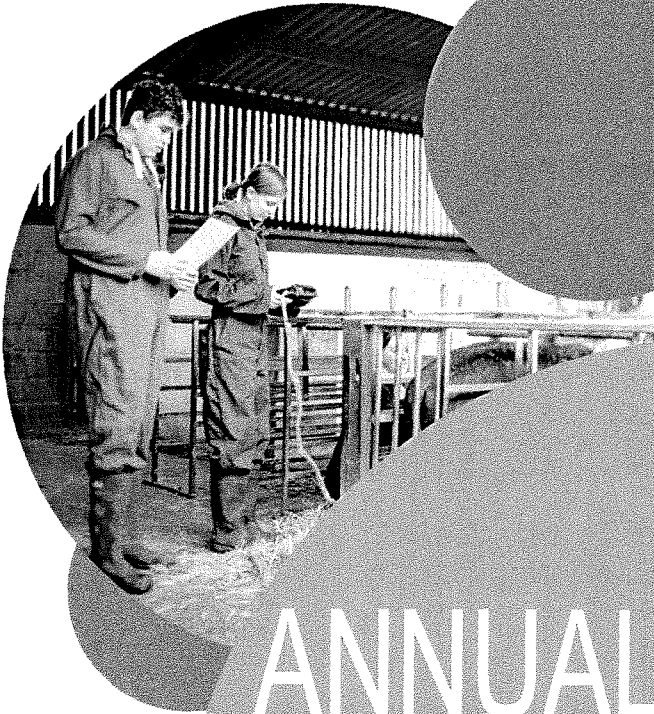




THE  
**BEDFORD**  
COLLEGE  
GROUP



# ANNUAL REPORT & FINANCIAL STATEMENTS

For the Year  
Ending 31 July  
2020



THE  
**BEDFORD**  
COLLEGE  
GROUP



# **BEDFORD COLLEGE CONSOLIDATED ACCOUNTS**

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

# **BEDFORD COLLEGE CONSOLIDATED ACCOUNTS**

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## **Key Management Personnel, Board of Governors and Professional Advisers**

### **Board of Governors**

A full list of Governors is given on page 15-17 of these financial statements. Mrs Rachel Nicol acted as Clerk to the Corporation throughout the period.

### **Key management personnel**

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2019/20:

Ian Pryce - Principal and CEO; Accounting officer  
Patricia Jones – Executive Director of Finance  
Georgina Ager - Vice Principal  
Emma Lowe - Vice Principal  
Karen Campbell - Vice Principal  
Sarah Baxter – Executive Director of Sales and Marketing  
Caroline Biddle - Executive Director of Human Resources

### **Principal and Registered Office**

Cauldwell Street  
Bedford  
MK42 9AH

### **Professional advisers**

#### **Financial statements auditors and reporting accountants**

MHA Macintyre Hudson  
2 London Wall Place  
London, EC2Y 5AU

#### **Internal auditors**

Icca Education Training and Skills Limited (No 06638638)  
11th Floor, McLaren House  
46 Priory Queensway  
Birmingham, B4 7LR

#### **Bankers**

Barclays Bank  
111 High Street  
Bedford, MK40 1NJ

#### **Solicitors**

Hewitsons LLP  
Shakespeare House  
42 Newmarket Road  
Cambridge, CBS 8EP

# **BEDFORD COLLEGE CONSOLIDATED ACCOUNTS**

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

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# **BEDFORD COLLEGE CONSOLIDATED ACCOUNTS**

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## **Strategic Report**

### **OBJECTIVE AND STRATEGY**

The Governing body present their report and audited financial statements for the year ended 31 July 2020.

### **Legal Status**

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Bedford College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011. The Corporation was incorporated as Bedford College.

### **Group Companies**

Bedford College has two wholly owned subsidiaries, Bedford College Services Ltd and Bedford College Professional Services Ltd (incorporated July 2009 and November 2015 respectively), the accounts of which are consolidated into this report.

### **Our Vision**

Delivering world class skills and education to the communities we serve.

### **Our Mission**

Our primary mission is to support the local and national economy through the promotion, development and delivery of excellent skills training and education. In addition we seek to promote social inclusion and personal advancement within the local communities we serve.

### **Our Values**

Our values reflect the manner in which we set out to achieve our aims. We put the learner at the heart of all we do. The three core values are:

- Student Focus - We will seek to achieve a high quality learning experience for every student
- High Performance - We will strive for consistently high levels of performance and continuous improvement in all aspects of our work
- Respect, Openness and Honesty - We will treat everyone with respect, encourage openness and honesty, and recognise each other's contribution and achievements.

### **Our Strategic Objectives to 2022**

The College has a strategic plan for the period 2016-2022, underpinned by both educational and resourcing plans. The Corporation monitors the performance of the strategic plan by using the following four key objectives:

- Educational Leadership
- Educational Sustainability
- Financial Sustainability
- High Quality provision

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Strategic Report (continued)

### Overview of 2019-2020

By all standards 2019-2020 has been an exceptional year, starting in September 2019 with an early visit from OFSTED. Under the new education inspection framework the College was graded 'Good' in all areas, this sits alongside our 2018 OFSTED grade of 'Outstanding' for our residential provision based at Shuttleworth College.

Early in the New Year the emergence of COVID-19 and the roll out of lockdowns across a number of other countries provided some time for the Group to plan how it might ensure both students and staff may continue to work with remote arrangements. In March 2020 the UK also went into lockdown, all staff worked from home with teachers delivering lessons to learners on line and administrative staff remoting into the network to continue with their responsibilities. To mitigate the spread of COVID-19 the majority of learners continued till the end of the academic year with on line learning and ended with Centre Assessed Grades.

During this period the College focused on the quality of the learner experience, safety and the well-being of students and staff.

Key achievements across the Group for the year are:

- Sustained high levels of core student achievement recorded across the Group
- Awarded 2020 TES College of the year
- Awarded 2020 Professional Services Team of the year
- Continued outstanding financial health

### Resources

The Group has a five year financial plan that demonstrates sound financial health over the life of this plan. The plan is intended to maintain financial resilience in the organisation enabling the College to resource the strategic plan whilst maintaining the Education, Skills Funding Agency financial health grade of 'Outstanding'.

The Group has various resources that it can deploy in pursuit of its strategic objectives including:

- £133m of fixed assets, £13m of current assets and £43m of net assets, including cash and cash equivalents of £10m
- Employs 840 people (expressed as full time equivalents) of whom 577 are within teaching areas
- 8 freehold campuses and a number of leasehold sites that enable students to train in an industry specific environment

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships. The College enrolled approximately 15,546 students. The College student population includes:

- 5,779 16 to 18 year old students
- 1,823 Apprentices
- 800 Higher education students
- 7,144 Adult learners

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Strategic Report (continued)

### Stakeholders

In line with other Colleges and with universities, Bedford College has many stakeholders; it recognises the importance of these relationships and engages in regular communication. Stakeholders include:

- its current, future and past students
- its staff and their trade unions
- public sector funding bodies
- the employers it works with
- local authorities
- government offices and local enterprise partnerships (LEPs)
- the local community
- other FE and HE institutions
- local schools
- the professional bodies in the sectors where it works
- Other charitable organisations

## DEVELOPMENT AND PERFORMANCE

### Financial Performance Indicators

The College assesses its financial objectives by monitoring 8 financial indicators. These indicators (below) are measured regularly and are discussed at Executive, the Resources Committee and the Board.

Key Performance Indicators for the Group	2019/20 Outturn (As per the Financial Statements)	2018/19 Outturn	2019/20 Increase / (Reduction) year on year Movement
Income	£53.81m	£53.62m	£0.19m
Operating surplus for the year (after disposals and gain on Acquisition)	£1.69m	£0.93m	£0.76m
Cash and cash equivalents	£9.60 m	£10.10m	(£0.50m)
Staff costs as a % of income (incl. subcontract income)	62%	62%	-
EBITDA (Earnings before interest, tax, depreciation, amortisation) as a % of income	10.68%	10.50%	0.18%
Adjusted current ratio	1.80	1.76	0.04
Borrowing as a % of income	19.87%	21.82%	1.95%
Financial Health Grading	Outstanding	Outstanding	

The financial indicators above for year ended July 2020 show that the College has performed well and that the financial impacts of COVID have been managed to mitigate the use of reserves, enabling the Group to maintain a surplus position and outstanding financial health.

