

Bradford College Group

Annual Report and Financial Statements

For the Year Ended 31 July 2018

**EDUCATION
ENTERPRISE
EMPLOYMENT**

Key Management Personnel

Key management personnel, defined as members of the College's Executive Management Team, were represented by the following in 2017/18:

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)

Mr David Harwood – Principal, lead responsibility for Further Education (resigned 31st May 2018)

Ms Dawn Leak - Director of Employer Responsiveness.

Mr Richard Thomas – Provost, lead responsibility for Higher Education

Mr Chris Jones – Interim Group Chief Executive and Accounting Officer (appointed 2nd January 2018)

Mr Chris Malish – Director of Finance and Corporate Affairs (appointed 1st August 2017)

Chris Jones resigned on 31st August 2018 and Chris Malish was appointed interim CEO and Accounting Officer on that date.

Board of Governors

A full list of Governors is given on page 11-13 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
Central Square
29 Wellington Place
Leeds
LS1 4DL

Internal Auditors:

RSM
Central Square
29 Wellington Street
Leeds
LS1 4DL

Bankers:

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

Solicitors:

Eversheds
Bridgewater Place
Water Lane
Leeds
LS11 5DR

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

CONTENTS

	Page(s)
Corporation Report	3 – 10
Statement of Corporate Governance and Internal Control	11 – 17
Corporation Statement on the College's Regularity , Propriety and Compliance With Funding Body Terms and Conditions of Funding	18
Statement of Responsibilities of the Members of Corporation	19
Independent Auditors Report to the Corporation of Bradford College	20 – 25
Consolidated and College Statement of Comprehensive Income	27
Consolidated and College Statement of Changes in Reserves	28
Consolidated and College Balance Sheets as at 31 July 2018	29
Consolidated Statement of Cash Flows	30
Notes to the Financial Statements	32 - 62

BRADFORD COLLEGE

CORPORATION REPORT

NATURE, OBJECTIVES AND STRATEGIES

1. The corporation present their report and the audited financial statements for the year ended 31 July 2018.

Legal status

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

Mission

4. The Corporation's current mission statement is:

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

Public Benefit

5. The College is an exempt charity under Part 3 of the Charities Act 2011 and its principal regulator is the Secretary of State for Education. The College Governors, who are trustees of the charity, are disclosed on page 12 of these financial statements. They are aware of their responsibilities as charity trustees to act for the public benefit in all their decision-making.
6. In setting and reviewing the College's strategic objectives, Governors had due regard for the Charity Commission's guidance on public benefit and, in particular, its supplementary guidance on the advancement of education.
7. The College is committed to providing high-quality education and to increasing educational opportunities among all the communities it serves, to increase the economic prospects and social mobility of Bradford and the surrounding areas. Substantial public benefit is provided through the wide range of activities it undertakes, from equipping individuals with basic life skills such as literacy and numeracy; to producing graduates and contribution research.
8. As its core business, the College operates a general further education College, delivering a range of courses and study programmes, including apprenticeships at intermediate and advanced levels, supporting individuals to achieve their learning goals and complete their studies with skills equipping them for higher level courses or for the national workforce. It supports a large number of those individuals to undertake practical work experience directly linked to their study programmes, to help develop their employability skills. The College works collaboratively with statutory agencies, educational partners and private enterprises, including the Leeds City Region and Combined Authority in order to contribute to the creation of a skilled workforce.
9. The College partners with numerous local charities, social enterprises and community organisations, encouraging students to become involved in volunteering to support their personal development, augmenting the employability skills of those concerned and nurturing their sense of citizenship and social responsibility.
10. Examples of the College's engagement in activities that are of benefit to the wider public in 2017/18 are:
 - The College works with the local police, fire service, council and armed forces to deliver programmes to young people aged 9-15 in the district during summer holidays to promote positive relationships with such services and discourage anti-social behaviour.
 - Assisting a local charity to equip young people with the knowledge, skills and experience to work in the voluntary and community sector.

BRADFORD COLLEGE

CORPORATION REPORT

- A group of students helped to convert a disused space in a local charity's building for local young people to learn to play musical instruments.
 - With the Savoy Cooking School the College offered a cooking course to 11-18 year olds in the summer.
 - The College organises a Saturday Art Club offering facilities and expertise to young people in the area to develop their skills in this discipline. The sessions are free to all.
 - The College helps to fundraise for equipment for a school in Kenya with staff volunteering also to support teaching and learning in the school holidays. This includes also hosting the school's choir when it visits the UK to perform.
11. The College produces and conserves works of artistic merit, for example curating a rich textile archive which it makes available for art students, designers, fabric manufacturers and the general public. It has mounted a series of exhibitions at prestigious events and venues which are open to the public, some involving international work. Paintings, designs and sculpture are displayed around the College campus and include student work.
 12. The College continues to engage with international programmes, such as Erasmus. The College's work on shorter-term international activity continues to be successful and it is currently exploring a number of new opportunities to expand this work into other areas.
 13. The College has a Teaching Excellence Framework (TEF) Bronze award, meaning that the College "achieves good outcomes for most of its students"
 14. The College provides training and support for learners with learning difficulties and/or disabilities, enhancing their ability for both independent living and preparation for work. It supports such learners to enable them to be taught in mainstream classes and provides support for those with behavioural problems.
 15. The College has a strong commitment to widening participation in education and learning and, in furtherance of this, it works with a number of organisations in the region to promote this. Young people are also engaged through initiatives such as weekend workshops, for example in computer programming and art, as well as dance classes and theatre projects, aimed at nurturing talent, promoting further and higher education and building confidence, as well as increasing public understanding of careers in various sectors.
 16. The College delivers an extensive programme of teacher education, supporting school improvement through teacher training for local schools. It has excellent relationships with local schools, training a large proportion of their professional workforce. As well as training for new teachers, including for its own workforce, courses are offered for those who wish to improve their teaching skills.
 17. Further information about how the College has delivered its charitable purposes for the public benefit is detailed throughout the Corporation' Report.

