	20
	183	182
Employers pension contributions	22	21
Total Emoluments	205	203

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

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

The above emoluments include amounts payable to the Principal of:

	2017 £'000	2016 £'000
Salaries	110	101
Benefits in kind	-	-
National insurance	14	12
	<hr/> 124	<hr/> 113
Pension contributions	18	17
Total Emoluments	<hr/> 142	<hr/> 130

No compensation was paid to any key management personnel on loss of office during the year (2016: £Nil).

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 four governors (2016: six governors) were paid total expenses of £963 (2016: £1,064) 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 2017

9. OTHER OPERATING EXPENSES

	2017		2016	
	Group £'000	College £'000	Group £'000	College £'000
Teaching costs	4,169	4,169	4,078	4,078
Non-teaching costs	12,358	9,208	9,233	7,407
Premises costs	5,042	5,042	3,176	3,177
HE Bursaries paid	91	91	108	108
Total	21,660	18,510	16,595	14,770

	2017		2016	
	Group £'000	College £'000	Group £'000	College £'000
Deficit before tax is stated after charging/(crediting):				
External auditors' remuneration:				
Financial statements audit	62	46	61	61
Other services provided by the financial statements auditors:				
Assurance services	3	3	10	10
Tax advisory services	21	16	14	14
Other services	26	26	-	-
Internal auditors' remuneration:				
Internal audit work	49	49	38	38
Other services provided by the internal auditor	11	11	10	7
Profit / (Loss) on disposal of tangible fixed assets	31	31	(321)	(321)
Profit on sale of investment	(615)	(615)	-	-
Operating lease rentals	114	114	115	115

10. INTEREST AND OTHER FINANCE COSTS – GROUP AND COLLEGE

	2017 £'000	2016 £'000
Bank loans, overdrafts and other loans:	2,057	2,003
Finance leases	67	83
Net interest on defined pension liability (note 24)	855	753
Total	2,979	2,839

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

11. TAXATION – GROUP

Tax expense included in Statement of Comprehensive Income

	2017 £'000	2016 £'000
United Kingdom corporation tax at 19.67% (2016: 20%)	-	-
Provision for deferred corporation tax	-	-
Total tax payable	-	-

Reconciliation of tax charge

Tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK for the year ended 31 July 2017 of 19.67% (2016: 20%). The differences are explained below.

	2017 £'000	2016 £'000
Deficit before tax	(4,468)	(1,224)
(Deficit) multiplied by the standard rate of tax in the UK of 19.67% (2016:20%)	(879)	(245)
Effects of: Income not subject to tax	879	245
Total charge for the year	-	-

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

12. TANGIBLE FIXED ASSETS GROUP

	Freehold land and buildings	Fixtures, Computers & Equipment	Total
	£'000	£'000	£'000
Additions	-	1,110	1,110
Classified as held for sale	(8,423)	-	(8,423)
Disposals	-	(277)	(277)
At 31 July 2017	92,532	10,768	103,300
Accumulated Depreciation			
At 1 August 2016	18,386	5,061	23,447
Charge for the year	2,394	1,526	3,920
Classified as held for sale	(5,179)	-	(5,179)
Elimination in respect of disposals	-	(126)	(126)
At 31 July 2017	15,601	6,461	22,062
Carrying amount			
At 31 July 2017	76,931	4,307	81,238
At 31 July 2016	82,569	4,874	87,443

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

12. TANGIBLE FIXED ASSETS COLLEGE ONLY

	Freehold land and buildings	Fixtures, Computers & Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2016	99,241	9,618	108,859
Additions	-	1,084	1,084
Classified as held for sale	(8,423)	-	(8,423)
Disposals	-	(277)	(277)
At 31 July 2017	90,818	10,425	101,243
Accumulated Depreciation			
At 1 August 2016	17,332	4,799	22,131
Charge for the year	2,351	1,501	3,852
Classified as held for sale	(5,179)	-	(5,179)
Elimination in respect of disposals	-	(116)	(116)
At 31 July 2017	14,504	6,184	20,688
Carrying amount			
At 31 July 2017	76,314	4,241	80,555
At 31 July 2016	81,909	4,819	86,728

The carrying amount of equipment (for both the group and the College) includes an amount of £1,233,000 (2016: £1,938,000) in respect of assets held under finance leases.