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Strategic Report (continued)

### Financial Results

The Group generated an operating surplus in the year of £1.69m (£935k in 2018/19) with a total income of £53.8m (£53.6m in 2018/19)

The College has two subsidiary companies, Bedford College Services Ltd (BCS Ltd) and Bedford College Professional Services LTD (BCPS Ltd). The principal activity of BCS Ltd is the supply of catering and venue services, whilst BCPS provides the supply of professional and administrative services. In the current year, the surpluses generated were £60k for BCS Ltd (£321k in 2018/19) and £nil for BCPS Ltd (£nil in 2018/19).

The financial impacts of COVID were particularly felt by BCS where large elements of trading ceased overnight. The company took up the opportunity to benefit from the job retention scheme placing a number of its staff on furlough during the early summer period.

### Developments

The College continues to invest in the capital programme with additions during the year amounting to £9m.

COVID meant the programme of works for the new Wellingborough campus was delayed due to both lock down and supply delays. Although the programme was delayed the campus was still ready to receive its first students for the September 2020 term.

### Reserves

The College's Strategic Plan focuses on quality over growth whilst maintaining outstanding financial health. Strong levels of financial reserves provides stability to support the Groups:

- mission
- programs
- employment
- ongoing operations
- providing a source of internal funds for organisational priorities
- unplanned events
- essential building repair and responding to unforeseen difficulties
- planned improvement
- programme opportunity
- capacity building

Our management of reserves is guided by the preparation of a rolling 5 year financial plan which takes account of market, demographic and funding movements. However when the country entered lockdown in March 2020 commercial income streams stopped overnight. Our buoyant levels of reserves enabled the Group to manage this impact, giving the Group time to adjust its cost base and access government support such as the job retention scheme.

### Going concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.



# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Strategic Report (continued)

### Sources of income

There is significant reliance on ESFA recurrent grants; in 2018/19 Further Education funding bodies provided 70% of the College's total income (70% in 2018/19).

### Cash flows and liquidity

There has been an increase in cash, cash equivalents and investments of £0.51m (2018/19 inflow of £0.73m) demonstrated in the Consolidated Statement of Cash flows.

The acquisition of Tresham College included the novation of 3 loans to Bedford College on the 1 August 2017 and as at 31 July 2020 the value of the outstanding loans amounted to £10.4m.

### Treasury policies and objectives

The College has a treasury management policy covering the management of the College's cash flows, its banking, money market transactions, the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

### Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of 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 per cent. During the accounting period 1 August 2019 to 31 July 2020, the College paid 81% (2018/19 80%) of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

### Student achievements

Achievement for main qualification groups is currently 86.0% which would place Bedford College Group 0.7% below the current national rate for General FE and Tertiary College, and this rate would be 1.6% below the 87.6% achievement rate of last year.

Level Group	Number of leavers	Achievement rate %	National rate %	Difference in National rate %
16-18 All Levels	12,863	82.4%	83.4%	-1.0%
19+ All Levels	11,650	89.9%	89.9%	0.0%
All Age and Levels	24,513	86.0%	86.7%	-0.7%

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Strategic Report (continued)

### Curriculum developments

The College has developed a wide range of provision which has placed the College as one of the largest providers in the area. Our strategic plan focuses on quality and meeting the needs of the local employers and the Group was pleased to be recognised for its work, winning the TES 2020 College of the year award.

As a large provider of general further education the College has been successful in delivering a range of alternatively branded educational offers which meet the needs of the community. A key focus of the College is preparing students for the next stage of their lives, whether this is higher education or being work ready. Having clear sight through to higher education or employment, raising the aspirations of students and encouraging them to have high aspirations are important parts of the College's activity.

The College recognises that students have better opportunities for employment when they achieve higher levels of study and to support this progression routes are built in to ease students through to achieving higher level qualifications.

Teaching, learning and assessment continue to be a key focus for the College. There are increased opportunities to share good practice and resources between teaching staff across the Group as well as arrange for the appropriate continued professional development to be put in place.

But in March 2020 the College like the rest of the country went into a national lock down. The college responded by offering teaching online to the students. This continued for the majority of students to the end of the academic year, followed by Centre Assessed Grades.

During this period the College recognised that not all learners had the benefit of learning devices or home internet, for those, the College procured devices and gave financial support so that they may continue their participation in learning. The cessation of students travelling to and from College sites freed up some funds in the bursary system, the College chose to increase the level free school meal funding to those already benefiting from this scheme. This funding continued right through lockdown.

Bedford College encourages the use of research and scholarly work, supporting both its staff to participate and other institutions in post-compulsory education. We aim to share the excellent work that takes place in our sector in a way that is accessible and readable and hope to inspire others to participate and take control of their practice and professionalism.

### Future developments

The Corporation agreed a Strategic plan covering the period up to 2021-2022. The strategy focuses on quality over growth. As a result the College is prioritising the improvement of student knowledge and skills and maximising their success, value added, point scores, progression and destinations. These priority areas will be routinely monitored by Executive and the Board.

The College supported the local economic development by reopening the doors to the Wellingborough campus in September 2020 following a significant upgrade to the site. SEMLEP awarded a grant of £7.5m towards the redevelopment of the Wellingborough campus and the College has invested a further £2.5m towards the scheme.

The Group are planning to upgrade the Construction Centre at the Cauldwell Street Campus in Bedford. It is intended that this will be complete for September 2021 intake.

# **BEDFORD COLLEGE CONSOLIDATED ACCOUNTS**

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## **Strategic Report (continued)**

### **Public Benefit**

Bedford College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 15-17.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to the local community. The College provides courses without charge to young people, to those who are unemployed and adults taking English and Maths courses. The College adjusts its courses to meet the needs of local employers, providing skills and workplace training to apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

### **Principal risks and uncertainties**

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's learners, staff, assets and reputation.

Based on the strategic plan, the Executive operating as the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

Key risks are maintained at the College level within the Risk Register which is reviewed termly by the Audit Committee. The Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. The Risk Register also includes those risks associated with the College following the merger.

The Internal Audit Programme reflects key risks drawn from the risk register and the furtherance of strategic aims identified in the Strategic Plan.

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Strategic Report (continued)

### Principal risks and uncertainties (continued)

Outlined below is a description of the principal risks that may affect the College. Mitigating actions are in place to manage the effects of the risks. Other factors besides those listed below may also adversely affect the College.

- Risk of loss or lack of funding body income
- Risk of poor success or achievement performance measures
- Risk of changes to funding body data rules

These risks are mitigated through diversification of funding, ensuring the College is rigorous in delivering high quality education and training and that rigorous dialogue is undertaken with funding body representatives.

The effects of COVID on the three key risks above have been managed throughout the year. A mixed disciplinary staff group was created by the College and met weekly to ensure all risks associated with COVID were being addressed.

### 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 who were relevant period	FTE employee number	Percentage of time
3	879.25	1-50%

Total cost of facility time	£6,859.22
Total pay bill	£33.138m
Percentage of total bill spent on facility time	0.021%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
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### Equal opportunities

The Bedford College Group is committed to the promotion and advancement of equality and diversity for its staff and students. We aim to provide a learning and working environment which values individuals and does not disadvantage anyone by discriminating on any grounds including age, disability, gender reassignment, sex, marriage and civil partnership, pregnancy and maternity, race, religion and belief, and sexual orientation. We actively promote the core values of British society and provide a range of opportunities within our study programmes, enrichment activities and college events to prepare our students for life and work in modern Britain.

# **BEDFORD COLLEGE CONSOLIDATED ACCOUNTS**

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## **Strategic Report (continued)**

The College's Equality and Diversity Policy is monitored and implemented on a planned basis, and is published on the College's intranet and website. The College has developed Religion and Belief policy and Trans policy including guidance for supporting trans students or students who are transitioning.

