

**THE BOURNEMOUTH & POOLE  
COLLEGE**

**Report and Financial Statements  
For the year ended  
31 July 2020**

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**REPORTS and FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2020**

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

### **Key management personnel**

Key management personnel are defined as Senior Post Holders within the College Leadership Team and were represented by the following throughout 2019/20:

Mrs D Grannell	Principal and CEO; Accounting Officer
Mr M Johnson	Chief Operating Officer
Mrs J Page	Vice Principal, Curriculum

### **Board of Governors**

A full list of the Board of Governors is given in the Statement of Corporate Governance and Internal Control.

Mrs M Barnard acted as Clerk to the Corporation throughout the period.

### **Professional advisers**

#### **Financial Statements auditor and reporting accountants:**

Alliotts LLP  
Friary Court  
13-21 High Street  
Guildford  
GU1 3DL

#### **Internal auditor:**

TIAA Ltd  
Artillery House  
Fort Fareham  
Fareham  
PO14 1AH

#### **Bankers:**

Lloyds Bank plc  
Bournemouth Branch  
PO Box 5  
45-47 Old Christchurch Road  
Bournemouth  
Dorset  
BH1 1ED

## Strategic Report

### OBJECTIVES AND STRATEGY

The governing body present their annual report together with the financial statements and auditor's report for Bournemouth and Poole College 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 The Bournemouth & Poole College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

### The Bournemouth and Poole College Strategy 2017-2020: Inspiring Excellence

#### Our Purpose

Our current Strategic Plan ran out in July 2020 and our Board set about work on the new Strategic Plan in January. For the first time they articulated a purpose for the College: *Bournemouth and Poole College exists to transform students' futures.*

#### Our Vision

Our previous vision *Transformation through skills and knowledge* has been updated to become *For every student to have the best life they can*

#### Our Mission

Our previous mission *Through inspiring teaching and learning, we develop our students' work skills, life skills and knowledge, and so help to build a thriving local economy and community* has been updated to become *Champion lifelong learning to benefit individuals, the community and the economy.*

#### Challenge to the College Executive Team

At the same time, the Board also set the following challenges to the College Executive Team and our new Strategic Plan will articulate our response to these challenges.

- Provide an excellent experience for our students
- Use our assets effectively and efficiently and generate a surplus to create a continuous investment cycle
- Deliver skills in line with local and national needs
- Create a culture of trust in which staff feel highly valued and respected
- Respond to the needs of the climate emergency.

Our new Strategic Plan will be published in December 2020.

#### COVID-19

It would be impossible to draft any report looking back over the past year, and not make reference to the impact of COVID-19. Given the number of students who were not attending classes and lecturers who were self-isolating, our Board agreed the decision of the College's Senior Leadership Team to pause classes from Wednesday 18<sup>th</sup> March allowing us two days to close the College buildings and prepare for remote teaching with effect from 23<sup>rd</sup> March. As it was, on the 20<sup>th</sup> March the Government announced that all schools and colleges should close immediately but our plans were well in hand. We had very positive feedback from staff that they appreciated the speed and clarity of our decision making.

The impact of COVID-19 has been felt in every part of College life and our activities but the response of our staff and students has been magnificent and the financial impact on results for 2019/20 has not been as great as first feared.

There has been huge uncertainty about planning for 2020/21 but by the time these financial statements are published we will be at the end of the first term meaning we will have a clearer view of what our finances for the year might look like.

## Strategic Report (continued)

### Resources

- The College employs 628 people, of whom 275 are teaching staff
- The College enrolled approximately 8,954 students. The College's student population includes 2,816 16-to-18 year-old students, 927 apprentices, 342 higher education students, 109 international students and 5,026 adult learners
- The College has £14m (2019: £14m) of net assets excluding £48m pension liability (2019: £33m) and long-term debt of £6m (2019 £6m).
- Tangible resources include the College's three sites.

### Stakeholders

The College has many stakeholders including:

- its current, future and past students
- its staff and their trade unions. The trade unions of which Bournemouth and Poole College staff are members are the University and College Unions, National Education Union and Unison
- the employers it works with
- the professional organisations in the sectors where it works
- its partner schools and universities
- the wider College community
- its local councils and Local Enterprise Partnership.

### Public Benefit

The Bournemouth & Poole College is an exempt charity under 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 pages 16-19. 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.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to approximately 8954 students, including 139 students with high needs.

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 and provides training to 927 apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many as possible regardless of their educational background.

## DEVELOPMENT AND PERFORMANCE

### Financial Results

	Year ended July 2020	Year ended July 2019
	£000	£000
Total Income	29,425	31,115
Staff costs	(19,506)	(20,707)
Non staff costs	(9,548)	(11,293)
<b>Operating Surplus/(Deficit)</b>	<b>371</b>	<b>(885)</b>
FRS 102 pension charge (incl. in staff costs)	(1,081)	(892)
FRS 102 pension interest (incl. in Interest- Non-pay)	(688)	(747)
Share of deficit in Joint Venture <i>note 1</i>	(114)	(105)
<b>(Deficit) for the year</b>	<b>(1,512)</b>	<b>(2,629)</b>

*Note 1* The share of the joint venture's loss included £98k of FRS102 pension related charges (2018/19 £99k).

## **Strategic Report (continued)**

The Group generated a deficit before other gains and losses of £(1,512k) (18/19: £ (2,629k)). The improvement in performance from the prior year was largely due to savings on staff costs (a planned policy of freezing all but non-essential roles as they become vacant) and non-staff costs, largely as a result of lockdown from 20<sup>th</sup> March.

We have significant reliance on the education sector funding bodies as our principal funding sources, largely from recurrent grants. In 2019/20 the funding bodies provided 71% of our total income (18/19: 69%).

### **Financial Impact of Covid-19**

Despite lockdown, the ESFA continued to fund the College's full-time 16-to-18 contract and Adult Education Budget however the College's income was adversely affected by the complete halt of

- apprenticeship recruitment – we had planned 150 starts between March and July
- leisure courses – we had planned c£200k income from Easter to July
- international income – we were expecting our busiest ever summer with hosting international summer schools with c. £400k between June and September.

On the positive side, the College recouped £416k income through the Job Retention Scheme and £89k income from the Provider Relief Scheme.

### **Cashflows and liquidity**

The cash inflow from operating activities was £2,896k (18/19: £33k). Total cash balances increased by £1,752k in year (18/19: decreased £1,607k). Cash at bank and in hand on 31 July 2020 was £2,933k (18/19: £1,181k).

Following a period of significant investment in our estate funded through a mix of Skills Funding Agency capital grant, new loan funding, Dorset Local Enterprise funding and our own cash reserves we plan to enter a period of consolidation and re-build our cash reserves to fund future projects.