13. INVESTMENTS

	2017		2016	
	Group £'000	College £'000	Group £'000	College £'000
Subsidiary undertakings	-	538	-	538
Jointly controlled entities	-	-	-	-
Virtual College	-	-	1	1
Other investments	125	125	125	125
Total	125	663	126	664

During the year ended 31 July 2017 the College sold its investment in Virtual College for £615,742 resulting in a profit of £615,448 being recognised in the statement of comprehensive income.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

13. INVESTMENTS – COLLEGE (CONTINUED)

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 area. 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 2016/17, 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 believe 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 2017

14. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

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 £79,000 (2016: £25,000).

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 £37,000 (2016: £53,000).

15. DEBTORS

	2017		2016	
	Group £'000	College £'000	Group £'000	College £'000
Amounts falling due within one year:				
Trade debtors	2,049	2,235	1,519	1,481
Other taxation	-	-	11	11
Amounts owed by group undertakings	-	437	-	189
Amounts owed by jointly controlled entities	27	27	57	89
Prepayments and accrued income	1,604	1,506	391	524
Total	3,680	4,205	1,978	2,294

16. ASSETS HELD FOR SALE

Assets held for sale at 31 July 2017 comprises of five buildings (Junction Mills, Garden Mills, Appleton Building, Bolton Royd and Old Building), which had become surplus to College requirements and are expected to be sold during 2017/18. The assets are held at the lower of cost and net realisable value of £5,509,000 (2016 £2,528,000).

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017		2016	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans and overdrafts	41,965	41,965	1,045	1,045
Obligations under finance leases	435	435	755	755
Trade creditors	2,914	2,278	2,125	1,979
Amounts owed to subsidiary undertakings	-	1,473	-	591
Joint venture undertakings	167	166	3	32
Corporation tax	-	-	-	-
Taxation and social security	1,274	1,235	584	547
Accruals and deferred income	3,794	3,450	2,125	1,881
Amounts owed to funding bodies	1,257	1,548	1,016	1,016
Total	51,806	52,550	7,653	7,846

The Trinity Green loan of £11,500,000, was drawn down in full by 31 July 2010. The loan is repayable by instalments by 6 September 2032 at a rate of 5.52%, amended to 7.02% in June 2012. The loan is unsecured. Outstanding balance of the loan is £9,303,630 (2016: £9,682,758).

In 2011/12 the College negotiated loans totalling £35,000,000 with a view to funding the construction of the new building. The first of these loans was for £10,000,000, at 4.06% and was to be drawn down before 31 December 2012. It is repayable by instalments between 28 March 2013 and 31 December 2028. The second was for £25,000,000, and was to be drawn down in the period 28 June 2013 to 29 March 2017, at 3.93% until that date, and is repayable by instalments between then and 30 June 2039. The loan was fully drawn down on 1 August 2014. Both loans are unsecured. The outstanding balances of these loans are £7,803,909 (2016: £8,326,551) and £24,857,168 (2016: £25,000,000) respectively.

In the current year, given the financial performance for the year ended 31 July 2017, Bradford College Group breached its banking covenants in respect of the 2016/17 year and, therefore, the bank loans were classified as short term. However a subsequent restructuring facility application has been successfully agreed on 11 March 2019 and new loan facilities put in place.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

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

	2017		2016	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans	-	-	41,964	41,964
Obligations under finance leases	286	286	747	747
Total	286	286	42,711	42,711

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2017		2016	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	41,965	41,965	1,045	1,045
Between one and two years	-	-	1,552	1,552
Between two and five years	-	-	5,170	5,170
In five years or more	-	-	35,242	35,242
Total	41,965	41,965	43,009	43,009

Finance leases

The total future minimum lease payments are payable:

	2017		2016	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	435	435	755	755
Between one and five years	286	286	747	747
In five years or more	-	-	-	-
Total	721	721	1,502	1,502

Finance lease obligations are secured on the assets to which they relate.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

19. PROVISIONS FOR LIABILITIES

	Defined benefit obligations (note 24) £'000	Enhanced pensions £'000	Other £'000	Total £'000
At 1 August 2016	36,203	241	-	36,444
Amounts utilised	-	(20)	-	(20)
Additions in period charged to Statement of Comprehensive Income:				
Recognised in income and expenditure	2,188	20	-	2,208
Recognised in other comprehensive income	(15,898)	29	-	(15,869)
Unwind of discount	-	-	-	-
Released unused	-	-	-	-
At 31 July 2017	22,493	270	-	22,763

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. This provision has been recalculated in accordance with guidance issued by the funding bodies. The principal assumptions for this calculation are:

	2017	2016
Price inflation	1.30%	1.30%
Discount rate	2.30%	2.30%

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

20. FINANCIAL INSTRUMENTS

The Group has the following financial instruments:

	2017	2016
	£'000	£'000
Financial assets		
Debt instruments measured at amortised cost:		
Trade debtors	2,049	1,519
Accrued income	492	182
Total	2,541	1,701

	2017	2016
	£'000	£'000
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	2,914	2,125
Bank loans and overdrafts	41,965	43,009
Finance leases	721	1,502
Accruals	3,794	1,929
Total	49,394	48,565

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

21. NOTES TO CONSOLIDATED STATEMENT OF CASHFLOWS

	2017 £'000	2016 £'000
Deficit after tax for the year	(4,468)	(1,224)
Adjustment for:		
Taxation	-	-
Depreciation	3,920	4,285
Investment income	(6)	(17)
Interest payable	2,979	2,839
Lease interest creditor adjustment	(81)	-
Lease interest fixed asset adjustment	161	-
Subsidiary depreciation on disposal	(10)	-
Loss/(profit) on sale of tangible fixed assets and assets held for sale	31	(321)
Profit on sale of investment	(615)	-
Impairment on asset held for resale	51	-
Increase/(decrease) in other provisions	29	(2,321)
Decrease in other investments	1	17
Pension costs less contributions payable	1,333	797
Share of operating (deficit) in joint venture	(39)	(42)
Operating cash flow before movements in working capital	3,286	4,013
Decrease/(increase) in stocks	22	(83)
(Increase) in debtors	(1,701)	(427)
Increase/(decrease) in creditors	3,553	(659)
Cash generated from operations	5,160	2,844

22. CAPITAL COMMITMENTS

As at 31 July 2017 the Group and College had no capital commitments (2016: £nil)

23. COMMITMENTS UNDER OPERATING LEASES

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

	Group and College	
	2017 £'000	2016 £'000
Payments due		
Not later than one year	308	281
Later than one year and not later than five years	611	698
Later than five years	-	83
	919	1,062

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

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.

	2017		2016	
	£'000	£'000	£'000	£'000
Total pension cost for the year				
Teachers' pension scheme contributions paid		2,013		1,465
West Yorkshire Pension Fund				
Contributions paid	1,186		1,626	
FRS102 (28) charge	1,333		797	
Charge to the Statement of Comprehensive income		2,519		2,423
Enhanced pension charge to Statement of Comprehensive income		(39)		(21)
Pension contributions paid into subsidiary scheme		78		70
Total Pension Cost for year within staff costs		4,571		3,937

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

Contributions amounting to £157,764 (2016: £134,962) were payable to the LGPS at 31 July and contributions amounting to £286,962 (2016: £257,675) were payable to the TPS at 31 July and are included within creditors.

Teachers' Pension Scheme

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

Valuation of the Teachers' Pension Scheme

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

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

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £191.5 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held the valuation date) of £176.6 billion
- Notional past service deficit of £15.0 billion
- Assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings
- Rate of real earnings growth is assumed to be 2.75%
- Assumed nominal rate of return is 5.06%

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

24. RETIREMENT BENEFITS (CONTINUED)

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

The pension costs paid to TPS in the year amounted to £2,013,000 (2016: £1,465,000).