The College's Single Equality Scheme outlines the key priorities in terms of equality and diversity which are underpinned by the Single Equality Scheme Action Plan. The College's Equality, Diversity and Inclusion Committee, which is chaired by the Vice Principal (Quality) and has cross-college representation, is involved in the implementation and monitoring of the impact of the Single Equality Scheme Action Plan. The Committee is supported by Diversity Ambassadors and diversity staff forums. The College publishes an Equality and Diversity Report annually to ensure compliance with all relevant equality legislation. The College undertakes equality impact assessments on its college-wide policies.

The College has implemented an Equality and Diversity training programme which is mandatory for all staff. Refresher training and updates are carried out as part of staff's professional development.

The Bedford College Group is a 'Disability Confident' employer and has committed to the principles and objectives of this standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College subscribes to an independent assistance programme which is free to all staff and offers support on a wide range of work, family and personal issues. In-house counselling support is available to students and staff.

The College employs specialists to support students with learning difficulties and/or disabilities, such as Autism coordinator, Deaf and Hard of Hearing coordinator, British Sign Language Communicators, and Student Support Assistants. Specialist equipment including assistive technology is available for use by students and staff.

Personal Tutors in each curriculum area deliver individual and group tutorials aimed to develop students' personal, social and employability skills, and provide support with a range of issues, for instance, when a student is transitioning. The enhancement programme supports students' personal development via health and wellbeing, staying safe and equality and diversity information and awareness. The College co-ordinates student support groups such as LGBTQIA+ and Transform.

### **Events after the reporting period**

The College acquired Aston Recruitment and Training LTD on the 1 September 2020. Based in Northampton they provide apprenticeship training and some adult skills courses. Their trading income has been less than £1m in recent years and the College acquired the shares for £1.

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

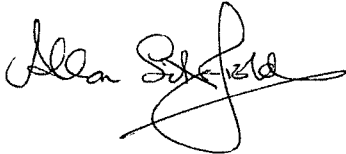
(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Strategic Report (continued)

### Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 9 December 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Allan Schofield', with a large, stylized flourish at the end.

Allan Schofield  
Chair  
09 December 2020

# **BEDFORD COLLEGE CONSOLIDATED ACCOUNTS**

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## **Statement of Corporate Governance and Internal Control**

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2019 to 31st July 2020 and up to the date of approval of the annual report and financial statements.

The college endeavours to conduct its business:

1. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code")

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2020. This opinion is based on an internal review of compliance with the Code reported to the Governance Committee (previously the Search & Governance Committee) on 16 November 2020. The Governing Body 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 took 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.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## The Corporation

The members who served on the Corporation Board during the year and up to the date of signature of this report were as follows:

Name	Date of Appointment	Term of Office	Date of Retirement / Resignation	Status of Appointment	Committees Served	Attendance at meetings in 2019-20 <sup>1</sup>
Mr A Schofield Chair	Re-appointed August 2018	Appointed Chair 1 August 2019 for a 2 year period to 31 July 2021		External	QSA Search & Governance Remuneration Resources	100%
Mr S Briggs	Re-appointed 4 years to 31.07.22	4 years	28.10.20	External	Audit	67%
Mr D Buckley	August 2020	4 years		External	Audit	N/A
Mr A Carvell	Appointed March 2020	To 31.07.23		External	Resources	100%
Ms C Daubney	Appointed August 2017	4 years	17.11.19	External		0%
Ms H Day	Appointed August 2018	2 years	31.07.20	Staff	Resources	100%
Ms S De Leonardis	Appointed July 2019	4 years		External	Audit	100%
Mr R Dimbleby	Appointed May 2018	4 years		External	Audit Quality, Standards & Achievement	69%



# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

Name	Date of Appointment	Term of Office	Date of Retirement / Resignation	Status of Appointment	Committees Served	Attendance at meetings in 2019-20 <sup>1</sup>
Mr A Ellis	August 2020	4 years		External	Audit	N/A
Mr W Gerrard	Appointed August 2019	1 year	31.07.20	Student	Quality, Standards & Achievement	43%
Mr N Gray	Appointed August 2016	4 years	29.06.20	External	Quality, Standards and Achievement	17%
Mr G Guilford	Appointed August 2017	4 years		External	Resources	86%
Mr M Lawson	Appointed August 2016	4 years		External	Quality, Standards and Achievement	88%
Mr S Miah	Re-appointed for 4 years from 01.11.15 Extended to 31.07.20	To 31 July 2020	31.07.20	External	Resources Search & Governance Remuneration	93%
Ms M Peacock	Appointed August 2020	2 years		Staff	TBC	N/A
Mr I Pryce	Appointed December 1998	-		Accounting Officer	Resources Quality, Standards & Achievement	100%
Mrs S Selwood <b>Vice Chair</b>	Re appointed August 2019	4 year Appointed Vice Chair 1 August 2019 for a 2 year period to 31 July 2021		External	Audit (part year) Quality, Standards & Achievement Search & Governance Remuneration	100%

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

Name	Date of Appointment	Term of Office	Date of Retirement / Resignation	Status of Appointment	Committees Served	Attendance at meetings in 2019-20 <sup>1</sup>
Mr A Simmons	Re-appointed July 2017 (external)	4 years	25.02.20	External	Resources Search & Governance Remuneration	86%
Mr A Smith	August 2020	1 year co-option to Audit Committee		Co-opted member Audit Committee	Audit Committee	N/A
Mr S Sunny	Appointed August 2019	4 years	19.11.20	External	Resources	29%
Mr V Tailor	Appointed August 2019	4 years		External	Quality, Standards & Achievement	57%
Ms L Vecchio	August 2020	4 years		External	Resources Search & Governance	83%
Ms A Wagstaff	Appointed August 2020	2 years		External	Quality, Standards & Achievement	N/A
Mr S Wilson	August 2018	2 years	31.07.20	Staff	TBC	N/A
Mr C Wragg	August 2019	4 years		Staff	Quality, Standards & Achievement	71%
				External	Resources	86%

Mrs R Nicol acts as Clerk to the Corporation

<sup>1</sup> This reflects attendance at Board and Committee meetings but does not reflect attendance at additional events such as Awards Evenings, development days, working groups, college committees such as those on safeguarding and equality and diversity

# **BEDFORD COLLEGE CONSOLIDATED ACCOUNTS**

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## **Statement of Corporate Governance and Internal Control (continued)**

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 at least once a term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Audit, Resources, Quality, Standards and Achievement, Remuneration, and Governance (previously Search & Governance). Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at [www.bedford.ac.uk](http://www.bedford.ac.uk) or, from the Clerk to the College's registered address.

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

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

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 and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the role of the Chair and Accounting Officer are separate.

### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, consisting of at least 4 members of the Corporation, which is responsible for the selection and nomination of any new external members 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.

The Memorandum and Articles of Bedford College Services (BCS) and Bedford College Professional Services (BCPS) provide for appointments to the relevant Boards to be approved by the Corporation.

The Corporation monitors terms of office and succession planning. Following adoption of the AOC Code of Good Governance for English Colleges external members are initially appointed for a 4 year period with the potential for a re-appointment for a further 4 year period. The Corporation has committed to only extend terms of office beyond 8 years in exceptional circumstances.

Bedford College Academies Trust Limited and The Silverstone Academy Trust Limited are Trust arrangements for schools of which Bedford College is a Member. The terms of reference of both trusts provide for member appointments to their respective boards to be approved by the Bedford College Corporation.

# **BEDFORD COLLEGE CONSOLIDATED ACCOUNTS**

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## **Statement of Corporate Governance and Internal Control (continued)**

### **Corporation Performance**

The performance of the Corporation and its committees is considered annually in line with the agreed Self Evaluation Strategy to ensure continued improvement of the value added by this strategic support. As part of the Board's assessment of their performance the Board considers a range of evaluation mechanisms including numeric assessment against a number of competency based statement focussed on Ofsted priorities, personal review and self-assessment questionnaires, committee reviews against terms of reference and focussed questionnaires at intervals providing for narrative feedback on areas such as the quality of papers, appropriateness of commitment required, training and development needs and personal ambitions.