### **Developments**

The College's redevelopment involved tangible fixed asset additions during the year amounted to £714k. In the main, this related to a £610k LEP-funded project which allowed us to refurbish accommodation on our North Road campus which in turn has enabled our brickwork curriculum provision to be relocated with other construction trades at North Road.

### **Reserves**

The College has accumulated reserves excluding pensions of £16,087k, pension reserve of £(48,262)k and cash balances of £2,933k. The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund to meet future capital requirements.

### **Sources of income**

The College has significant reliance on the education sector funding bodies for its principal funding source, largely recurrent grants. In 2019/20, ESFA provided 70% of the College's total income.

### **Group companies**

The College has two subsidiary companies:

- Southern Educational Facilities Management Limited (SEFM) formerly Bournemouth & Poole College Services Ltd) started trading on 1<sup>st</sup> August 2019 having been dormant for a number of years. SEFM provides cleaning services to the College and the College reimburses SEFM at cost so no profits or losses accrue in the company.
- Southern Educational Professional Services Limited (SEPS) started trading in January 2020. The purpose of the company was to employ non-teaching staff that would traditionally have been employed by the College and in so doing be able to offer a NEST pension scheme with lower employer contribution rate than the Dorset County Pension Scheme. SEPS provides the services of these staff to the College and the College reimburses SEPS at cost so no profits or losses accrue in the company.

## Strategic Report (continued)

The College is also involved in a Joint Venture company, Wessex Education Shared Services Ltd (WESS) with Brockenhurst College. The principal activity of WESS is to provide shared administrative services to the colleges. WESS is a cost sharing group and as such, plans only to recover its operating costs from the colleges

### Future developments

As stated above, in December 2020, we will be publishing our new Strategic Plan. This Plan will be supported by a number of key strategies.

Our Organisational Development Strategy, Digital Transformation Strategy and IT Strategy were all approved in the first half of the Autumn term 2020 and are being implemented.

We are currently working on our Estates Strategy and await announcements about funding from the Department for Education linked to our condition survey. This is most particularly relevant to our Lansdowne Campus which buildings are considered largely condition C and D.

Throughout the year we will be engaging even more closely with business and representative bodies (such as the Dorset chamber of Commerce and Industry and the Department for Work and Pensions) to ensure we are supporting the local economy as we emerge from the impact of COVID-19.

### Financial plan

The College governors approved a financial plan in July 2019 which sets objectives for the period until 2021. In addition, the governors also approved the Integrated Financial Model for Colleges before it was submitted to the ESFA in February 2020. In both cases, these plans were prepared and approved before the impact of COVID-19 was known and so the governors were required to approve a third plan (July Financial Return) before it was submitted to the ESFA in July.

The outturn for 2019/20 returns the College to a good financial health assessment.

### Treasury policies and objectives

With regard to Financial Condition, the Board's Governance Policy Manual stipulates that:

The Principal shall not:

- Allow the College's financial health assessment to fall below *requires improvement*
- Spend funds that would exceed any approved overdraft facility
- Enter into any long-term borrowing arrangement
- Breach any loan covenants
- Deliver surpluses that are lower than agreed
- Allow the cash flow delivery to be lower than agreed.

### Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. The College Group's reserves include £nil (2019: £nil) held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at £11,100k (2019: £11,487k). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

## PRINCIPAL RISKS AND UNCERTAINTIES

The College has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement of Corporate Governance.

A detailed risk register and a risk dashboard is maintained at College level and is reviewed at each Audit Committee meeting and is then reported at the subsequent Board meeting. The risk register

## Strategic Report (continued)

identifies the key risks, the likelihood of those risks occurring, their potential impact and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The current version of our risk register identifies 16 individual risks. The four risks with the highest inherent risk scores are:

- the College becomes financially unsustainable in the short to medium term
- failure of students and/or staff to comply with our COVID-19 guidelines
- the College fails to be appropriately prepared for our first OFSTED monitoring visit since our most recent inspection
- disruption to student learning as a result of COVID-19 and the wider impact on student outcomes such as achievement and work experience

## KEY PERFORMANCE INDICATORS

The College has a number of key performance indicators which are reported in the form to the Board at each meeting. These are categorised between Academic, People, Financial and Resources.

As we finalise work on our new Strategic Plan we are creating a new suite of KPIs and Operational Performance Indicators.

### Student Achievements

Students continue to prosper at the College.

	19/20	18/19	17/18	16/17
16-18 year-olds	85.97%	86.85%	79.10%	80.32%
19+	88.12%	88.53%	86.94%	84.22%
Maths	64.96%	73.86%	68.35%	64.80%
English	77.58%	78.18%	69.93%	75.37%
<b>Total</b>	<b>86.75%</b>	<b>87.58%</b>	<b>82.22%</b>	<b>81.37%</b>

### Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations 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 92 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

### Equality, Diversity and Inclusion

Our Equality, Diversity and Inclusion Policy is available on our website, and the key principles are set out below.

We champion equality and diversity which, for us, are about being pro-active, practical and positive. We promote equality because we believe it is the right thing to do and we value diversity because it makes the College a more creative place to learn and work.

Because we receive public funds, we are bound by the Equality Act 2010 and the Public Sector Equality Duty. This requires us, in all that we do, to have due regard to the need to:

- eliminate unlawful discrimination and harassment,
- advance equality of opportunity between people who share a protected characteristic and those who do not,
- foster good relations between people who share a protected characteristic and those who do not.



## **Strategic Report (continued)**

Our equality priorities are set to provide protection from discrimination or harassment on the basis of eight characteristics: age, race, gender, gender identity, religion/ belief, sexuality and disability, marriage and civil partnership and pregnancy, maternity and paternity.

Equality and diversity are managed by the Senior Leadership. There is an Equality, Diversity and Inclusion Group that researches and promotes best practice and helps to write the annual Equality Action Plan. Progress against the Plan is monitored by the Group and also by the Corporation. We also have six Equality Champions who help us to keep issues in the spotlight.

Our Policy sets out our approach to Equality, Diversity and Inclusion in the following areas:

- students and studying,
- staff and working,
- leadership and managing,
- local community and procurement,
- places and spaces - our environment.

### **Disability Statement**

The College seeks to achieve the objectives set down in Equality Act 2010.

As part of the Property Strategy, we complete Access Audits at the end of each stage. The results form the basis for future capital projects aimed at improving access. We also publish a Property Strategy Access and Inclusion Statement to achieve the objectives set down in The Equality Act 2010.

The College has an appointed staff member who provides information and advice and arranges support where necessary for students with disabilities.

There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the Study Advice Centres.

We have a Student Admissions Policy and appeals against a decision not to offer a place are dealt with under the Complaints Policy.