The TPS is a multi-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 2017 were £1,764,000, of which employer's contributions totalled £1,186,000 and employees' contributions totalled £578,000. The agreed contribution rates for future years are 14.5% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2017 by a qualified independent actuary.

	At 31 July 2017	At 31 July 2016
Rate of increase in salaries	3.25%	3.30%
Future pensions increases	2.00%	1.80%
Discount rate	2.60%	2.40%
Inflation assumption (CPI)	2.00%	1.80%
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 2017 Years	At 31 July 2016 Years
<i>Retiring today</i>		
Males	22.1	22.7
Females	25.2	25.6
<i>Retiring in 20 years</i>		
Males	23.0	24.9
Females	27.0	28.0

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

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

24. RETIREMENT BENEFITS (CONTINUED)

Fair Value of assets

	Fair Value at 31 July 2017	Fair value at 31 July 2016
	£'000	£'000
Equity instruments	69,325	62,008
Government bonds	8,744	9,248
Other bonds	3,516	3,468
Property	3,966	3,963
Cash	1,533	1,156
Other	3,064	2,724
Total fair value of plan assets	90,148	82,567
Actual return on plan assets	9,259	8,485

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

24. RETIREMENT BENEFITS (CONTINUED)

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

	2017 £'000	2016 £'000
Amounts included in staff costs:		
Current service cost	2,485	1,941
Past service cost	34	482
Total	2,519	2,423
Amounts included in investment income:		
Net interest expense	855	753
Total	855	753
Amount recognised in other comprehensive income:		
Return on pension plan assets	(7,297)	(5,874)
Actuarial (gains)/ losses	(8,601)	18,182
Amount recognised in Other Comprehensive Income	(15,898)	12,308

Changes in the present value of defined benefit obligations	2017 £'000	2016 £'000
Defined benefit obligations at start of year		
Liabilities at start of the year	118,770	97,423
Current service cost	2,485	1,941
Interest cost	2,817	3,364
Contributions by scheme participants	578	545
Actuarial (gains)/ losses	(8,601)	18,182
Benefits paid	(3,442)	(3,167)
Past service cost	34	482
Defined benefit obligations at end of year	112,641	118,770
Changes in fair value of plan assets	2017 £'000	2016 £'000
Fair value of plan assets at start of year	82,567	75,078
Interest income	1,962	2,611
Return on plan assets (excluding net interest on the net defined benefit liability)	7,297	5,874
Employer contributions	1,186	1,626
Contributions by scheme participants	578	545
Benefits paid	(3,442)	(3,167)
Fair value of plan assets at end of year	90,148	82,567
Deficit of plan obligations net of plan assets	22,493	36,203

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

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 period, Councillors Ralph Berry, Richard Dunbar and Dale Smith were members of the Corporation of Bradford College. Purchase transactions with City of Bradford Metropolitan District Council (excluding business rates payments) amounted to £281,779 (2015/16: £181,487) with balances outstanding at the year-end of £21,456 (2015/16: £141,386). Sales transactions with City of Bradford Metropolitan District Council in the year amounted to £139,500 (2015/16: £35,244) with a balance outstanding at the year-end of £nil (2015/16: £nil).

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 period, the following individuals were directors of BCET: the College's Group Chief Executive Officer, Andy Welsh; the then Principal, Kath Oldale; the Group Finance Director, David Hambleton; the then Dean of Teaching, Health and Care, Dr Clive Opie; the then Vice Principal Curriculum and Quality, Michael Walsh; and the following members of the Corporation: Richard Wightman, Chair of Corporation; Alan Jerome, Vice-Chair of Corporation; and Eve Gregory. Purchase transactions with BCET (including the individual academies and studio school) during the year amounted to £37,794 (2015/16: £nil) with a balance of £37,794 outstanding at the year-end (2015/16: £nil). Sales transactions with BCET (including the individual academies and the studio school) amounted to £38,398 (2015/16: £63,270) with a balance of £38,398 (2015/16: £63,258) 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 period, the following individuals were directors of the company: the College's Group Chief Executive Officer, Andy Welsh, and Richard Wightman, the Chair of the Corporation. There were £nil purchase transactions with the Company in the year (2015/16: £nil) with £nil balances outstanding at the year end (2015/16: £nil). Sales transactions with the company amounted to £37,928 during the year (2015/16: £38,918). Amounts outstanding at the year end were £nil (2015/16: £457).