Implementation of Strategic Plan

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

Goal 1: Deliver an outstanding student experience

Goal 2: Support employability, enterprise and innovation

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

BRADFORD COLLEGE

CORPORATION REPORT

Goal 4: Maintain a dynamic and sustainable College

Goal 5: Grow our reputation and influence

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

19. In pursuing the strategic goals and objective, the College do so in accordance with its set of **values**, which guide the way things are done:
- a. **Achievement:** We are ambitious. We set high standards for the College and all its students and staff. We help people transform their lives through education, experience, support and inspiration.
 - b. **Inclusion:** We are an open, welcoming and supportive College. Our commitment to equality and diversity underpins everything we do. We build and sustain positive relationships with many communities.
 - c. **Excellence:** We aim for excellence in all our teaching, learning and assessment, and across our campus and facilities. We are innovative and creative in our outlook and approach, and encourage these qualities in our students.
 - d. **Focus:** We are professional and purposeful, working towards our shared strategic goals and managing our resources well. We are forward-looking, engaging with the wider social and economic environment.
 - e. **Integrity:** We work to uphold our values in our planning and decision-making, our teaching and learning, our actions and relationships. We aim to be fair, open, honest and accountable to the communities we serve and to treat all with respect
20. In 2017/18, 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.

Key Performance Indicators

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

For 2017/18 a sample of the actual performance against target is shown below:

	Target	Actual
Staff costs as % of income	72%	70%
Cash days in hand	29	50
Adult students achievement	88%	86%
Student attendance	87%	86%

BRADFORD COLLEGE

CORPORATION REPORT

FINANCIAL POSITION

Financial results

22. The College Group generated a deficit before other gains and losses in the year of £0.171m (2016/17 – deficit of £5.091m).
23. The total comprehensive expense in 2017/18 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 £3.606m (2016/17 – actuarial gain of £15.9m);
 - b. Restructuring costs of £0.996m (2016/17: cost of £0.44m);
 - c. Additional employer service costs for the defined benefit pension scheme with the WYPF of £1.239m as per FRS 102 (28) (2016/17 – cost of £1.33m);
 - d. Net interest payable on the defined pension liability with the WYPF of £0.57m as per FRS 102 (28) (2016/17 – cost of £0.86m);
 - e. Interest and other finance costs, excluding the pension finance cost as per the above item, of £2.474m (2016/17 cost of £2.12m)
 - f. Depreciation charge of £3.73m (2016/17 – cost of £3.92m)
 - g. Exceptional Financial Support Grant of £9.274m (2016/17 – nil)
24. Capital investment - the College group invested £0.63m in equipment additions during the year.
25. Reserves – the group reserves amounted to £24.28m at the year end. It held £7.219m in cash and bank balances at that date.
26. The group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2017/18 these funding bodies provided over 70% of the Group's total income.
27. The College Group is made up of the College and its two wholly-owned subsidiaries and two joint venture companies. The two wholly-owned subsidiary companies are: Training for Bradford Ltd trading as City Training Services (CTS) and Beacon Recruitment & Placement Services Ltd. The principal activity of CTS is apprenticeships and other forms of work-based learning. Beacon recruits and places temporary staff within the College and elsewhere and arranges placements for students as part of their course requirements. The College has a 50% share in In print & Design Ltd, a joint venture company with the University of Bradford, the principal activity of which is a range of print and graphics design services. Its other joint venture is ATA.
28. A share of any profits generated by the subsidiaries and joint venture companies are gift aided to the College.

FUTURE PROSPECTS

29. **Financial Plan** – the Corporation approved a three year financial plan in July 2018 which sets objectives for the period to 2020 that was subsequently amended as part of the recovery plan submission.
30. Treasury policies and objectives - the College has a Treasury Management Policy in place, applicable to both the investments and borrowings of the College. The policy recognises the difficulties of striving for effective risk management and controls whilst at the same time pursuing value for money. The aim is to effectively manage cash flows and banking arrangements to meet the College's needs.
31. Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer, namely the Group Chief Executive Officer. All other borrowing requires the authorisation of the Corporation.
32. **Cash flows and liquidity** - at £6.895m (inflow) for 2017/18 (2016/17 - £5.160m inflow), the net cash inflow from operating activities showed an increase compared to the previous year due mainly to the receipt of an exceptional financial support grant of £9.274m.

BRADFORD COLLEGE

CORPORATION REPORT

33. The net overall cash inflow of £2.5m (2016/17 – inflow £0.9m) was due mainly to the net cash inflow from operating activities less repayment of borrowings of £1.55m.
34. **Reserve's Policy** - the College Group wishes to build its reserves in order to:
- a. Maintain financial solvency and continually improve financial sustainability;
 - b. Strengthen the ESFA financial health grading;
 - c. Ensure full compliance with bank loan covenants;
 - d. Fully cover pension fund liabilities
35. At the year end the College had total group reserves of £24.28m. It is the College's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.
36. **Going concern** – after making appropriate enquiries, and following the agreement of the ESFA to provide a restructuring facility to the College as shown in note 27, the governors consider that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

FE Quality

37. Following an Ofsted inspection in September 2017, the College was graded as "Requires Improvement", whilst disappointing the College acknowledged the feedback and areas where improvement is required. The formulation of the improvement plan started in October and is a key element of the overall Strategic Recovery plan formulated by the College. Monitoring inspections have taken place during the financial year and continue to do so.

Restructuring facility

38. The College submitted a bid for a Restructuring Facility to the ESFA in June 2018. Discussions have continued since then on the proposal which was granted in March 2019 and has placed the College on a sound financial base on which it will be able to build and realise a financially sustainable institution. Further details are shown in note 27 to the financial statements.

Payment Performance

39. The late payment of Commercial Debts (Interest) Act 1998 requires organisations, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of the goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95% which the College met. No interest charges were incurred in respect of late payment.

Events after the end of the reporting period

40. As referred to above, a request for a restructuring facility from the ESFA was made towards the end of the financial year and discussions have continued on this. The financial plan and forecasts compiled to support the request have been subject to extensive due diligence on behalf of the ESFA and Lloyds Bank. These discussions have progressed positively and have culminated in a further grant award and loan restructure.
41. On 29th October 2018 Craig Tupling was appointed Deputy Chief Executive Officer. Chris Webb has been appointed Chief Executive Officer and will be taking up his post on 1st March 2019.