The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and / or disabilities. There are a number of learning support staff who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and / or disabilities.

Specialist programmes are described in College prospectuses and achievements and destinations are recorded and published in the standard College format.

Counselling and welfare services and the Complaints and Disciplinary Procedures are described in the College Student Handbook, which is issued to students at induction.

### **Trade union facility time**

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

Employees in your organisation

- 500 to 1,500 employees

Trade union representatives and full-time equivalents

- Trade union representatives: 7
- FTE trade union representatives: 0.60

## Strategic Report (continued)

Percentage of working hours spent on facility time

- 0% of working hours: 0 representatives
- 1 to 50% of working hours: 7 representatives
- 51 to 99% of working hours: 0 representatives
- 100% of working hours: 0 representatives

Total pay bill and facility time costs

- Total pay bill: £19,195,625
- Total cost of facility time: £22,835
- Percentage of pay spent on facility time: 0.12%

Paid trade union activities

- Hours spent on paid facility time: 1,142
- Hours spent on paid trade union activities: 24
- Percentage of total paid facility time hours spent on paid TU activities: 2.10%

## FE COMMISSIONER DIAGNOSTIC ASSESSMENT

The College's OFSTED grade coupled with our financial health assessment for 2018/19 prompted a visit from a team from FE Commissioner to carry out a diagnostic assessment. The visit was planned towards the end of end of March but lockdown promoted it to be moved to the 16<sup>th</sup> and 17<sup>th</sup> September. The report published after the visit made three suggested actions to strengthen or supplement existing improvement plans, two of which were already in train.

- Complete our new Strategic Plan and underpinning plans (already in train)
- Develop a data dashboard (already in train)
- Review our risk appetite

## 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.

The financial impact of COVID-19 on the College during 2019/20 was not as great as first feared and we have returned an operating surplus for the first time in many years.

The budget for 2020/21 assumed a deficit of £1.5m but the updated forecast used as the basis for our cashflow returned to the ESFA in November 2020 shows an improvement of just over £0.5m and we expect further improvements to be made throughout the rest of the year. Even with a deficit of £1.5m the College will have remained with positive cashflow all year.

## EVENTS AFTER THE REPORTING PERIOD

There are no significant post balance sheet events.

## 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 15 December 2020 and signed on its behalf by:



D.Ford  
Chair

## Statement of Corporate Governance and Internal Control

### Statement of Corporate Governance and Internal Control

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

We endeavour to conduct our business:

- In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- In full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("The Code"); and
- Having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.

We are committed to exhibiting best practice in all aspects of corporate governance and in particular we have adopted and complied with The Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Corporation, the College complies with all the provisions of The Code and it has complied throughout the year ended 31 July 2020. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015 (and republished in 2019), which it formally adopted on 1 October 2015.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The members of the Corporation, 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 within our Operating & Financial Review.

### The Corporation

Lists of members who served on the Corporation during the year and up to the date of signature of this report are set out on pages 16-19.

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, academic quality indicators and HR related matters such as health and safety and environmental issues.

The Corporation operates the Policy Governance® model. In 2019/20 the requirement was for at least seven meetings a year and this was the case. During the year, the Corporation was supported in the conduct of its business by a number of committees, each of which has terms of reference that have been approved by the Corporation. These committees are Remuneration, Search & Governance, and the Audit Committee, together with a semi-formal Finance Advisory Group, a Curriculum Advisory Group and a Strategic Advisory Group. Full minutes of Board and Committee meetings, except those deemed to be confidential by the Corporation, are available on the College's website or from the Clerk to the Corporation at:

The Bournemouth and Poole College  
North Road  
Poole  
BH14 0LS.

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

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

All members are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the 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 also provided on a regular basis and Board members participate in strategic planning each year. The Corporation has overall responsibility for reviewing and approving the annual Financial Statements, taking assurance from the opinions of the Finance Advisory Group and the Audit Committee.

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 roles of the Chair and Accounting Officer are separate.

All members are non-executive volunteers and carry out their roles without receiving payment or personal financial benefit.

### **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 & Governance Committee, consisting of four members of the Corporation including the Principal. The Committee is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are initially appointed for a 3-year term of office. This may be extended to two terms. Membership will only be extended beyond 6 years in exceptional circumstances.

### **Corporation Performance – SAR Statement**

Governance is Good. Governance policies are reviewed annually to ensure compliance and accountability. Board Members use their wide-ranging skills to provide rigorous scrutiny and to contribute to and ratify the strategic direction of the College. They challenge management reports appropriately and ensure that risk management is carried out. The Board receives regular performance reports and monitors under-performing areas. Agreed performance targets are regularly monitored and Board Members are well informed about the financial health of the College.

Safeguarding training for Board Members, including Prevent training, is up to date and is regularly refreshed. Emphasis is placed on the promotion of Equality and Diversity throughout all aspects of the Board's business. Board Members carry out learning walks and networking activities with College managers and students.

The Board annually reviews its own performance through group and individual self-assessment. Performance reviews of individual Members were carried out by the Chair during Summer 2020. The Chair's performance was reviewed by the Corporation on 2 July 2020. The Corporation assessed its overall performance on 15 December 2020 from which an Improvement Plan for 2020-21 is being developed.

### **Remuneration Committee**

Throughout the year ending 31 July 2020 the College's Remuneration Committee comprised three members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders. Details of remuneration for the year ended 31 July 2020 are set out in note 8 to the financial statements.

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

### **Audit Committee**

Throughout the year ending 31 July 2020 the Audit Committee comprised two members of the Corporation (excluding the Accounting Officer) plus two external co-opted members (one external co-opted member completed their term of office on 31/03/20). The Committee operates in accordance with the 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, regularity 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 those reports from the main FE funding bodies that affect the College's business. The Audit Committee is responsible for reviewing the corporate statements within the draft annual Financial Statements before presentation to the Corporation, taking into consideration the opinion of the Finance Advisory Group on the reliability of the year-end accounts, the management letter from the External Audit and Regularity Audit, and that correct accounting treatments have been applied.

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

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, regularity and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

### **Financial Advisory Group**

The Financial Advisory Group, attended by two Board members, the Chief Operating Officer and the Head of Finance (WESS) meets termly to more thoroughly review and monitor the College's management accounts on behalf of the Corporation. It also has a responsibility to review the draft annual Financial Statements each November and to give an opinion to the Audit Committee regarding the reliability of the year-end accounts, to give assurance that they are in line with expected outcomes based on the monthly management accounts.

### **Internal Control**

#### *Scope of Responsibility*

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

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

#### *The Purpose of the System of Internal Control*

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

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

### *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 reports and accounts. This process is regularly reviewed by the Corporation.