The Corporation acknowledges the external Ofsted inspection grading in September 2019 for Leadership and Governance as good overall, considering some areas as outstanding whilst seeking to identify areas for continuing improvement.

Committees reflect on their performance and terms of reference each year with the Audit Committee completing a numerically scored questionnaire measuring their effectiveness against their terms of reference.

### **Remuneration Committee**

Throughout the year ending 31 July 2020 the College's Remuneration Committee comprised between five and six members of the Corporation. The Committee, for the year ended 31 July 2020 had delegated authority from the Corporation to determine the remuneration and terms and conditions of employment of the Accounting Officer and other senior post-holders. Determinations in respect of remuneration for the year ended 31 July 2020 were made at a meeting on 7 November 2019.

Details of remuneration for the year ended 31 July 2020 are set out in note 6 to the financial statements.

### **Audit Committee**

The Audit Committee comprised 4 members of the Corporation (excluding the Accounting Officer and Chair) and one co-opted member. A further member has been co-opted for the year ended 31 July 2021. 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 and financial statement auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

# **BEDFORD COLLEGE CONSOLIDATED ACCOUNTS**

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## **Statement of Corporate Governance and Internal Control (continued)**

### **Search and Governance Committee**

The Search and Governance Committee consisted of between 5 and 6 members throughout the year (excluding the Accounting Officer) and operates in accordance with the written terms of reference approved by the Corporation.

The Committee meets at least twice annually and is responsible for advising the Corporation on the appointment of external governors and on matters concerning the smooth running and best corporate governance of the Corporation such as the size of the Board, the Board's own rules and procedures, training for governors, evaluation of the Corporation and the appointment of office bearers.

In the year ended 31 July 2020 the Committee met 7 times as it was agreed that the Committee responsible for governance arrangements would oversee the College's response to Covid-19.

### **Resources Committee**

The Resources Committee consisted of between 8 members throughout the year (including the Accounting Officer) and operates in accordance with the written terms of reference approved by the Corporation.

The Committee meets at least termly and is responsible for monitoring the College's finance, accommodation and capital expenditure, advising the Board on solvency and the safeguarding of assets, approving capital expenditure, write offs (under delegated authority), people management and development policies and procedures; ensuring compliance with employment legislation and good practice and overseeing policies and work promoting the safety and well-being of staff.

### **Quality, Standards and Achievement Committee**

The Quality, Standards and Achievement Committee consisted of 8 members during the year (including the Accounting Officer) and operates in accordance with the terms of reference approved by the Corporation.

The Committee meets at least once a term and is responsible for briefing the Board on the quality of education provision at the College, the student experience (including safeguarding and equality and diversity), and to have oversight of quality processes.

### **Internal control**

#### *Scope of responsibility*

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

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

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Statement of Corporate Governance and Internal Control (continued)

### *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 Bedford College for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

### *Capacity to handle risk*

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

### *The risk and control framework*

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

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

Bedford College has an 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 a minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

# **BEDFORD COLLEGE CONSOLIDATED ACCOUNTS**

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## **Statement of Corporate Governance and Internal Control (continued)**

### **Responsibilities under funding agreements**

The Corporation receives assurance on compliance with the contractual responsibilities under the College's funding agreement through a detailed annual work plan and allocation of relevant responsibilities for scrutiny to committees under their terms of reference. Compliance for funding purposes is included in a comprehensive internal audit programme and key risks are monitored both by the Audit Committee and the full board at each meeting.

### **Statement from the audit committee**

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2019/20 and up to the date of the approval of the financial statements are:

- HR and Payroll
- Learner Progress Monitoring
- Financial Planning and Budgetary Control
- ESFA Mock Funding Audit
- External Assurance of sub-contracting controls
- Office for Students Registration Process

There were no delays to the internal audit programme associated with COVID 19.

### ***Review of effectiveness***

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

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

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

The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2020.

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

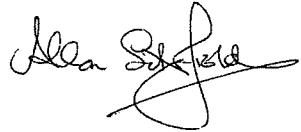
(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Statement of Corporate Governance and Internal Control (continued)

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

Approved by order of the members of the Corporation on 9 December 2020 and signed on its behalf by:

**Signed**



**Allan Schofield**  
Chair  
09 December 2020

**Signed**



**Ian Pryce**  
Accounting Officer  
09 December 2020



# **BEDFORD COLLEGE CONSOLIDATED ACCOUNTS**

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

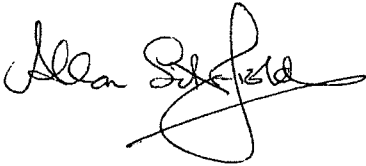
## **Statement of College's Regularity, Propriety and Compliance**

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the College's grant funding agreement and contracts with the ESFA. As part of our consideration we have had due regard to 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 non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.

**Signed**



**Allan Schofield  
Chair**

**09 December 2020**

**Signed**



**Ian Pryce  
Accounting Officer**

**09 December 2020**

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's grant funding agreements and contracts with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements and an operating financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and its surplus 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
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

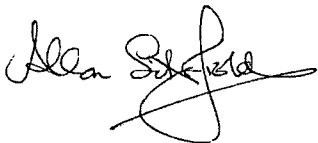
The Corporation is also required to prepare a Strategic Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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 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 to safeguard its assets and to prevent and detect fraud and other irregularities.

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

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

Approved by order of the members of the Corporation on 9 December 2020 and signed on its behalf by



Allan Schofield  
Chair

09 December 2020

# **BEDFORD COLLEGE CONSOLIDATED ACCOUNTS**

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## **Independent Auditor's Report to the Corporation of Bedford College Year ended 31 July 2020**

### **Opinion**

We have audited the financial statements of Bedford College (the 'parent college') and its subsidiaries (the 'group') for the year ended 31 July 2020 which comprise the group statement of comprehensive income, the group and parent college statement of changes in reserves and balance sheets, the group statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent college's affairs as at 31 July 2020 and of the group's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The Corporation is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

# **BEDFORD COLLEGE CONSOLIDATED ACCOUNTS**

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## **Independent Auditor's Report to the Corporation of Bedford College Year ended 31 July 2020 (continued)**

### **Conclusions relating to going concern (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

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

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

### **Responsibilities of the Corporation**

As explained more fully in the statement of responsibilities of members of the Corporation, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determines 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 the parent 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 or the parent college or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Independent Auditor's Report to the Corporation of Bedford College Year ended 31 July 2020 (continued)

### Use of our report

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



MHA MACINTYRE HUDSON  
Chartered Accountants & Statutory Auditor  
2 London Wall Place  
London, EC2Y 5AU

Date...14 January 2021

# **BEDFORD COLLEGE CONSOLIDATED ACCOUNTS**

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## **Reporting Accountant's Assurance Report on Regularity to the Corporation of Bedford College and the Secretary of State for Education acting through the Department for Education ("the Department")**

In accordance with the terms of our engagement letter and further to the requirements of the financial memorandum/funding agreement with the ESFA 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 Bedford College during the period 1 August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the Corporation of Bedford College and the Department in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Bedford College and the Department 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 Bedford College and the Department for our work, for this report, or for the conclusion we have formed.

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

The Corporation of Bedford 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 to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Reporting accountant's assurance report on regularity**

Our responsibilities for this engagement are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that, in all material respects, expenditure disbursed and income received during the year ended 31 July 2020 have not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities that govern them.

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Reporting Accountant's Assurance Report on Regularity to the Corporation of Bedford College and the Secretary of State for Education acting through the Department for Education ("the Department") (continued)

### Basis of opinion

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the College's income and expenditure. The work undertaken to draw our conclusion included:

- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the relevant framework;
- Reviewing the Corporation minutes relevant to our consideration of regularity;
- Testing transactions with related parties;
- Testing a sample of payments to suppliers and a sample of payroll payments to staff.