BRADFORD COLLEGE

CORPORATION REPORT

RESOURCES

- 42. The College Group has £24.28m of net assets (including a pension liability of £18.9m, a reduction of 15% from the previous year). Assets include properties with a balance sheet value of £77.7m.
- 43. The pension liability continues to experience fluctuations, a result of the wider uncertainty in the stock market due to BREXIT and amendments to scheme rules and changing actuarial assumptions.
- 44. The College Group employs 857 staff (expressed as full-time equivalent) of whom 340 are teaching staff.
- 45. The College has an excellent reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and developing external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

- 46. The College has well developed strategies for managing risk and seeks to imbed risk management in all that it does. Risk implications are considered as a standing item at all management meetings. 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. It has standardised the risk management approach of the College's subsidiaries in line with that of the College.
- 47. The corporation has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement of Corporate Governance.
- 48. 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.
- 49. Outlined below is a description of the principal risks affecting the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

Outstanding student experience

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

Curriculum offer

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

Staff

- 53. The College may fail to appoint and retain senior leaders with relevant skills and experience to be able to deliver clear strategy and strong leadership.
- 54. It could also fail to recruit, retain and engage high performing employees. The College will mitigate this by ensuring it offers a good but challenging working environment that also stimulates staff in parallel to market level and, where possible, market leading salaries and conditions.

BRADFORD COLLEGE

CORPORATION REPORT

Achieving recruitment targets

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

Financial Sustainability

56. The College has formulated a strategic recovery plan in conjunction with the ESFA in light of last 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. The College will continue to seek to identify and realise income growth and cost saving opportunities to improve the achievement value-for-money from the use of its resources in delivering the corporate strategy. The prime focus will be the improvement of student achievement and numbers enrolled.

STAKEHOLDER RELATIONSHIPS

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

Equality

58. Bradford College is committed to ensuring equality of opportunity for all who learn and work here. The College respects and values positively, differences in race, gender, sexual orientation, ability, religion or belief and age. It strives vigorously to remove conditions which place people at a disadvantage and actively combats bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equality and Diversity Policy, including Race Relations and Transgender Policy, is published on the College's internet site.
59. 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.
60. The College has committed to the principles and objectives of the Positive about Disabled standard. It considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to facilitate the continuance of their employment with the College. The College's policy is to provide training, career development and opportunities for promotion for employees with disabilities that are, as far as possible, identical to those for non-disabled employees.

Disability Statement

61. The College seeks to achieve the objectives set down in the Equality Act 2010:
- 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;

BRADFORD COLLEGE

CORPORATION REPORT

- 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 are 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.

Trade union facility time

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

Numbers of employees in the relevant period	FTE employee number
1066	857

Total cost of facility time	£126,000
Total pay bill	£191,000
Percentage of total bill spent on facility time	66%

Disclosure of information to auditors

62. 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 and signed on its behalf by

C. Orange

Ms C. Orange
Chair

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Statement of Corporate Governance

Purpose

The following statement is provided to enable readers of the College's annual report and financial statements to obtain a better understanding of its governance and legal structure. It covers the year from 1 August 2017 to 31 July 2018 and up to the date of approval of the annual report and financial statements.

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

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

Compliance with the Code

The Corporation has undertaken a thorough review of its compliance with the Code during the period concerned and is satisfied that it achieved this throughout the period. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted in December 2015.

Corporation Membership

During the year, 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	Attendance as a % of possible attendance between 01.08.17 and 31.07.18
Mr Richard Wightman	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 Equality & Diversity Working Group	100

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Governor	Date of initial appointment	Most recent re-appointment	Length of current term of office	Termination date (if applicable)	Type of Governor	Committees, Boards, etc. served on	Attendance as a % of possible attendance between 01.08.17 and 31.07.18
Mr Paul Ashton	14 Dec 2011	15 Dec 2015	4 yrs		Independent	Audit Committee (Chair) Search Committee (Vice-Chair) 73	
Judy Hooton	17 November 2016	17 November 2016	4 yrs	April 2018	Independent	Quality and Standards Committee	70
Cllr Ralph Berry	23 March 2017	23 March 2017	4 yrs		Independent	Remuneration Committee Finance and General Purposes Committee	55
Matt Peel	April 2018	April 2018	1 yr		Student		100
Cllr Richard Dunbar	23 March 2017	23 March 2017	4 yrs	17 May 2018	Independent	Audit Committee Quality and Standards Committee	63
Ms June Durrant	28 Sept 2017	28 Sept 2017	4 yrs		Independent	Quality and Standards Committee (Chair)	73
Mrs Eve Gregory	17 Feb 2007	17 Feb 2015	4 yrs		Independent	Remuneration Committee (Chair) Finance and General Purposes Committee Quality and Standards Committee Bradford College Education Trust Board	91
Mr Robert Holden	5 Nov 2015	5 Nov 2015	4 yrs		Staff	Finance and General Purposes Committee Quality and Standards Committee	91
Steve Roberts	May 2018	May 2018	4 yrs		Independent	Audit Committee	100
Ann Kendal	19 Oct 2017	19 Oct 2017	4 yrs		Independent		70
Mr Dave Mann	05 Nov 2015	05 Nov 2015	4 yrs		Independent	Audit Committee (Vice Chair)	55
Mrs Cath Orange (chair)	21 Jan 2016	21 Jan 2016	4 yrs		Independent	Corporation Chair Remuneration Committee Search Committee Finance and General Purposes Committee	100

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Governor	Date of initial appointment	Most recent re-appointment	Length of current term of office	Termination date (if applicable)	Type of Governor	Committees, Boards, etc. served on	Attendance as a % of possible attendance between 01.08.17 and 31.07.18
						Quality and Standards Committee	
Mr Karl Oxford	10 Oct 1996	10 Oct 2016	4 yrs	16 Jan 2018	Independent		75
Ms Debbie Rolls	05 Nov 2015	05 Nov 2015	4 yrs		Staff		100
Mr Waseem Siddique	20 July 2017	20 July 2017	4 yrs	Resigned	Student		88
Dr Ramindar Singh	17 Mar 2004	17 Mar 2016	2 yrs	16 Jan 2018	Independent	Remuneration Committee	60
Cllr Dale Smith	Pre 1996	7 Oct 2016	4 yrs	16 Jan 2018	Independent	Audit Committee Search Committee	80
Mr Andy Welsh	1 Aug 2014	1 Aug 2014	Ex officio	2 Jan 2018	Staff	Search Committee Finance and General Purposes Committee	100
Piers Telemacque	March 2018	March 2018	4 yrs		Independent		75
Salsa Elemgri	May 2018	May 2018					67
Chris Jones	January 2018	January 2018	Ex officio	August 2018	Staff	Search Committee Finance and General Purposes Committee Quality and Standards Committee	83