### *The Risk and Control Framework*

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

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

The College has an internal audit service, which operates in accordance with the requirements of the Education Funding Agency and Skills Funding Agency'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 Corporation with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

### *Review of Effectiveness*

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

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors and reporting accountant to regularity assurance.

The Accounting Officer has been advised on the implications of the result of her 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 that is in place.

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership Team and the Audit Committee also receive regular reports from internal audit, 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 Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 15 December 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the Executive Team and internal audit, and taking account of events since 31 July 2020.

## 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"*

### Going Concern

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

The College had total loans of £6.0 million as at 31 July 2020. In October 2014 the College refinanced its previous loans into a new single loan with Natwest and also drew down a second loan to the value of £5.5 million to fund the on-going College Capital Investment Fund project, part funded by the Skills Funding Agency (now the ESFA). Of this £1.9 million was repaid in September 2015 following the sale of the Lower Constitutional Hill site, with the remaining balance crystallising into a long-term loan. The financial results for the year ended 31 July 2020 are such that the College is compliant with the two covenants tests that operate on both loans.

The financial results for the year ended 31 July 2020 result in the College's financial health (as determined by the ESFA) being good.

The cashflow and accompany commentary we submitted to the ESFA at the end of November 2020 demonstrate the College remains in positive funds through until the end of October 2021.

The outcome of the FE Commissioner Diagnostic Assessment carried out in September 2020 resulted in no recommendations to improve our financial health.

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.

**Approved by order of the members of the Corporation on 15 December 2020 and signed on its behalf by:**



D Ford  
Chair



D Grannell  
Accounting Officer

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

### MEMBERS

The members who served on the Corporation during the year and up to the date of signature of this report as listed in Table 2.

**Table 2a: Members serving on the College Board during 2019-20**

<u>Name</u>	<u>Date of Appointment</u>	<u>Term of Office</u>	<u>Date of Resignation</u>	<u>Committees Served</u>	<u>Attendance*</u> Total No. of meetings held: Board: 8 Audit: 3 Search & Governance: 3 Remuneration: 2
Mr Fran Bove	October 2017	2 years (Staff Member)	8 October 2019	Board Lead for Equality & Diversity	Board: 100%
Mrs Lorna Carver	March 2015 Re-appointed March 2018	3 years		Board Lead for Safeguarding & Prevent	Board: 63%
Mr Bill Cotton	March 2018	3 years			Board: 75%
Mr Stewart Cotterill	May 2019	3 years		Member: Curriculum Advisory Group	Board: 63%
Mr David Ford	April 2015 Re-appointed April 2018	3 years		Chair of the Corporation (from August 2019) Member: Finance Advisory Group	Board: 100% Search & Governance: 100% Remuneration: 100%
Mrs Caroline Foster	September 2015 Re-appointed September 2018	3 years		Vice Chair of the Corporation (from August 2019) Member: Search & Governance Member: Remuneration Chair: Curriculum Advisory Group	Board: 88% Search & Governance: 100% Remuneration: 100%
Mrs Diane Grannell	1 September 2015	Principal		Member: Search & Governance	Board: 100% Search: 100%
Mr Dan Tout	July 2019	3 years		Chair: Audit	Board: 100% Audit: 100%
Miss Sue Wellman	March 2018	3 years		Chair: Remuneration (from May 2019)	Board: 88% Search & Governance: 100% Remuneration: 100%
Mr Ian Jones	November 2019	3 years		Member: Audit	Board: 86% Audit: 66%
Mr Arthur Whiteside	October 2019	3 years		Chair: Finance Advisory Group	Board: 88%



Mr John Dale	October 2019	3 years		Member: Finance Advisory Group	Board: 86%
Mr Jonathan Coole	October 2019	3 years	January 2020	Member: Finance Advisory Group	Board: 50%
Mr Jonathan Wood	October 2019	2 years (Staff Member)			Board: 86%
Zach Rumble	September 2019	1 academic year (Student Member)			Board: 88%
Johnnie Kennedy-Foote	September 2019	1 academic year (Student Member)			Board: 63%
Mr G Spencer - Co-opted member of Audit Committee from January 2017 - until 31 July 2020					Audit: 100%
Mr M Lucas – Co-opted member of Audit Committee from Nov 2016 - until 31 March 2020					Audit: 100%
<b>Overall Attendance 2019-20 for Board and Committees*</b>					<b>Total: 86%</b>

\* It should be noted that Members also attended various College events, meetings and external AoC events during the year.

Professional Advisers:

External Auditor: Alliotts LLP, Friary Court, 13-21 High Street. Guildford GU14 3DL  
Internal Auditor: TIAA Ltd, Fareham, Hants  
Bankers: Lloyds Bank, Southampton  
Solicitor: Steele Raymond LLP, Bournemouth

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

### MEMBERS

The members who served on the Corporation during the year and up to the date of signature of this report as listed in Table 2.

**Table 2b: Members serving on the College Board during the period 1 August 2020 - 15 December 2020:**

<u>Name</u>	<u>Date of Appointment</u>	<u>Term of Office</u>	<u>Date of Resignation</u>	<u>Committees Served</u>	<u>Attendance*</u> Total No of meetings held: Board: 3 Audit Committee: 1 Search Committee: 1 Remuneration Committee: 1
Mrs Lorna Carver	March 2015 Re-appointed March 2018	3 years		Board Lead for Safeguarding & Prevent	Board: 100%
Mr Stewart Cotterill	May 2019	3 years		Member: Curriculum Advisory Group	Board: 67%
Mr Bill Cotton	March 2018	3 years			Board: 67%
Mr John Dale	October 2019	3 years			Board: 100%
Mr David Ford	April 2015 Re-appointed April 2018	3 years		Chair of the Corporation Chair: Search & Governance Member: Remuneration	Board: 100% Search & Governance: 100% Remuneration: 100%
Mrs Caroline Foster	September 2015 Re-appointed September 2018	3 years		Vice Chair of the Corporation Member: Search & Governance Member: Remuneration	Board: 100% Search & Governance: 100% Remuneration: 100%
Mrs Diane Grannell	1 September 2015	Principal		Member: Search & Governance	Board: 100% Search & Governance: 100%
Mr Ian Jones	November 2019	3 years		Member: Audit	Board: 100% Audit: 100%
Mrs Caron Khan	August 2020	3 years			Board: 67%
Mr Dan Tout	July 2019	3 years		Member: Audit	Board: 100% Audit: 100%
Miss Sue Wellman	March 2018	3 years		Member: Search & Governance Chair:	Board: 100% Search & Governance: 100% Remuneration: 100%

				Remuneration	
Mr Arthur Whiteside	October 2019	3 years		Chair: Finance Advisory Group	Board: 100%
Mrs Melanie Wilkins	August 2020	3 years			Board: 100%
Mr Jonathan Wood	October 2019	2 years (Staff Member)			Board: 100%
Ms Martyna Meramow	September 2020	1 academic year (Student Member)			Board: 67%
Mr Robbie Campbell	September 2020	1 academic year (Student Member)			Board: 67%
Mrs Neethu Stephens - Co-opted member of Audit Committee from September 2020					Audit: 100%
<b>Overall Attendance</b> 1 August 2020 – 15 December 2020					<b>Total: 92%</b>

\* It should be noted that Members also attended various College events, meetings and external AoC events during this period.