### Opinion

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 year 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



MHA MACINTYRE HUDSON  
Chartered Accountants & Statutory Auditor  
2 London Wall Place  
London, EC2Y 5AU

Date... 14 January 2021

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 July		Year ended 31 July	
		2020	2020	2019	2019
		Group	College	Group	College
		£'000	£'000	£'000	£'000
<b>INCOME</b>					
Funding body grants	2	37,569	37,569	37,518	37,518
Tuition fees and education contracts	3	13,249	13,249	12,505	12,505
Other income	4	2,962	2,228	3,565	2,690
Endowment and investment income	5	33	326	39	336
<b>Total income</b>		<b>53,813</b>	<b>53,372</b>	<b>53,627</b>	<b>53,049</b>
<b>EXPENDITURE</b>					
Staff costs	6	33,138	32,507	33,494	32,862
Other operating expenses	7	13,417	13,374	13,765	13,851
Depreciation	11&12	4,605	4,605	4,450	4,442
Interest and other finance costs	8	964	964	989	989
<b>Total expenditure</b>		<b>52,123</b>	<b>51,449</b>	<b>52,698</b>	<b>52,144</b>
<b>Surplus before other gains and losses</b>		<b>1,690</b>	<b>1,923</b>	<b>929</b>	<b>905</b>
Profit/(Loss) on disposal of assets	12	1	1	6	6
<b>Surplus before tax</b>		<b>1,691</b>	<b>1,924</b>	<b>935</b>	<b>911</b>
Taxation	9	-	-	-	-
<b>Surplus for the year</b>		<b>1,691</b>	<b>1,924</b>	<b>935</b>	<b>911</b>
Actuarial gain/(loss) in respect of pensions schemes	23	(24,230)	(24,230)	1,127	1,127
<b>Total Comprehensive Income for the year</b>		<b>(22,539)</b>	<b>(22,306)</b>	<b>2,062</b>	<b>2,038</b>

The statement of comprehensive income is in respect of continuing activities



# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Consolidated and College Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Group</b>			
<b>Balance at 1st August 2018</b>	<b>49,244</b>	<b>14,515</b>	<b>63,759</b>
Surplus/(deficit) from the income and expenditure account	935	-	935
Other comprehensive income	1,127	-	1,127
Transfers between revaluation and income and expenditure reserves	143	(143)	-
<b>Balance at 31st July 2019</b>	<b>51,449</b>	<b>14,372</b>	<b>65,821</b>
Surplus/(deficit) from the income and expenditure account	1,691	-	1,691
Other comprehensive income	(24,230)	-	(24,230)
Transfers between revaluation and income and expenditure reserves	143	(143)	-
<b>Total comprehensive income for the year</b>	<b>(22,396)</b>	<b>(143)</b>	<b>(22,539)</b>
<b>Balance at 31st July 2020</b>	<b>29,053</b>	<b>14,229</b>	<b>43,282</b>
<b>College</b>			
<b>Balance at 1st August 2018</b>	<b>48,926</b>	<b>14,515</b>	<b>63,441</b>
Surplus/(deficit) from the income and expenditure account	911	-	911
Other comprehensive income	1,127	-	1,127
Transfers between revaluation and income and expenditure reserves	143	(143)	-
<b>Balance at 31st July 2019</b>	<b>51,107</b>	<b>14,372</b>	<b>65,479</b>
Surplus/(deficit) from the income and expenditure account	1,924	-	1,924
Other comprehensive income	(24,230)	-	(24,230)
Transfers between revaluation and income and expenditure reserves	143	(143)	-
<b>Total comprehensive income for the year</b>	<b>(22,163)</b>	<b>(143)</b>	<b>(22,306)</b>
<b>Balance at 31 July 2020</b>	<b>28,944</b>	<b>14,229</b>	<b>43,173</b>

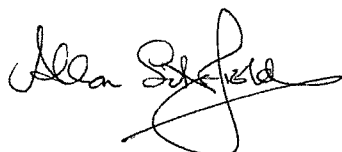
# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Balance sheets as at 31 July

	Notes	Group	College	Group	College
		2020	2020	2019	2019
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	11	242	242	255	255
Tangible fixed assets	12	132,786	132,786	128,119	128,043
		<b>133,028</b>	<b>133,028</b>	<b>128,374</b>	<b>128,298</b>
<b>Current assets</b>					
Stocks		203	198	178	168
Trade and other receivables	14	3,272	3,205	4,585	4,535
Investments	15	3,005	3,005	4,005	4,005
Cash and cash equivalents	20	6,611	6,381	6,099	5,956
		<b>13,090</b>	<b>12,789</b>	<b>14,867</b>	<b>14,664</b>
<b>Less: Creditors – amounts falling due within one year</b>	16	(9,213)	(9,074)	(10,186)	(10,279)
<b>Net current assets</b>		<b>3,877</b>	<b>3,715</b>	<b>4,681</b>	<b>4,385</b>
<b>Total assets less current liabilities</b>		<b>136,905</b>	<b>136,743</b>	<b>133,055</b>	<b>132,683</b>
Less: Creditors – amounts falling due after more than one year	17	(56,418)	(56,418)	(54,280)	(54,280)
<b>Provisions</b>					
Defined benefit obligations	19	(35,426)	(35,426)	(10,655)	(10,655)
Dilapidations	19	(1,105)	(1,105)	(1,168)	(1,168)
Other provisions	19	(674)	(621)	(1,131)	(1,101)
<b>Total net assets</b>		<b>43,282</b>	<b>43,173</b>	<b>65,821</b>	<b>65,479</b>
<b>Unrestricted reserves</b>					
Income and expenditure account		29,053	28,944	51,449	51,107
Revaluation reserve		14,229	14,229	14,372	14,372
<b>Total unrestricted reserves</b>		<b>43,282</b>	<b>43,173</b>	<b>65,821</b>	<b>65,479</b>

The financial statements on page 31 to 61 were approved and authorised for issue by the Corporation on 09 December 2020 and were signed on its behalf on that date by:



**Allan Schofield**  
Chair

09 December 2020



**Ian Pryce**  
Accounting Officer

09 December 2020

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Consolidated Statement of Cash Flows

	Notes	2020 £'000	2019 £'000
<b>Cash inflow from operating activities</b>			
Surplus for the year	10	1,691	935
<b>Adjustment for non-cash items</b>			
Depreciation	12	4,605	4,450
Decrease/(increase) in stocks		(25)	1
Decrease in debtors	14	1,313	148
Increase in creditors	16 & 17	2,161	1,367
(Decrease) in provisions		(520)	(187)
Pensions costs less contributions payable	19	541	761
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(33)	(39)
Interest payable	8	704	722
(Profit)/Loss on sale of fixed assets	12	(1)	(6)
		<u>10,436</u>	<u>8,152</u>
<b>Net cash flow from operating activities</b>			
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		1	6
Investment income	5	33	39
New/(withdrawal) of deposits	15	1,000	1,000
Payments made to acquire fixed assets	12	(9,259)	(6,709)
		<u>(8,225)</u>	<u>(5,664)</u>
<b>Cash flows from financing activities</b>			
Interest paid	8	(704)	(722)
Repayments of amounts borrowed	16 & 17	(996)	(1,039)
		<u>(1,700)</u>	<u>(1,761)</u>
<b>Increase in cash and cash equivalents in the year</b>			
		<u>511</u>	<u>727</u>
Cash and cash equivalents at beginning of the year	20	6,099	5,372
Cash and cash equivalents at end of the year	20	6,611	6,099

# **BEDFORD COLLEGE CONSOLIDATED ACCOUNTS**

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## **Notes to the Accounts**

### **1 Statement of accounting Policies and estimation techniques**

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

#### **Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2019 to 2020 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

#### **Basis of accounting**

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

#### **Basis of consolidation**

The consolidated financial statements include the College and its subsidiaries, Bedford College Services Limited and Bedford College Professional Services Ltd. The results of subsidiaries acquired during the period are included in the consolidated income and expenditure account from the date of acquisition. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2020.

#### **Going concern**

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

The College currently has £10.414m of loans outstanding, shown in note 18, novated through the acquisition of Tresham College for Further and Higher Education in August 2018.