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Governor	Date of initial appointment	Most recent re-appointment	Length of current term of office	Termination date (if applicable)	Type of Governor	Committees, Boards, etc. served on	Attendance as a % of possible attendance between 01.08.17 and 31.07.18
Ms J Green, a solicitor, acts as Clerk to the Corporation.							

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

The Corporation conducts its business through committees, each having its own terms of reference approved by the Corporation. The current standing committees are Quality and Standards; Search; Finance and General Purposes; Audit; and Remuneration. 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/2018 or can be obtained from the Clerk to the Corporation at the College's registered address.

The Clerk to the Corporation maintains a register of 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; that group are completely independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. No individual or group dominates the Corporation's decision-making process. There is a clear division of responsibility in that the roles of the 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, is responsible for the selection and nomination of new Independent Governors for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

Corporation performance

The Corporation carried out a self-assessment of its own performance on 19 May, 2018.

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Standing Committees of the Corporation

Search Committee

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

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

Remuneration Committee

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

Details of payments for the year ended 31 July 2018 are set out in note 8 of the notes to the Financial Statements.

Audit Committee

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

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

Quality and Standards Committee

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

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Internal control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bradford College for the year ended 31 July 2018 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The College has an outsourced internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum, annually, the Head of Internal Audit (HIA) provides the Corporation with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Review of effectiveness

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

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

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

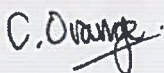
The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2018 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2018 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2018.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for *"the effective and efficient use of resources, the solvency of the institution and the body and the*

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

Ms C. Orange

Mr Chris Webb



Chair

Group Chief Executive

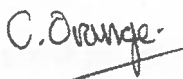
BRADFORD COLLEGE

CORPORATIONS' 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 Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding under the College's grant funding agreement with the ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with the ESFA.

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

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



Ms C. Orange
Chair



Mr Chris Webb
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 College's grant funding agreements and contracts with the ESFA, the Corporation, through the Chief Executive Officer of the College, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2015 Statement of Recommended Practice: Accounting for Further and Higher Education, ESFA's College accounts direction and the UK's Generally Accepted Accounting Practice and which give a true and fair view of the state of affairs of the College and its surplus or deficit of income over expenditure for that period.

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 including the Further and Higher Education Act 1992 and Charities Act 2011 and relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

The corporation is responsible for the maintenance and integrity of the College's website; the work carried out by auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits derived from the application of public funds from the ESFA 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 2018 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 2018; 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.

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.

BRADFORD COLLEGE

INDEPENDENT AUDITORS REPORT TO THE CORPORATION OF BRADFORD COLLEGE

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 19, 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.

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 1 October 2018 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 2017 to 31 July 2018 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 2017 to 31 July 2018 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 2017 to 2018.

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 each subsidiary and/or associate and/or joint venture to enable governors to discharge their accountability responsibilities which include:
 - appropriate representation by governors on the boards
 - arrangements for regular reporting of performance to the corporation
 - a clear memorandum of understanding in place
 - coverage of activities within the internal audit plan
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.
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

BRADFORD COLLEGE

REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY

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 2017 to 31 July 2018 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 STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2018

	Note	Group 2018 £'000	College 2018 £'000	Group 2017 £'000	College 20167 £'000
INCOME					
Funding body grants	3	35,384	30,008	36,026	30,832
Tuition fees and education contracts	4	16,829	16,829	19,023	19,023
Research grants and contracts	5	535	535	374	374
Other income	6	10,073	9,794	696	694
Investment income	7	12	11	6	6
Total income		62,833	57,177	56,125	50,929
EXPENDITURE					
Staff costs	8	33,532	31,070	32,217	30,349
Restructuring costs	8	996	971	440	350
Other operating expenses	9	21,702	18,641	21,660	18,510
Depreciation	12	3,733	3,665	3,920	3,852
Interest and other finance costs	10	3,041	3,041	2,979	2,979
Total expenditure		63,004	57,388	61,216	56,040
Deficit before other gains and losses and share of surplus in joint ventures		(171)	(211)	(5,091)	(5,111)
(Loss) on disposal of tangible fixed assets	9	(664)	(664)	(31)	(31)
Share of operating (deficit) / surplus in joint venture		(32)	-	39	-
Profit on sale of investment		-	-	615	615
Deficit before tax		(867)	(875)	(4,468)	(4,527)
Taxation	11	-	-	-	-
Deficit for the year		(867)	(875)	(4,468)	(4,527)
Unrealised surplus on revaluation of tangible fixed assets		-	-		
Actuarial gain in respect of defined benefit pensions schemes	24	5,412	5,412	15,898	15,898
Actuarial loss in respect of enhanced pensions	19	(1)	(1)	(29)	(29)
Impairment charged to revaluation reserve		(856)	(856)	(51)	(51)
Other comprehensive income for the year		4,555	4,555	15,818	15,818
Total comprehensive income for the year		3,688	3,680	11,350	11,291