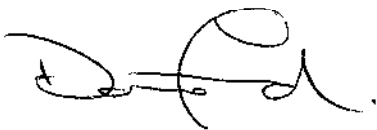
## Statement of Regularity, Propriety and Compliance

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

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

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

**Approved by order of the members of the Corporation on 15 December 2020 and signed on its behalf by:**



D Ford  
Chair



D Grannell  
Accounting Officer

Date:

Date:

## Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's Financial Memorandum with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education and with the College Accounts Direction 2019 to 2020 issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

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

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

The maintenance and integrity of the College website is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of these matters and accordingly, the auditors accept no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other 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 Financial Memorandum 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 15 December 2020 and signed on its behalf by:**



**D Ford**  
Chair

# INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BOURNEMOUTH & POOLE COLLEGE

## Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2020 and of the Group's and the College'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 and College 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 governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the 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 other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## Opinion on other matters prescribed by the Office for Students' Accounts Direction

In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

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

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2019 to 2020 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year has been materially misstated.

### **Responsibilities of the Corporation of Bournemouth & Poole College**

As explained more fully in the Statement of the Corporation Responsibilities set out on pages 11 to 21, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the Group's and the 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 intend to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

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

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

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

### **Use of our report**

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 9 April 2020. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

  
Alliotts LLP (Mar 30, 2021 13:52 GMT+1)

### **Alliotts LLP**

Chartered Accountants  
Friary Court  
13 -21 High Street  
Guildford  
Surrey  
GU1 3DL

Date: Mar 30, 2021

## **INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF BOURNEMOUTH & POOLE COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY (THE ESFA).**

In accordance with the terms of our engagement letter dated 9 April 2020 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Bournemouth & Poole 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 ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA or devolved authority has other assurance arrangements in place.

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

### **Respective responsibilities of Bournemouth & Poole College and the reporting accountant**

The Corporation of Bournemouth & Poole 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, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 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.

### **Approach**

We conducted our engagement in accordance with the Code issued by the ESFA. 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:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- 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 framework authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we perform additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Code.

### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Alliotts LLP*  
Alliotts LLP (Mar 30, 2021 13:52 GMT+1)

**Alliotts LLP**

**Date:** Mar 30, 2021

**THE BOURNEMOUTH AND POOLE COLLEGE  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JULY 2020**

		Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
	Notes				
<b>INCOME</b>					
Funding body grants	2	20,788	20,788	21,607	21,607
Tuition fees and education contracts	3	6,640	6,640	7,439	7,439
Other grants and contracts	4	616	557	273	273
Other income	5	1,374	1,367	1,787	1,787
Endowment and investment income	6	7	7	9	9
Donations and Endowments	7	-	-	-	-
<b>Total income</b>		<b>29,425</b>	<b>29,358</b>	<b>31,115</b>	<b>31,115</b>
<b>EXPENDITURE</b>					
Staff costs	8	20,587	20,170	21,599	21,599
Other operating expenses	9	7,504	7,854	9,029	9,029
Depreciation	13	1,909	1,909	2,092	2,092
Interest and other finance costs	10	823	823	919	919
<b>Total expenditure</b>		<b>30,823</b>	<b>30,756</b>	<b>33,639</b>	<b>33,639</b>
<b>Deficit before other gains and losses</b>		<b>(1,398)</b>	<b>(1,398)</b>	<b>(2,524)</b>	<b>(2,524)</b>
Share of operating deficit in joint venture		(114)	-	(105)	-
<b>(Deficit) before tax</b>		<b>(1,512)</b>	<b>(1,398)</b>	<b>(2,629)</b>	<b>(2,524)</b>
Taxation	11	-	-	-	-
<b>Deficit for the year</b>	12	<b>(1,512)</b>	<b>(1,398)</b>	<b>(2,629)</b>	<b>(2,524)</b>
<b>Actuarial loss in respect of pensions schemes</b>		<b>(13,013)</b>	<b>(13,013)</b>	<b>(2,910)</b>	<b>(2,910)</b>
Share of Joint venture's actuarial loss in respect of pensions schemes		(663)	-	(286)	-
<b>Total Comprehensive income for the year</b>		<b>(15,188)</b>	<b>(14,411)</b>	<b>(5,825)</b>	<b>(5,434)</b>
<b>Represented by:</b>					
<b>Unrestricted comprehensive income</b>		<b>(15,188)</b>	<b>(14,411)</b>	<b>(5,825)</b>	<b>(5,434)</b>
<b>Deficit for the year attributable to:</b>					
<b>Non controlling interest</b>		-	-	-	-
<b>Group</b>		<b>(1,512)</b>	<b>(1,398)</b>	<b>(2,629)</b>	<b>(2,524)</b>
<b>Total Comprehensive Income for the year attributable to:</b>					
<b>Non controlling interest</b>		-	-	-	-
<b>Group</b>		<b>(15,188)</b>	<b>(14,411)</b>	<b>(5,825)</b>	<b>(5,434)</b>

THE BOURNEMOUTH AND POOLE COLLEGE

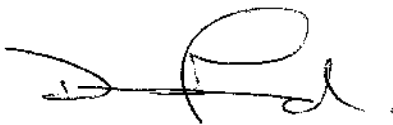
CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES

	Income and Expenditure account		Revaluation reserve	Total excluding Non controlling interest
	Endowment £'000	Unrestricted £'000	£'000	£'000
<b>Group</b>				
<b>Balance at 1st August 2018</b>	299	(16,092)	3,038	(12,755)
Effect of change in treatment of current investment assets (see note 29)	(299)	(115)	-	(414)
<b>Balance at 1st August 2018 as restated</b>	-	(16,207)	3,038	(13,170)
Deficit from the income and expenditure account	-	(2,629)	-	(2,629)
Other comprehensive income	-	(3,196)	-	(3,196)
Transfers between revaluation and income and expenditure reserves	-	39	(39)	-
<b>Total Comprehensive income for the year</b>	-	(5,786)	(39)	(5,825)
<b>Balance at 31st July 2019</b>	-	(21,993)	2,999	(18,994)
Deficit from the income and expenditure account	-	(1,512)	-	(1,512)
Other comprehensive income	-	(13,676)	-	(13,676)
Transfers between revaluation and income and expenditure reserves	-	19	(19)	-
<b>Total comprehensive income for the year</b>	-	(15,169)	(19)	(15,188)
<b>Balance at 31st July 2020</b>	-	(37,162)	2,980	(34,182)
<b>College</b>				
<b>Balance at 1st August 2018</b>	299	(15,253)	3,038	(11,916)
Effect of change in treatment of current investment assets (see note 29)	(299)	(115)	-	(414)
<b>Balance at 1st August 2018 as restated</b>	-	(15,368)	3,038	(12,330)
Deficit from the income and expenditure account	-	(2,524)	-	(2,524)
Other comprehensive income	-	(2,910)	-	(2,910)
Transfers between revaluation and income and expenditure reserves	-	39	(39)	-
<b>Total comprehensive income for the year</b>	-	(5,395)	(39)	(5,434)
<b>Balance at 31st July 2019</b>	-	(20,763)	2,999	(17,764)
(Deficit) from the income and expenditure account	-	(1,398)	-	(1,398)
Other comprehensive income	-	(13,013)	-	(13,013)
Transfers between revaluation and income and expenditure reserves	-	19	(19)	-
<b>Total comprehensive income for the year</b>	-	(14,391)	(19)	(14,411)
<b>Balance at 31st July 2020</b>	-	(35,155)	2,980	(32,175)

**THE BOURNEMOUTH AND POOLE COLLEGE**

<b>BALANCE SHEETS AS AT 31 JULY 2020</b>		<b>Group</b>	<b>College</b>	<b>As restated</b>	<b>As restated</b>
	<b>Notes</b>	<b>2020</b>	<b>2020</b>	<b>Group</b>	<b>College</b>
		<b>£'000</b>	<b>£'000</b>	<b>2019</b>	<b>2019</b>
				<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>					
Tangible assets - Property & Equipment	13	28,962	28,962	30,156	30,156
Tangible assets - Heritage assets	14	399	399	399	399
<b>Total fixed assets</b>		<b>29,361</b>	<b>29,361</b>	<b>30,555</b>	<b>30,555</b>
<b>Current assets</b>					
Stock		16	16	17	17
Trade and other receivables	15	1,992	2,030	2,877	2,877
Cash and cash equivalents	22	2,933	2,924	1,181	1,181
<b>Total current assets</b>		<b>4,941</b>	<b>4,970</b>	<b>4,074</b>	<b>4,074</b>
Creditors: amounts falling due within one year	16	(3,792)	(3,820)	(4,316)	(4,316)
<b>Net current assets/(liabilities)</b>		<b>1,149</b>	<b>1,150</b>	<b>(241)</b>	<b>(241)</b>
<b>Total assets less current liabilities</b>					
Creditors: amounts falling due after more than one year	17	(13,966)	(13,966)	(14,156)	(14,156)
<b>Provisions</b>					
Investment in joint venture	28	(2,006)	-	(1,229)	-
Defined benefit obligations	19	(458)	(458)	(442)	(442)
<b>Net assets excluding pension liability</b>		<b>14,080</b>	<b>16,087</b>	<b>14,486</b>	<b>15,716</b>
Net pension liability	23	(48,262)	(48,262)	(33,480)	(33,480)
<b>NET LIABILITIES INCLUDING PENSION LIABILITY</b>		<b>(34,182)</b>	<b>(32,175)</b>	<b>(18,994)</b>	<b>(17,764)</b>
<b>Unrestricted reserves</b>					
Income and expenditure account excluding pension reserve		11,100	13,107	11,487	12,717
Pension reserve		(48,262)	(48,262)	(33,480)	(33,480)
Income and expenditure account including pension reserve		(37,162)	(35,155)	(21,993)	(20,763)
Revaluation reserve	21	2,980	2,980	2,999	2,999
<b>Total unrestricted reserves</b>		<b>(34,182)</b>	<b>(32,175)</b>	<b>(18,994)</b>	<b>(17,764)</b>
<b>TOTAL</b>		<b>(34,182)</b>	<b>(32,175)</b>	<b>(18,994)</b>	<b>(17,764)</b>

The financial statements on pages 26 to 57 were approved and authorised for issue by the corporation on 15 December 2020 and were signed on its behalf that date by



D. Ford  
Chair



D. Grannell  
Accounting Officer

**THE BOURNEMOUTH AND POOLE COLLEGE  
CONSOLIDATED STATEMENT OF CASHFLOWS**

	Notes	2020	2019
		£'000	£'000
<b>Cash inflow from operating activities</b>			
Deficit for the year		(1,512)	(2,629)
<b>Adjustment for non cash items</b>			
Depreciation		1,909	2,092
(Gain) on investments		-	-
Decrease/(Increase) in debtors		884	(335)
Decrease in creditors due within one year		(524)	(646)
Increase/(decrease) in creditors due after one year		113	(328)
Increase in provisions		48	4
Pensions costs less contributions payable		1,049	860
Share of operating deficit in joint venture		114	105
<b>Adjustment for investing or financing activities</b>			
Investment income		(7)	(9)
Interest payable		135	172
FRS 102 pension finance costs		688	747
Loss/(profit) on sale of fixed assets		-	-
		<u>2,896</u>	<u>33</u>
<b>Net cash flow from operating activities</b>			
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		-	-
Investment income		7	9
Withdrawal of deposits		-	-
Payments made to acquire fixed assets		(714)	(1,135)
New current asset investments		-	-
		<u>(707)</u>	<u>(1,126)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(135)	(172)
New secured loans		-	-
Repayments of amounts borrowed		(302)	(342)
Capital element of finance lease rental payments		-	-
		<u>(437)</u>	<u>(514)</u>
<b>Increase in cash and cash equivalents in the year</b>			
		<u>1,752</u>	<u>(1,607)</u>
Cash and cash equivalents at beginning of the year	22	1,181	2,788
Cash and cash equivalents at end of the year	22	2,933	1,181
Increase/(Decrease)		1,752	(1,607)

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020**

**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 Regulatory Advice 9: Accounts Direction issued by the Office for Students 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 modified by the revaluation of certain fixed assets.

**Going concern**

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

The College had total loans of £6m as at 31 July 2020. In October 2014 the College refinanced its previous loans, drawing down a loan to the value of £5.5m to fund the on-going College Capital Investment Fund project, part funded by the ESFA. Of this £1.9m was repaid in September 2015 following the sale of the Lower Constitutional Hill site, with the remaining balance crystallising into a long term loan.

The College's budget for 2020/21 assumed a deficit of £1.5m but the updated forecast used as the basis for our cashflow returned to the ESFA in November 2020 shows an improvement of just over £0.5m and we expect further improvements to be made throughout the rest of the year. Even with a deficit of £1.5m the College will have remained with positive cashflow all year.