The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

# **BEDFORD COLLEGE CONSOLIDATED ACCOUNTS**

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## **Notes to the Accounts (continued)**

### **1 Statement of accounting Policies and estimation techniques (continued)**

#### **Recognition of income**

##### **Revenue grant funding**

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

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

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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

##### **Capital grant funding**

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

##### **Fee income**

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

##### **Investment income**

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

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 1 Statement of accounting Policies and estimation techniques (continued)

#### Agency arrangements

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

#### Accounting for post-employment benefits

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

##### *Teachers' Pension Scheme*

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 qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

##### *Bedfordshire Local Government Pension Scheme (LGPS)*

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses in the statements of comprehensive income.

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 1 Statement of accounting Policies and estimation techniques (continued)

#### Short term Employment benefits

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

#### Intangible fixed assets

Intangible assets are capitalised at cost and are amortised over their estimated useful economic life. Purchased computer software is amortised over 4 years.

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

#### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that transition.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

#### *Land and buildings*

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. Building improvements made since incorporation are included in the balance sheet at cost.

Freehold buildings are depreciated on a straight line basis over their expected useful economic life to the College. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

- Freehold buildings Over periods of 36 to 65 years
- Leasehold buildings Over length of lease
- Building improvements 10 years

Freehold land is not depreciated as it is considered to have an infinite useful life.

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 1 Statement of accounting Policies and estimation techniques (continued)

#### Tangible fixed Assets (continued)

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings. The land was revalued in 2015.

#### *Subsequent expenditure on existing fixed assets*

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis.

#### *Buildings owned by third parties*

Where land and buildings are used, but the legal rights are held by a third party, for example a charitable trust, they are only capitalised if the College has rights or access to ongoing future economic benefit. These assets are then depreciated over their expected useful economic life.

#### *Equipment*

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at valuation.

Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the College of between one and three years from incorporation and is now fully depreciated. All other equipment is depreciated over its useful economic life as follows:

- |   |                                   |
|---|-----------------------------------|
| • plant machinery and general equipment | 10 years on a straight-line basis |
| • motor vehicles                        | 5 years on a straight-line basis  |
| • computer equipment                    | 4 years on a straight-line basis  |
| • fixtures and fittings                 | 10 years on a straight-line basis |

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.



# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 1 Statement of accounting Policies and estimation techniques (continued)

#### *Equipment (continued)*

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

#### **Borrowing costs**

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

#### **Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of comprehensive Income and Expenditure. The College had no assets on finance leases as at July 2020. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term.

#### **Investments**

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

#### **Inventories**

Inventories are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

#### **Cash and cash equivalents**

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

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

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 1 Statement of accounting Policies and estimation techniques (continued)

#### Financial liabilities and equity

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

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

#### Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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 a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

#### Provisions

Provisions are recognised when

- the college has a present legal or constructive obligation as a result of a past event
- it is probable that a transfer of economic benefit will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

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

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 1 Statement of accounting Policies and estimation techniques (continued)

#### Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

#### *Other key sources of estimation uncertainty*

- *Tangible fixed assets*

Tangible fixed assets, 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 and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2020. 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.

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 2 Funding council grants

	Year ended 31 July 2020		Year ended 31 July 2019	
	Group £'000	College £'000	Group £'000	College £'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency - adult	6,689	6,689	6,205	6,205
Education and Skills Funding Agency - 16-18	27,560	27,560	28,422	28,422
Education and Skills Funding Agency - Apprenticeships	221	221	769	769
Office for Students	533	533	557	557
<b>Specific Grants</b>				
Skills Funding Agency	327	327	230	230
Teacher Pension Scheme contribution grant Releases of government capital grants	891	891	0	0
	1,348	1,348	1,335	1,335
<b>Total</b>	<b>37,569</b>	<b>37,569</b>	<b>37,518</b>	<b>37,518</b>

### 3 Tuition fees and education contracts

	Year ended 31 July 2020		Year ended 31 July 2019	
	Group £'000	College £'000	Group £'000	College £'000
Adult education fees	1,629	1,629	2,139	2,139
Apprenticeship fees and contracts	5,455	5,455	4,284	4,284
Fees for FE loan supported courses	1,057	1,057	1,023	1,023
Fees for HE loan supported courses	4,225	4,225	4,013	4,013
Total tuition fees	12,366	12,366	11,459	11,459
Education contracts	883	883	1,046	1,046
<b>Total</b>	<b>13,249</b>	<b>13,249</b>	<b>12,505</b>	<b>12,505</b>

### 4 Other income

	Year ended 31 July 2020		Year ended 31 July 2019	
	Group £'000	College £'000	Group £'000	College £'000
Catering and residences	903	722	1,116	935
Other income generating activities	1,871	1,430	2,360	1,666
Other grant income	76	76	89	89
Coronavirus Job Retention Scheme	112	0	0	0
<b>Total</b>	<b>2,962</b>	<b>2,228</b>	<b>3,565</b>	<b>2,690</b>

The corporation furloughed some of the catering staff and events staff under the government's Coronavirus Job Retention Scheme. The funding received of £112k relates to staff costs which are included within the staff costs note below as appropriate.

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 5 Investment income

	Year ended 31 July 2020		Year ended 31 July 2019	
	Group £'000	College £'000	Group £'000	College £'000
Other investment income	33	326	39	336
	<b>33</b>	<b>326</b>	<b>39</b>	<b>336</b>

### 6 Staff costs - Group

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

	2020 No.	2019 No.
Teaching staff	577	601
Non teaching staff	263	277
	<b>840</b>	<b>878</b>

#### Staff costs for the above persons

	2020 £'000	2019 £'000
Wages and salaries	26,130	26,587
Social security costs	2,248	2,295
Other pension costs	4,477	4,153
<b>Payroll sub total</b>	<b>32,855</b>	<b>33,035</b>
Contracted out staffing services	283	459
	<b>33,138</b>	<b>33,494</b>
Fundamental restructuring costs -		
contractual	0	0
non- contractual	0	0
	<b>33,138</b>	<b>33,494</b>

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 6 Staff costs - College only

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Teaching staff	577	601
Non-teaching staff	238	247
	<u>815</u>	<u>848</u>
<b>Staff costs for the above persons</b>		
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	25,503	26,001
Social security costs	2,216	2,260
Other pension costs	4,465	4,142
	<u>32,184</u>	<u>32,403</u>
Contracted out staffing services	283	459
	<u>32,467</u>	<u>32,862</u>
Fundamental restructuring costs -		
contractual	40	0
non-	0	0
contractual		
	<u>32,507</u>	<u>32,862</u>

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 6 Staff costs - Group and College

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and are represented by the College Leadership Team which comprises the Principal, Vice Principals, and Directors of Finance, Human Resources, Organisational Development and Sales and Marketing.

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

	2020 No.	2019 No.
The number of key management personnel including the Accounting Officer was:	7	9

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	
	2020 No.	2019 No.	2020 No.	2019 No.
£10,000 to £14,999	0	2	0	0
£60,000 to £64,999	0	0	6	7
£65,000 to £69,999	0	0	1	1
£70,000 to £74,999	2	1	0	0
£75,000 to £79,999	1	0	0	0
£80,000 to £84,999	0	1	0	0
£85,000 to £89,999	0	3	0	0
£90,000 to £94,999	2	0	0	0
£95,000 to £99,999	1	1	0	0
£170,000 to £174,999	0	0	0	0
£175,000 to £179,999	0	1	0	0
£180,000 to £184,999	1	0	0	0
	<u>7</u>	<u>9</u>	<u>8</u>	<u>8</u>

Key management personnel emoluments are made up as follows:

	2020 £'000	2019 £'000
Salaries	674	711
Benefits in Kind	14	15
Pension contributions	119	124
	<u>807</u>	<u>850</u>
<b>Total Key management personal emoluments</b>	<b>807</b>	<b>850</b>

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 6 Staff costs - Group and College

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

	2020 £'000	2019 £'000
Salaries	171	167
Benefits in kind	13	12
Pension contributions	32	31
	216	210