BRADFORD COLLEGE
CONSOLIDATED AND COLLEGE STATEMENTS OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 JULY 2018

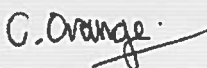
	Attributable to College Corporation			Total
	Endowment fund	Income and expenditure reserve	Revaluation reserve	
	£'000	£'000	£'000	£'000
GROUP				
Balance at 1 August 2016	124	1,297	7,821	9,242
Deficit for the year	-	(4,468)	-	(4,468)
Other comprehensive income	-	15,869	(51)	15,818
Transfers between revaluation and income and expenditure reserves	-	324	(324)	-
Total comprehensive income for the year	-	11,725	(375)	11,350
Balance at 31 July 2017	124	13,022	7,446	20,592
Deficit for the year	-	(867)	-	(867)
Other comprehensive income	-	5,411	(856)	4,555
Transfers between revaluation and income and expenditure reserves	-	549	(549)	-
Total comprehensive income for the year	-	5,093	(1,405)	3,688
Balance at 31 July 2018	124	18,115	6,041	24,280
COLLEGE				
Balance at 1 August 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 for the year	-	11,666	(375)	11,291
Balance at 31 July 2017	124	12,238	7,446	19,808
Deficit for the year	-	(875)	-	(875)
Other comprehensive income	-	5,412	(856)	4,556
Transfers between revaluation and income and expenditure reserves	-	549	(549)	-
Total comprehensive income for the year	-	5,086	(1,405)	3,681
Balance at 31 July 2018	124	17,324	6,041	23,489

BRADFORD COLLEGE

CONSOLIDATED AND COLLEGE BALANCE SHEETS AS AT 31 JULY 2018

		Group 2018 £'000	College 2018 £'000	Group 2017 £'000	College 2017 £'000
	Note				
Fixed assets					
Tangible assets	12	77,778	77,127	81,238	80,555
Investments	13	125	663	125	663
Net investment in joint venture	14	84	-	116	-
Total fixed assets		77,987	77,790	81,479	81,218
Current assets					
Stocks		33	33	61	61
Debtors	15	3,499	3,415	3,680	4,205
Assets held for resale	16	3,374	3,374	5,509	5,509
Cash at bank and in hand		7,219	6,371	4,718	4,414
Total current assets		14,125	13,193	13,968	14,189
Current liabilities					
Creditors – amounts falling due within one year	17;27	48,687	48,349	51,806	52,550
Net current (liabilities)/assets		(34,562)	(35,156)	(37,838)	(38,361)
Total assets less current liabilities		43,425	42,634	43,641	42,857
Creditors – amounts falling due after more than one year	18	-	-	286	286
Provisions for liabilities					
Defined benefit pension scheme	19	18,887	18,887	22,493	22,493
Other provisions	19	258	258	270	270
Total net assets		24,280	23,489	20,592	19,808
Reserves					
Restricted reserves					
Endowment fund		124	124	124	124
Unrestricted Reserves					
Income and expenditure reserve		18,115	17,324	13,022	12,238
Revaluation reserve		6,041	6,041	7,446	7,446
Attributable to the College Corporation		24,156	23,365	20,468	19,684
Total reserves		24,280	23,489	20,592	19,808

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 C Webb
Accounting Officer

BRADFORD COLLEGE

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2018

	Note	2018 £'000	2017 £'000
Operating activities			
Cash generated from operations	21	6,895	5,160
Taxation paid		-	-
Net cash generated from operating activities		6,895	5,160
Investing activities			
Proceeds from sale of tangible fixed assets		750	181
Proceeds sale of investment		-	616
Gift aid received from jointly controlled entities		-	-
Investment income		12	6
Release of retentions and VAT adjustment		222	-
Purchase of tangible fixed assets		(630)	(1,110)
Net cash (used in)/generated from investing activities		354	(307)
Financing activities			
Interest paid on borrowings		(2,450)	(2,057)
Interest paid under finance leases		(24)	(67)
Repayments of borrowings		(1,552)	(1,044)
Repayments of obligations under finance leases		(721)	(781)
Net cash used in financing activities		(4,747)	(3,949)
Increase in cash and cash equivalents in the year		2,502	904
Cash and cash equivalents at beginning of the year		4,718	3,814
Cash and cash equivalents at end of the year		7,220	4,718

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BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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 2018.

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 financial statements for 2016/17 it was 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. The College requested exceptional financial support from the ESFA in October 2017.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

1. ACCOUNTING POLICIES (CONTINUED)

On 31st October 2017 the Group was issued with a notice of financial concern and required to produce a recovery plan which it has since delivered. It has submitted a request for a restructuring facility to the ESFA and is awaiting the outcome of that.

The Group aims to significantly increase contribution by introducing a number of efficiencies over the next two years. These fall under the following five headings:

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

The Group has long term borrowing with Lloyds Bank. The results for 2016/17 led to a breach of lending covenants and the subsequent reclassification of bank loans previously shown under long term liabilities as short term liabilities. Lloyds Bank continue to support the Group and have issued a notice of reserved matters. Discussions are ongoing to agree a revised set of covenants and a review of security arrangements.

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 and, as noted above, subsequently submitted a request for a restructuring facility.

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the group's ability to continue as a going concern. However, taking into account the current performance of the Group; the financial plan, principal risks, cash flow projections and the position of the bank and the Education and Skills Funding Agency, Corporation 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 2018

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 2018

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 2018

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 adaptations 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 2018

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 2018

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 2018

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 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 2018

3. FUNDING BODY GRANTS

	2018		2017	
	Group £'000	College £'000	Group £'000	College £'000
Education and Skills Funding Agency - Adult	14,318	8,942	13,401	8,207
Education and Skills Funding Agency – 16-18	19,120	19,120	19,286	19,286
HEFCE capital grant	279	279	225	225
Education and Skills Funding Agency – non recurrent grant	-	-	757	757
HEFCE revenue grants	1,165	1,165	1,690	1,690
NCTL grants	502	502	667	667
Total	35,384	30,008	36,026	30,832

The Education and Skills Funding Agency (non-recurrent grant) of £0 (2017: £757,000) is for Community Learning.

4. TUITION FEES AND EDUCATION CONTRACTS

	2018		2017	
	Group £'000	College £'000	Group £'000	College £'000
Tuition fees				
UK higher education students	10,281	10,281	11,442	11,442
Apprenticeship fees & contracts	(153)	(153)	300	300
Trainee teachers	3,327	3,327	3,568	3,568
UK and EU further education students	1,848	1,848	1,550	1,550
Work based learning fees	1,260	1,260	902	902
Education contracts	266	266	1,261	1,261
Total	16,829	16,829	19,023	19,023

5. RESEARCH GRANTS AND CONTRACTS

	2018		2017	
	Group £'000	College £'000	Group £'000	College £'000
European Commission	22	22	133	133
Other grants and contracts	513	513	241	241
Total	535	535	374	374

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

6. OTHER INCOME

	2018		2017	
	Group £'000	College £'000	Group £'000	College £'000
Catering and residencies	1	1	11	11
Other income generating activities	25	25	48	48
Other grant income	9,274	9,274	6	6
Miscellaneous income	773	494	631	629
Total	10,073	9,794	696	694

Other grant income in 2018 represents a one-off Exceptional Financial Support grant received from the ESFA to meet immediate cash needs.