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.

**Basis of Consolidation**

The consolidated financial statements include the College and its subsidiary undertakings, Southern Educational Facilities Management Limited and Southern Educational Professional Services Limited using acquisition accounting. Intra-Group sales, balances and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2020. Southern Educational Facilities Management Limited was dormant in 2019 and Southern Educational Professional Services Limited was incorporated 15 July 2019. The investment in the subsidiary is held at nil value in the College's accounts.

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (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.

Levy-funded and ESFA funding for co-investment model apprenticeships income is measured in line with best estimates of the provision delivered in the year. The recurrent grant from Office for Students 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 recognized 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.

**Agency arrangements**

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

## **THE BOURNEMOUTH AND POOLE COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

#### **Retirement benefits**

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS) which are multi-employer defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).

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 Government actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 24, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised in the Statement of Comprehensive Income as they are paid each year. Differences between contributions payable in the year and contributions actually paid are shown as either prepayments or accruals.

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 other recognised gains and losses.

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

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

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

#### **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.



**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**Tangible Fixed Assets**

**Land and Buildings**

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at deemed cost. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life of up to 50 years. Leasehold land and buildings are amortised over 50 years or, if shorter, the period of the lease.

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

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July less any impairment loss. Finance set-up costs directly attributable to freehold developments are capitalised up to the date of completion of the project. Buildings are not depreciated until they are brought into use. Depreciation in the first year of use is charged from the month the building comes into use.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of inherited land and buildings, which were revalued in 1993, but not to adopt a policy of revaluations of these properties in the future. Where significant expenditure is incurred on existing buildings, 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:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

**Equipment**

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost.

Capitalised equipment has been depreciated on a straight line basis over its useful economic life as follows:

Motor vehicles and general equipment	5 years
Computer equipment	3 years

Depreciation in the first year of use is charged in full. Fully depreciated items are removed from the balance sheet on an annual basis.

## **THE BOURNEMOUTH AND POOLE COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

#### **Heritage Assets**

Where an asset is deemed to have historic, artistic, scientific, technological, geophysical, or environmental qualities, and is held principally for its contribution to knowledge and culture it is classified as a heritage asset. The College has a collection of artwork, consisting of sculptures and paintings, collected over the years for their educational value to art students in particular, but also to all vocational students and to the community as a whole.

Acquisitions are made by purchase or donation. Purchases are initially recorded at cost and donations are recorded at market value for insurance purposes ascertained by the College at the time of the donation.

Heritage assets which were acquired on incorporation for no consideration, and pieces of artwork acquired after that date and prior to 31 July 2010, were brought into the accounts during the year ended 31st July 2010 via a prior year adjustment, at their market value for insurance purposes, or at the most reliable valuation available for each piece. The comparatives were restated to reflect the increase to their 2010 value for insurance purposes, with the surplus on revaluation being reported in the Statement of Comprehensive income, and within the revaluation reserve.

The collection of artwork is deemed to have an indeterminate life and a high residual value: hence the Trustees do not consider it appropriate to charge depreciation.

Preservation costs – expenditure which, in the Trustees' view, is required to preserve individual pieces of artwork is recognised in the Income and Expenditure account when it is incurred.

Further information on the collection is given in Notes 14 in the accounts.

#### **Borrowing costs**

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

#### **Leased assets**

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

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**Stocks**

Stocks are stated at the lower of their cost using the FIFO method 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.

**Financial liabilities and equity**

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

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

Loans and investments that are payable or receivable within one year are not discounted.

**Taxation**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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 company is subject to corporation tax and VAT in the same way as any commercial organisation.

**Liquid resources**

Liquid resources include sums on short-term deposits with recognised banks and building societies.

## **THE BOURNEMOUTH AND POOLE COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

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

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

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

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

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

#### **Endowment Funds**

Funds are held by the Community Foundation for Bournemouth Dorset and Poole (Charity no 1122113) on behalf of the Group and College. Income from these funds is controlled by the Group and College and expended in accordance with the relevant trust deed. The Group and College have no legal title to the capital sums.

#### **Jointly controlled entities**

Undertakings in which the Group has a long-term interest and shares control under a contractual arrangement are defined as jointly controlled entities. Jointly controlled entities are accounted for under the gross equity method.

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

In preparing these financial statements, management have 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. 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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## THE BOURNEMOUTH AND POOLE COLLEGE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

#### 2 FUNDING BODY GRANTS

	Group	College	Group	College
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
<b>Recurrent grant</b>				
ESFA - Adult	2,551	2,551	3,185	3,185
ESFA - 16-18	13,505	13,505	13,868	13,868
ESFA - Apprenticeships	3,158	3,158	3,746	3,746
Office for Students	149	149	153	153
<b>Specific Grants</b>				
ESFA - 16-18	264	264	309	309
ESFA - provider relief scheme	89	89	-	-
Teacher Pension Scheme contribution grant	662	662	-	-
Release of deferred capital grant	411	411	346	346
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL</b>	20,788	20,788	21,607	21,607

#### 3 TUITION FEES AND EDUCATION CONTRACTS

	Group	College	Group	College
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Adult education fees	942	942	1,141	1,141
Apprenticeship fees and contracts	2,501	2,501	2,357	2,357
Fees for FE loan supported courses	607	607	664	664
Fees for HE loan supported courses	1,037	1,037	1,303	1,303
International students fees	480	480	749	749
Education contracts*	1,072	1,072	1,225	1,225
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL</b>	6,640	6,640	7,439	7,439

\* Includes Government's Work Programme shown net of related partner payments 2018/19 £(5k). No work programme contract in 19/20

#### 3a TOTAL GRANT AND FEE INCOME

	Group	College
	2020	2020
	£'000	£'000
Grant income from the OfS	149	149
Grant income from other bodies	20,639	20,639
Total grants	<hr/>	<hr/>
	20,788	20,788
Fee income for taught awards (exclusive of VAT)	1,526	1,526
Fee income for research awards (exclusive of VAT)	-	-
Fee income from non-qualifying courses (exclusive of VAT)	5,114	5,114
Total tuition fees and education contracts	<hr/>	<hr/>
	6,640	6,640
Total grant and fee income	<hr/>	<hr/>
	27,428	27,428

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**4 OTHER GRANTS AND CONTRACTS**

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Other grant income	200	200	273	273
Coronavirus Job Retention Scheme grant	416	356	-	-
<b>TOTAL</b>	<u>616</u>	<u>557</u>	<u>273</u>	<u>273</u>

The corporation furloughed catering, estates and some other admin support staff under the government's Coronavirus Job Retention Scheme. The funding received of £356k relates to staff costs which are included within the staff costs note below as appropriate.