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

The remuneration package of Key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of Governing Council, who undertakes an annual review of her performance against the college's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple

	2020 £'000	2019 £'000
Principal's basic salary as a multiple of the median of all staff	5.69	5.47
Principal and CEO's total remuneration as a multiple of the median of all staff	6.40	5.83

### 7 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
Teaching costs	4,486	4,486	4,825	4,825
Non-teaching costs	4,509	4,596	4,887	5,100
Premises costs	4,422	4,292	4,053	3,926
<b>Total</b>	<b>13,417</b>	<b>13,374</b>	<b>13,765</b>	<b>13,851</b>

Other operating expenses include:

	2020 £'000	2019 £'000
Auditor's remuneration:		
Financial statements audit	46	46
Internal audit	28	23
Profit/(Loss) on disposal of tangible fixed asset	1	6
Hire of assets under operating leases	547	517
	582	592



# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 7a. Access and participation spending

	Year ended 31 July College £000s
Access Investment	376
Research and evaluation	19
Disability support	11
Financial support to students	1
<b>Total</b>	<b>407</b>

### 8 Interest payable - Group and College

	Year ended 31 July 2020		Year ended 31 July 2019	
	Group £'000	College £'000	Group £'000	College £'000
On bank loans, overdrafts and other loans:	704	704	722	722
Net interest on defined pension liability (note 23)	259	259	267	267
<b>Total</b>	<b>963</b>	<b>963</b>	<b>989</b>	<b>989</b>

### 9 Taxation - Group only

The College is an exempt Charity and is therefore broadly exempt from corporation tax on its activities.

### 10 Surplus on continuing operations during the period

The Surplus on continuing operations for the year is made up as follows:

	2020 £'000	2019 £'000
College surplus for the period	1,924	911
Prior year distributable profits generated by subsidiary undertakings transferred to the College under Gift Aid.	(293)	(297)
Surplus generated by subsidiary undertakings	60	321
	<b>1,691</b>	<b>935</b>

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 11 Intangible fixed assets (Group)

	Total
	£'000
<b>Cost</b>	
At 1 August 2019	438
Additions	<u>56</u>
<b>At 31 July 2020</b>	<b><u>494</u></b>
<b>Depreciation</b>	
At 1 August 2019	183
Charge for the year	<u>69</u>
<b>At 31 July 2020</b>	<b><u>252</u></b>
<b>Net book value at 31 July 2020</b>	<b><u><u>242</u></u></b>
Net book value at 31 July 2019	<u><u>255</u></u>

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 12 Tangible fixed assets (Group)

	Land and buildings	Equipment	Assets in the Course of Construction	Total
	Freehold			
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 August 2019	140,409	11,270	4,085	155,764
Additions	1,855	959	6,389	9,203
Re-classification to assets under construction	3,214	-	(3,214)	-
<b>At 31 July 2020</b>	<b>145,478</b>	<b>12,229</b>	<b>7,260</b>	<b>164,967</b>
<b>Depreciation</b>				
At 1 August 2019	20,149	7,496	-	27,645
Charge for the year	3,587	949	-	4,536
<b>At 31 July 2020</b>	<b>23,736</b>	<b>8,445</b>	<b>-</b>	<b>32,181</b>
<b>Net book value at 31 July 2010</b>	<b>121,742</b>	<b>3,784</b>	<b>7,260</b>	<b>132,786</b>
Net book value at 31 July 2019	120,260	3,774	4,085	128,119

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 12 Tangible fixed assets (College only)

	Land and buildings	Equipment	Assets in the Course of Construction	Total
	Freehold			
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 August 2019	140,355	11,174	4,085	155,614
Additions	1,855	959	6,389	9,203
Transfer assets from subsidiary	54	96	-	150
Re-classification to assets under construction	3,214	-	(3,214)	-
<b>At 31 July 2020</b>	<b>145,478</b>	<b>12,229</b>	<b>7,260</b>	<b>164,967</b>
<b>Depreciation</b>				
At 1 August 2019	20,139	7,432	-	27,571
Charge for the year	3,587	949	-	4,536
Transfer assets from subsidiary	10	64	-	74
<b>At 31 July 2020</b>	<b>23,736</b>	<b>8,445</b>	<b>-</b>	<b>32,181</b>
<b>Net book value at 31 July 2020</b>	<b>121,742</b>	<b>3,784</b>	<b>7,260</b>	<b>132,786</b>
Net book value at 31 July 2019	120,216	3,742	4,085	128,043

Land, buildings and equipment were inherited from the local authority on 1 April 1993. Inherited land was valued at open market value for 'College' use and buildings at depreciated cost, by a firm of independent chartered surveyors. Inherited equipment is now fully written off. If inherited land had not been valued it would have been included at nil value as no consideration was paid.

On 1 August 2018 the College acquired Tresham College for Further and Higher Education. Their fixed assets have been included above based upon a valuation carried out by Lambert Smith Hampton using surveyors registered with the Royal Institution of Chartered Surveyors on a fair value existing use basis.

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 13 Non-current Investments

The College owns 100 per cent of the shares of Bedford College Services Limited and Bedford College Professional Services Limited. Both companies are incorporated in England and Wales and were acquired at par value of £100.

The principal activity of Bedford College Services Limited is hospitality and leisure services, and the principal activity of Bedford College Professional Services is employment services.

### 14 Trade and other receivables

	<b>Group 2020 £'000</b>	<b>College 2020 £'000</b>	<b>Group 2019 £'000</b>	<b>College 2019 £'000</b>
Amounts falling due within one year:				
Trade receivables	1,403	1,403	2,868	2,822
Other Debtors	103	80	42	42
Amounts owed by group undertakings:		10	0	0
Prepayments and accrued income	1,766	1,712	1,675	1,671
<b>Total</b>	<b><u>3,272</u></b>	<b><u>3,205</u></b>	<b><u>4,585</u></b>	<b><u>4,535</u></b>

### 15 Current investments

	<b>Group 2019 £'000</b>	<b>College 2019 £'000</b>	<b>Group 2019 £'000</b>	<b>College 2019 £'000</b>
Short term deposits	3,005	3,005	4,005	4,005
<b>Total</b>	<b><u>3,005</u></b>	<b><u>3,005</u></b>	<b><u>4,005</u></b>	<b><u>4,005</u></b>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 16 Creditors: amounts falling due within one year

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Bank loans and overdrafts	519	519	495	495
Payments received in advance	62	62	130	130
Trade payables	2,030	2,030	1,785	1,777
Amounts owed to group undertakings:				
Subsidiary undertakings	-	-	-	292
Other taxation and social security	955	855	713	609
Accruals and deferred income	4,032	4,027	4,708	4,695
Other creditors	282	248	597	523
Deferred income - government capital grants	1,333	1,333	1,333	1,333
Amounts owed to the ESFA	0	0	425	425
<b>Total</b>	<b>9,213</b>	<b>9,074</b>	<b>10,186</b>	<b>10,279</b>

### 17 Creditors: amounts falling due after one year

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Bank loans	9,895	9,895	10,915	10,915
Deferred income - government capital grants	46,523	46,523	43,365	43,365
<b>Total</b>	<b>56,418</b>	<b>56,418</b>	<b>54,280</b>	<b>54,280</b>

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 18 Maturity of debt

#### (a) Loans are repayable as follows

Bank loans and overdrafts are repayable as follows:

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
In one year or less	519	519	496	496
Between one and two years	928	928	519	519
Between two and five years	1,644	1,644	2,571	2,571
In five years or more	7,323	7,323	7,823	7,823
<b>Total</b>	<b><u>10,414</u></b>	<b><u>10,414</u></b>	<b><u>11,409</u></b>	<b><u>11,409</u></b>

Bank loans are secured upon the freehold land and buildings at the College's Windmill Avenue, Kettering campus, and its Oakley Road, Corby campus.

The Kettering loan (£7.082m) incurs interest at rate of 6.95% and capital repayments are made over its 25 year term. It will be fully repaid in 2033.

The Corby loan (£5.232m) incurs interest at rate of 6.91% and capital repayments are made over its 25 year term. It will be fully repaid in 2036.