7. INVESTMENT INCOME

	2018		2017	
	Group £'000	College £'000	Group £'000	College £'000
Other interest receivable	12	11	6	6
Total	12	11	6	6

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:

	2018		2017	
	Group No.	College No.	Group No.	College No.
Teaching staff	340	328	313	313
Non-teaching staff	517	436	495	432
Total	857	764	808	745

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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

Staff costs for the above persons

	2018		2017	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Wages and salaries	26,330	24,097	25,306	23,655
Social security costs	2,454	2,305	2,340	2,201
Other pension costs	4,748	4,668	4,571	4,493
Payroll sub-total	33,532	31,070	32,217	30,349
Restructuring costs - Contractual	996	971	440	350
Total staff costs	34,528	32,041	32,657	30,699

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 comprised the Group Chief Executive Officer, the Principal, the Provost, the Director of Finance, the Director of Human Resources and the Director of Employer Engagement.

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

	2018 No.	2017 No.
The number of key management personnel including Accounting Officer was:	8	5

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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	
	2018 No.	2017 No.	2018 No.	2017 No.
£60,001 to £70,000 p.a.	-	-	7	8
£70,001 to £80,000 p.a.	-	-	3	3
£80,001 to £90,000 p.a.	2	-	-	1
£90,000 to £100,000 p.a.	-	1	-	-
£100,001 to £110,000 p.a.	-	3	-	-
£110,001 to £120,000 p.a.	5	-	-	-
£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	-	-
	8	5	10	12

The numbers of key management personnel was higher in 2018 than 2017 due to the change in personnel including the Chief Executive Officer and Director of Finance. The actual number in post at any time was the same in both years.

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

	2018 £'000	2017 £'000
Salaries – gross of salary sacrifice and waived emoluments	661	518
Restructuring costs	271	-
Benefits in kind	2	2
Employers National insurance	93	66
	1,027	586
Employers pension contributions	98	75
Total Emoluments	1,125	661

The above emoluments include termination payments made to former senior personnel.

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

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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

	2018 £'000	2017 £'000
Salaries	129	160
Benefits in kind	-	2
Employers National insurance	17	20
	146	182
Employers pension contributions	19	22
Total Emoluments	165	204

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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

The above emoluments include amounts payable to the Principal of:

	2018 £'000	2017 £'000
Salaries	98	110
Restructuring costs	95	-
Benefits in kind	-	-
National insurance	21	14
	<hr/> 214	<hr/> 124
Pension contributions	15	18
Total Emoluments	<hr/> 229	<hr/> 142

The above payments include termination costs paid.

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 three governors (2017: four governors) were paid total expenses of £478 (2017: £963) 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 2018

9. OTHER OPERATING EXPENSES

	2018		2017	
	Group £'000	College £'000	Group £'000	College £'000
Teaching costs	5,702	5,702	4,169	4,169
Non-teaching costs	10,616	7,555	12,358	9,208
Premises costs	5,277	5,277	5,042	5,042
HE Bursaries paid	107	107	91	91
Total	21,702	18,641	21,660	18,510

	2018		2017	
	Group £'000	College £'000	Group £'000	College £'000
Deficit before tax is stated after charging/(crediting):				
External auditors' remuneration:				
Financial statements audit	69	50	62	46
Other services provided by the financial statements auditors:				
Assurance services	2	2	3	3
Tax advisory services	-	-	21	16
Other services	-	-	26	26
Internal auditors' remuneration:				
Internal audit work	52	52	49	49
Other services provided by the internal auditor	26	26	11	11
(Loss)/Profit on disposal of tangible fixed assets	(664)	(664)	31	31
Profit on sale of investment	-	-	(615)	(615)
Operating lease rentals	94	94	114	114

10. INTEREST AND OTHER FINANCE COSTS – GROUP AND COLLEGE

	2018 £'000	2017 £'000
Bank loans, overdrafts and other loans	2,448	2,057
Finance leases	26	67
Net interest on defined pension liability (note 24)	567	855
Total	3,041	2,979

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

11. TAXATION

- GROUP

Tax expense included in Statement of Comprehensive Income

	2018 £'000	2017 £'000
United Kingdom corporation tax at 19% (2017: 19.67%)	-	-
Provision for deferred corporation tax	-	-
Total tax payable	-	-

Reconciliation of tax charge

Tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for the year ended 31 July 2018 of 19% (2017: 19.67%). The differences are explained below.

	2018 £'000	2017 £'000
Deficit before tax	(867)	(4,468)
(Deficit) multiplied by the standard rate of tax in the UK of 19% (2017: 19.67%)	(165)	(879)
Effects of: Income not subject to tax	165	879
Total charge for the year	-	-

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

12. TANGIBLE ASSETS

GROUP	Freehold land and buildings £'000	Fixtures, Computers & Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2017	92,532	10,768	103,300
Additions	-	630	630
Classified as held for sale	(218)	-	(218)
Disposals	(220)	(2)	(222)
At 31 July 2018	92,094	11,396	103,490
Accumulated Depreciation			
At 1 August 2017	15,601	6,461	22,062
Charge for the year	1,942	1,791	3,733
Classified as held for sale	(83)	-	(83)
Elimination in respect of disposals	-	-	-
At 31 July 2018	17,460	8,252	25,712
Carrying amount			
At 31 July 2018	74,634	3,144	77,778
At 31 July 2017	76,931	4,307	81,238

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

12. TANGIBLE ASSETS

COLLEGE	Freehold land and buildings £'000	Fixtures, Computers & Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2017	90,818	10,425	101,243
Additions	-	594	594
Classified as held for sale	(218)	-	(218)
Adjustments	(220)	(2)	(222)
At 31 July 2018	90,380	11,017	101,397
Accumulated Depreciation			
At 1 August 2017	14,504	6,184	20,688
Charge for the year	1,903	1,762	3,665
Classified as held for sale	(83)	-	(83)
Elimination in respect of disposals	-	-	-
At 31 July 2018	16,324	7,946	24,270
Carrying amount			
At 31 July 2018	74,056	3,071	77,127
At 31 July 2017	76,314	4,241	80,555

The carrying amount of equipment (for both the group and the College) includes an amount of £0 (2017: £1,233,000) in respect of assets held under finance leases.