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

25. RELATED PARTY TRANSACTIONS (CONTINUED)

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. Raminder Singh, a member of the Corporation and David Hambleton were directors of Inprint & Design Limited during the relevant period. Purchase transactions with Inprint & Design Limited in the year amounted to £528,257 (2015/16: £383,386) with £87,072 outstanding at the year end (2015/16: £31,691). Sales transactions with Inprint & Design Limited in the year amounted to £350,216 (2015/16: £394,049) with a balance of £27,525 outstanding at the year end (2015/16: £114,016).

26. AMOUNTS DISBURSED AS AGENT LEARNER SUPPORT FUNDS

	2017 £'000	2016 £'000
Balances brought forward		
Funding body grants – bursary support	806	503
Funding body grants – discretionary learner support	-	-
Funding body grants – residential bursaries	1,357	2,230
Other funding body grants	-	-
Interest earned	2,081	1,649
	-	2
Disbursed to students	4,244	4,384
Disbursed to employers	(2,619)	(3,440)
Administration costs	-	(54)
Other Adjustments	(62)	(84)
	(68)	-
Balance unspent as at 31 July, included in creditors	1,495	806

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.

27. EVENTS AFTER THE REPORTING PERIOD

Christopher Malish joined the College on 1 August 2017 as the new Director of Finance and Corporate Services.

An OFSTED inspection of the College's Teacher Training in primary provision began late in the 2016/17 academic year. This was a two-stage process with interim reporting at the end of the initial phase and the second phase was completed in September 2017, where the College was graded as 'requires improvement'.

An OFSTED inspection of the College's FE provision occurred in September 2017 in which the College was graded as "Requires Improvement", whilst disappointing the College acknowledges the feedback and areas where improvement is required. The formulation of the improvement plan started in October and will be a key element of the overall Strategic Recovery plan currently being formulated by the College. It is expected that a monitoring inspection is to take place in either the first or second quarter of 2018.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

27. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

There was no confirmation by the Education Skills Funding Agency that the College's financial plan for 2017/18 is rated as having a satisfactory financial health grade, due to the application of Emergency Financial support in October 2017 and health grade assessment of the 2016/17 financial performance being inadequate.

Following the financial performance for the year ended 31 July 2017, the College breached one of its banking covenants with Lloyds Bank. The Bank continued to support the College and issued a reserved matters notice, whilst participating in discussions with the College and ESFA on the development of the College's Strategic Recovery Plan. The bank loans previously shown under long term liabilities have been classified as short term liabilities in the 2016/17 balance sheet as a consequence of the breach.

The result of the application for EFS from the ESFA was an intervention visit from the FE Commissioner which occurred in November 2017 and the outcome report from this visit was issued in early 2018.

The College accepted an offer for the purchase of the Appleton Building of £1.25m.

The Corporation formally approved the creation of a Finance and Resources committee (whose first meeting was in November 2017) and a Quality and Standards committee both of which are in response to the Financial Notice to Improve and the rating of requires improvement from OFSTED.

In September 2017 the College submitted an ITT response to the ESFA for apprenticeship starts and growth for the period from 1 January 2018 to 31 March 2019. The College continues to be registered on the Register of Training Organisations (ROTO) and the Register of Apprenticeship Training Providers (RoATP).

In March 2019 the discussions with the ESFA and Lloyds Bank concluded and additional grant funding from the ESFA and new loan arrangements were agreed. This has 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 approximately £12.8m and debt forgiveness of 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.