A revolving credit facility £1.185m incurs an interest rate of LIBOR + 1.5% and repayments are made over its term. It will be fully repaid in 2021.

### 19 Provisions

	Group			
	Defined benefit Obligations £'000	Dilapidations £'000	Other £'000	Total £'000
At 1 August 2019	10,655	1,168	1,131	12,954
Transferred from income and expenditure account	24,771	(63)	(457)	24,251
<b>At 31 July 2020</b>	<b><u>35,426</u></b>	<b><u>1,105</u></b>	<b><u>674</u></b>	<b><u>37,205</u></b>

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 19 Provisions

	College			Total
	Defined benefit Obligations	Dilapidations	Other	
	£'000	£'000	£'000	
At 1 August 2019	10,655	1,168	1,101	12,924
Transferred from income and expenditure account	24,771	(63)	(480)	24,228
<b>At 31 July 2020</b>	<b>35,426</b>	<b>1,105</b>	<b>621</b>	<b>37,152</b>

### 20 Cash and cash equivalents

	At 1 August 2019	Cash flows	Other changes	At 31 July 2020
	£'000	£'000	£'000	£'000
Cash and cash equivalents	6,099	512	-	6,611
<b>Total</b>	<b>6,099</b>	<b>512</b>	<b>-</b>	<b>6,611</b>

### 21 Capital commitments

	Group and College	
	2020	2019
	£'000	£'000
Commitments contracted for at 31 July 2020	1,869	2,338
Authorised but not contracted 31 July 2020	6,013	8,411

### 22 Lease Obligations

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

	Group and College	
	2020	2019
	£'000	£'000
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	429	378
Later than one year and not later than five years	1,468	1,236
later than five years	4,678	4,697
	<b>6,575</b>	<b>6,311</b>



# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 23 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 Wessex Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Bedford Borough Council. Both are multi-employer defined-benefit plans.

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

<b>Total pension cost for the year</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Teachers Pension Scheme: contributions paid	2,680	1,946
Other Pension Schemes	145	99
Local Government Pension Scheme:		
Contributions paid	1,370	1,603
FRS 102 (28) charge	<u>282</u>	<u>494</u>
Charge to the Statement of Comprehensive Income	1,652	2,097
Enhanced pension charge to Statement of Comprehensive Income	-	-
<b>Total Pension Cost for Year</b>	<b><u>4,477</u></b>	<b><u>4,142</u></b>

There were no outstanding or prepaid contributions at either the beginning or end of the financial year. Contributions amounting to £423,000 (2019 - £121,000) were payable to the scheme at 31 July 2020 and are included in creditors.

### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 23 Retirement benefits

#### Teachers' Pension Scheme (continued)

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department in April 2019). The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £2,680,000 (2019: £1,946,000)

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Bedford Borough Council. The total contribution made for the year ended 31 July 2020 was £1,824,000, of which employer's contributions totalled £1,437,000 and employees' contributions totalled £387,000. The agreed contribution rates for future years are 18.4 % for employers and range from 5.5% to 7.5% cent for employees, depending on salary.

#### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2020 by a qualified independent actuary.

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	1.75%	1.75%
Future pensions increases	2.05%	1.75%
Discount rate for scheme liabilities	1.50%	2.60%
Inflation assumption (CPI)	2.05%	1.75%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	At 31 July 2020	At 31 July 2019
	years	years
<b>Retiring today</b>		
Males	21.90	21.70
Females	24.00	23.90
<b>Retiring in 20 years</b>		
Males	23.10	22.60
Females	25.80	25.40

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 23 Retirement benefits

#### Local Government Pension Scheme (Continued)

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

	Long-term rate of return expected at 31 July 2020	Fair Value at 31 July 2019 £'000	Long-term rate of return expected at 31 July 2019	Fair Value at 31 July 2019 £'000
Equities	5.00%	38,724	5.00%	40,218
Bonds	5.00%	9,176	5.00%	9,171
Property	5.00%	5,396	5.00%	5,680
Cash	5.00%	3,423	5.00%	2,640
<b>Total market value of assets</b>		<b>56,719</b>		<b>57,709</b>
<b>Weighted average expected long term rate of return</b>	<b>5.00%</b>		<b>5.00%</b>	
<b>Actual return on plan assets</b>		<b>(2,333)</b>		<b>1,126</b>

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

	2020 £'000	2019 £'000
Fair value of plan assets	56,719	57,709
Present value of plan liabilities	(92,145)	(68,364)
<b>Net pensions (liability)/asset (Note 19)</b>	<b>(35,426)</b>	<b>(10,655)</b>

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 23 Retirement benefits

#### Local Government Pension Scheme (Continued)

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

	2020 £'000	2019 £'000
<b>Amounts included in staff costs</b>		
Current service cost	1,671	1,863
Past service cost	-	34
<b>Total</b>	<u>1,671</u>	<u>1,897</u>
<b>Amounts included in interests and other finance costs</b>		
Net interest costs	259	267
	<u>267</u>	<u>267</u>
<b>Amounts recognised in Other Comprehensive Income</b>		
Return on pension plan assets	(2,333)	1,126
Experience losses arising on defined benefit obligations	-	-
Changes in assumptions underlying the present value of plan liabilities	(21,897)	1
	<u>(24,230)</u>	<u>1,127</u>

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 23 Retirement benefits

#### Local Government Pension Scheme (Continued)

##### Movement in net defined benefit (liability)/asset during the year

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Surplus/(deficit) in scheme at 1 August	(10,655)	(11,021)
Movement in year:		
Current service cost	(1,671)	(1,863)
Employer contributions	1,437	1,610
Past service cost		(34)
Net interest on the defined (liability)/asset	(259)	(267)
Administration expenses	(48)	(207)
Changes in Financial Assumptions	(24,930)	1
Changes in Demographic Assumptions	(90)	-
Other experience	3,228	-
Other actuarial gains/(losses)	(105)	-
Actuarial gain or loss	(2,333)	1,126
<b>Net defined benefit (liability)/asset at 31 July</b>	<b><u>(35,426)</u></b>	<b><u>(10,655)</u></b>

##### Asset and Liability Reconciliation

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	68,364	66,931
Current Service cost	1,671	1,863
Interest cost	1,759	1,713
Contributions by Scheme participants	387	418
Changes in demographic assumptions	90	-
Changes in financial assumptions	24,930	(1)
Other experience	(3,228)	-
Estimated benefits paid	(1,827)	(2,594)
Past Service cost	-	34
Undefined pension payments	(1)	-
<b>Defined benefit obligations at end of period</b>	<b><u>92,145</u></b>	<b><u>68,364</u></b>

##### Reconciliation of Assets

<b>Fair value of plan assets at start of period</b>	57,709	55,910
Interest on plan assets	1,500	1,446
Return on plan assets	(2,333)	1,126
Other actuarial gains/(losses)	(105)	-
Administration expenses	(48)	(207)
Employer contributions	1,437	1,610
Contributions by Scheme participants	387	418
Estimated benefits paid	(1,828)	(2,594)
<b>Assets at end of period</b>	<b><u>56,719</u></b>	<b><u>57,709</u></b>

# BEDFORD COLLEGE CONSOLIDATED ACCOUNTS

(INCORPORATING BEDFORD COLLEGE SERVICES LTD AND BEDFORD COLLEGE PROFESSIONAL SERVICES LTD)

## Notes to the Accounts (continued)

### 24 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £1,683; 20 governors (2019: £586; 16 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2019: None).

### 25 Amounts disbursed as agent

#### Learner support funds

	2020 £'000	2019 £'000
Funding body grants – 16-19	768	765
Funding body grants – Advanced Learning Loans	291	273
Funding body grants – 19+	159	366
Funding body grants – residential bursaries	86	86
Other Funding body grants	93	90
	<u>1,397</u>	<u>1,580</u>
Disbursed to students	(863)	(1,166)
Administration costs	(76)	(64)
	<u>458</u>	<u>350</u>
Balance unspent as at 31 July, included in creditors		

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.