13. INVESTMENTS

	2018		2017	
	Group £'000	College £'000	Group £'000	College £'000
Subsidiary undertakings	-	538	-	538
Jointly controlled entities	-	-	-	-
Virtual College	-	-	-	-
Other investments	125	125	125	125
Total	125	663	125	663

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

13. INVESTMENTS – (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 believes that the carrying value of the investments is supported by their underlying net assets.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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 £60,000 (2017: £79,000).

On 28 February 2013 the College acquired 50% of the issued ordinary shares of Bradford District Apprentice Training Agency (BDATA), a joint venture with the City of Bradford Metropolitan. The investment is held at a carrying amount of £24,000 (2017: £37,000).

15. DEBTORS

	2018		2017	
	Group £'000	College £'000	Group £'000	College £'000
Amounts falling due within one year:				
Trade debtors	1,230	1,180	2,049	2,235
Other taxation	-	-	-	-
Amounts owed by group undertakings	-	123	-	437
Amounts owed by jointly controlled entities	65	65	27	27
Prepayments and accrued income	2,204	2,046	1,604	1,506
Total	3,499	3,414	3,680	4,205

16. ASSETS HELD FOR SALE

Assets held for sale at 31 July 2018 comprises of five buildings (Junction Mills, Garden Mills, Appleton Building, Old Building and Victoria Building), which had become surplus to College requirements and are expected to be sold during 2018/19. The assets are held at the lower of cost and net realisable value of £3,374,000. (2017: £5,509,000). During the year, Bolton Royd was sold and Victoria Building was declared surplus to requirements and transferred into this category from tangible fixed assets.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018		2017	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans and overdrafts	40,413	40,413	41,965	41,965
Obligations under finance leases	-	-	435	435
Trade creditors	1,404	1,239	2,914	2,278
Amounts owed to subsidiary undertakings	-	12	-	1,473
Joint venture undertakings	22	22	167	166
Corporation tax	-	-	-	-
Taxation and social security	660	608	1,274	1,235
Accruals and deferred income	4,531	4,398	3,794	3,450
Amounts owed to funding bodies	1,657	1,657	1,257	1,548
Total	48,687	48,349	51,806	52,550

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 £8,903,126 (2017: £9,303,630).

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 was 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 was 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 £7,259,723 (2017: £7,803,909) and £24,250,041 (2017: £24,857,168) respectively.

As was the case in the year ended 31 July 2017, Bradford College Group was in breach of its banking covenants and consequently the bank loans remain classified as falling due within one year. Discussions with the College's bankers concluded in February 2019 (see note 27).

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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

	2018		2017	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans	-	-	-	-
Obligations under finance leases	-	-	286	286
Total	-	-	286	286

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2018		2017	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	49,687	49,687	41,965	41,965
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	-	-	-	-
Total	49,687	49,687	41,965	41,965

Finance leases

The total future minimum lease payments are payable:

	2018		2017	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	-	-	435	435
Between one and five years	-	-	286	286
In five years or more	-	-	-	-
Total	-	-	721	721

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 2018

19. PROVISIONS FOR LIABILITIES

	Defined benefit obligations (note 24)	Enhanced pensions	Other	Total
	£'000	£'000	£'000	£'000
At 1 August 2017	22,493	270	-	22,763
Amounts utilised	-	-	-	-
(Reductions)/ Additions in the year charged to Statement of Comprehensive Income:				
Recognised in income and expenditure	1,806	(11)	-	1,795
Recognised in other comprehensive income	(5,412)	(1)	-	(5,413)
At 31 July 2018	18,887	258	-	19,145

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:

	2018	2017
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 2018

20. FINANCIAL INSTRUMENTS

The Group has the following financial instruments:

	2018	2017
	£'000	£'000
Financial assets		
Debt instruments measured at amortised cost:		
Trade debtors	1,230	2,049
Accrued income	915	492
Total	2,145	2,541
	2018	2017
	£'000	£'000
Financial liabilities		
Trade creditors	1,404	2,914
Bank loans and overdrafts	49,687	41,965
Finance leases	-	721
Accruals	4,531	3,794
Total	55,622	49,394

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

21. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

	2018 £'000	2017 £'000
Deficit after tax for the year	(867)	(4,468)
Adjustment for:		
Taxation	-	-
Depreciation	3,733	3,920
Investment income	(12)	(6)
Interest payable	3,041	2,979
Lease interest creditor adjustment	-	(81)
Lease interest fixed asset adjustment	-	161
Subsidiary depreciation on disposal	-	(10)
Loss on sale of tangible fixed assets	664	31
Profit on sale of investment	-	(615)
Impairment on asset held for resale	-	51
(Decrease)/Increase in other provisions	(12)	29
Decrease in other investments	-	1
Pension costs less contributions payable	1,239	1,333
Share of operating surplus/(deficit) in joint venture	32	(39)
Operating cash flow before movements in working capital	7,818	3,286
Decrease/(increase) in stocks	28	22
Decrease/(Increase) in debtors	181	(1,701)
(Decrease)/ Increase in creditors	(1,132)	3,553
Cash generated from operations	6,895	5,160

22. CAPITAL COMMITMENTS

As at 31 July 2018 the Group and College had no capital commitments (2017: £nil)

23. COMMITMENTS UNDER OPERATING LEASES

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

	Group and College	
	2018 £'000	2017 £'000
Payments due		
Not later than one year	316	308
Later than one year and not later than five years	399	611
Later than five years	-	-
	715	919

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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.

	2018		2017	
	£'000	£'000	£'000	£'000
Total pension cost for the year				
Teachers' pension scheme contributions paid		2,060		2,013
West Yorkshire Pension Fund:				
Contributions paid	1,378		1,186	
FRS102 (28) charge	1,239		1,333	
Charge to the Statement of Comprehensive income		2,617		2,519
Enhanced pension charge to Statement of Comprehensive income		(9)		(39)
Pension contributions paid into subsidiary scheme		80		78
Total Pension Cost for year within staff costs		4,748		4,571

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 £155,783 (2017: £157,764) were payable to the LGPS at 31 July and contributions amounting to £247,277 (2017: £286,962) 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 2018

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 £2,060,000 (2017: £2,013,000).

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 2018 were £1,970,000, (2017 - £1,764,000) of which employer's contributions totalled £1,378,000 (2017 - £1,186,000) and employees' contributions totalled £592,000. (2017 - £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 2017 updated to 31 July 2018 by a qualified independent actuary.

	At 31 July 2018	At 31 July 2017
Rate of increase in salaries	3.35%	3.25%
Future pensions increases	2.10%	2.00%
Discount rate	2.80%	2.60%
Inflation assumption (CPI)	2.10%	2.00%
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 2018 Years	At 31 July 2017 Years
<i>Retiring today</i>		
Males	22.1	22.1
Females	25.3	25.2
<i>Retiring in 20 years</i>		
Males	23.1	23.0
Females	27.1	27.0

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 2018

24. RETIREMENT BENEFITS (CONTINUED)

Fair Value of assets

	Fair Value at 31 July 2018	Fair value at 31 July 2017
	£'000	£'000
Equity instruments	71,139	69,325
Government bonds	4,005	8,744
Other bonds	10,299	3,516
Property	3,338	3,966
Cash	2,098	1,533
Other	4,482	3,064
Total fair value of plan assets	95,361	90,148
Actual return on plan assets	6,376	9,259

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

24. RETIREMENT BENEFITS (CONTINUED)

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

	2018 £'000	2017 £'000
Amounts included in staff costs:		
Current service cost	2,556	2,485
Past service cost	61	34
Total	2,617	2,519
Amounts included in investment income:		
Net interest expense	567	855
Total	567	855
Amount recognised in other comprehensive income:		
Return on pension plan assets	(4,047)	(7,297)
Actuarial (gains)/ losses	(1,365)	(8,601)
Amount recognised in Other Comprehensive Income	(5,412)	(15,898)

Changes in the present value of defined benefit obligations	2018 £'000	2017 £'000
Defined benefit obligations at start of year		
Liabilities at start of the year	112,641	118,770
Current service cost	2,556	2,485
Interest cost	2,896	2,817
Contributions by scheme participants	592	578
Actuarial (gains)	(1,365)	(8,601)
Benefits paid	(3,133)	(3,442)
Past service cost	61	34
Defined benefit obligations at end of year	114,248	112,641
Changes in fair value of plan assets	2018 £'000	2017 £'000
Fair value of plan assets at start of year	90,148	82,567
Interest income	2,329	1,962
Return on plan assets (excluding net interest on the net defined benefit liability)	4,047	7,297
Employer contributions	1,378	1,186
Contributions by scheme participants	592	578
Benefits paid	(3,133)	(3,442)
Fair value of plan assets at end of year	95,361	90,148
Deficit of plan obligations net of plan assets	18,887	22,493

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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 £117,323 (2016/17: £281,779) with balances outstanding at the year-end of £5,673 (2016/17: £21,456). Sales transactions with City of Bradford Metropolitan District Council in the year amounted to £193,550 (2016/17: £139,500) with a balance outstanding at the year-end of £45,000 (2016/17: £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 year, 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 £0 (2016/17: £37,794) with a balance of £0 outstanding at the year-end (2016/17: £37,794). Sales transactions with BCET (including the individual academies and the studio school) amounted to £0 (2016/17: £38,398) with a balance of £0 (2016/17: £38,398) outstanding at the year end.

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

Bradford and District ATA (company number 8424557)

Bradford and District ATA is a company limited by guarantee owned and operated as a joint venture with Bradford Council. In the relevant year, the following individuals were directors of the company: the College's Group Chief Executive Officer, Andy Welsh, and Richard Wightman, the Chair of the Corporation. There were £0 purchase transactions with the Company in the year (2016/17: £0) with £0 balance outstanding at the year-end (2015/16: £0). Sales transactions with the company amounted to £52,336 during the year (2016/17: £37,928). Amounts outstanding at the year-end were £26,000 (2016/7: £0).

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 year. Purchase transactions with Inprint & Design Limited in the year amounted to £439,476 (2016/17: £528,257) with £22,204 outstanding at the year-end (2016/17: £87,072). Sales transactions with Inprint & Design Limited in the year amounted to £339,245 (2016/17: £350,216) with a balance of £65,613 outstanding at the year-end (2016/17: £350,216).

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

26. AMOUNTS DISBURSED AS AGENT LEARNER SUPPORT FUNDS

	2018 £'000	2017 £'000
Balances brought forward	1,495	806
Funding body grants – bursary support	-	-
Funding body grants – discretionary learner support	1,131	1,357
Funding body grants – residential bursaries	-	-
Other funding body grants	1,370	2,081
Interest earned	-	-
	3,996	4,244
Disbursed to students	(2,229)	(2,619)
Disbursed to employers	-	-
Administration costs	(71)	(62)
Other Adjustments	(9)	(68)
Balance unspent as at 31 July, included in creditors	1,687	1,495

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

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. The bank loans previously shown under long term liabilities have been classified as short term liabilities in the 2017/18 balance sheet as a consequence of the covenant breach.

In March 2019 the discussions 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 approx. £12.8m and debt forgiveness by the bank of £12.8m. The new facility is comprised of a) a £2m interest only loan repayable in full at the end of 4 years unless repaid from the proceeds of disposal of surplus properties and b) an £18m loan repayable over 15 years with a capital holiday for the first two years and a final payment of £6.3m at the end. The balance of £11.7m is subject to a fixed rate interest charge of 3.784% per annum. All other loan balances are at a variable rate linked to LIBOR.