**5 OTHER INCOME**

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Other income:				
Cafeterias	460	460	756	756
Other income generating activities (Sales of books, equipment and materials)	244	237	211	211
Miscellaneous income	670	670	820	820
	<u>1,374</u>	<u>1,367</u>	<u>1,787</u>	<u>1,787</u>

**6. ENDOWMENT AND INVESTMENT INCOME**

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Income from investments (note 29)	7	7	9	9
	<u>7</u>	<u>7</u>	<u>9</u>	<u>9</u>

The Endowment fund was granted to the College by the College Foundation during 2011. The entire endowment fund is held by the Community Foundation for Bournemouth Dorset and Poole (Charity no 1122113), for use in accordance with specific restrictions as defined in the relevant trust deeds however the Group and College do not have legal title to the capital from which this income is earned. Income to this fund during the year under review was nil (£2019 nil).

A separate Endowment fund was set up during 2013-14, as an Arts Prize Fund, using proceeds from the sale of artwork during the year ended July 2013. This fund is also held by the Community Foundation for Bournemouth Dorset and Poole. Income to the Arts Prize Fund during the year under review was £7,000.

As shown in note 29, the investments held, and associated reserves have now been removed from the balance sheet as a prior period adjustment.

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**7 DONATIONS**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Unrestricted donations	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**8 STAFF COSTS**

The average number of persons (including key management personnel) employed during the year was as follows:

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
Average staff numbers by headcount:				
Teaching staff	275	275	325	325
Non-teaching staff	353	321	349	349
	<hr/>	<hr/>	<hr/>	<hr/>
	628	596	674	674
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
Average staff numbers by full time equivalent staff (FTE)				
Teaching staff	230	230	270	270
Non teaching staff	291	266	279	279
	<hr/>	<hr/>	<hr/>	<hr/>
	521	496	549	549
	<hr/>	<hr/>	<hr/>	<hr/>

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**8 STAFF COSTS (continued)**

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
<b>Staff costs for the above persons:</b>				
Wages and salaries	14,453	14,044	15,444	15,444
Social security costs	1,331	1,309	1,471	1,471
Other pension costs	4,256	4,246	3,721	3,721
<b>Payroll sub-total</b>	<b>20,040</b>	<b>19,600</b>	<b>20,636</b>	<b>20,636</b>
Contracted out staffing services	367	390	479	479
	20,407	19,990	21,116	21,116
Fundamental restructuring costs-				
contractual	180	180	483	483
non contractual	-	-	-	-
<b>Total</b>	<b>20,587</b>	<b>20,170</b>	<b>21,599</b>	<b>21,599</b>

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team which comprises the Principal, Chief Operating Officer and Vice Principal.

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

	Group & College 2020 No.	Group & College 2019 No.
The number of key management personnel including the Accounting Officer was:	3	4



**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**8 STAFF COSTS (continued)**

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

	Key Management Personnel		Other Staff	
	Group & College	Group & College	Group & College	Group & College
	2020 No.	2020 No.	2019 No.	2019 No.
£60,001 to £65,000	-	-	-	-
£65,001 to £70,000	-	1	-	-
£85,001 to £90,000	2	2	-	-
£135,001 to £140,000	1	1	-	-
	<u>3</u>	<u>4</u>	<u>-</u>	<u>-</u>

Key management personnel compensation is made up as follows:

	2020 £'000	2019 £'000
Salaries	312	377
Pension contributions	<u>57</u>	<u>59</u>
Total key management personnel compensation	<u>369</u>	<u>436</u>

The above compensation includes amounts paid to the Accounting Officer (who is also the highest paid member of staff) of:

	Group & College 2020 £'000	Group & College 2019 £'000
Salary	139	139
Pension contributions	<u>23</u>	<u>22</u>
	<u>162</u>	<u>161</u>

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**8 STAFF COSTS (continued)**

The governing body adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles. 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. The Committee complies with The Colleges' Senior Post Holder Remuneration Code published by the AoC. Detailed salary benchmarking information regarding the remuneration of the Principal is considered from the College Senior Pay survey and annual summary report.

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

	2020	2019
	£'000	£'000
Principal's basic salary as a multiple of the median of all staff	5.6	5.1
Principal and CEO's total remuneration as a multiple of the median of all staff	5.6	5.1

The median salary of staff was calculated based on FTE pay for all staff on payroll as at 31 July 2020. There was no compensation paid for loss of office to former key management personnel. The members of the Corporation other than the Accounting Officer and other staff governors did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

**9 OTHER OPERATING EXPENSES**

	Group	College	Group	College
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Teaching costs	3,633	3,633	4,408	4,408
Non-teaching costs	2,718	2,718	2,850	2,850
Premises costs	1,153	1,503	1,771	1,771
Total	7,504	7,854	9,029	9,029

	Group	College	Group	College
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000

**Other operating expenses include:**

Auditors' remuneration:

Financial statements audit	27	27	25	25
Internal audit	9	9	11	11
Depreciation	1,909	1,909	2092	2092
Hire of plant and machinery - operating leases	184	184	206	206

## **THE BOURNEMOUTH AND POOLE COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

#### **9a. ACCESS & PARTICIPATION**

Access and Participation application plan for Bournemouth and Poole College can be found by following this link

<https://www.officeforstudents.org.uk/advice-and-guidance/the-register/search-for-access-and-participation-plans/#!/AccessPlans/accessplans/10000820>

The Access and Participation expenses detailed below include estimated staff costs. These staff costs are included in the staffing note 8.

During the year the following costs relate to Access & Participation.

	<b>Group 2020 £'000</b>	<b>College 2020 £'000</b>
Access investment	101	101
Financial support	30	30
Disabled student support	3	3
Research and evaluation.	3	3
	<u>137</u>	<u>137</u>

#### **10 INTEREST AND OTHER FINANCE COSTS**

	<b>Group 2020 £'000</b>	<b>College 2020 £'000</b>	<b>Group 2019 £'000</b>	<b>College 2019 £'000</b>
On bank loans, overdrafts and other loans:	135	135	172	172
Net interest on defined pension liability (note 23)	688	688	747	747
<b>Total</b>	<u>823</u>	<u>823</u>	<u>919</u>	<u>919</u>

#### **11 TAXATION**

	<b>Group 2020 £'000</b>	<b>College 2020 £'000</b>	<b>Group 2019 £'000</b>	<b>College 2019 £'000</b>
United Kingdom corporation tax	-	-	-	-

The members do not believe that the Group or College was liable for any corporation tax arising out of its activities during either year.

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**12 (DEFICIT) ON CONTINUING OPERATIONS FOR THE YEAR**

The deficit on continuing operations is made up as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
College's deficit for the year	(1,398)	(2,524)
Surplus generated by subsidiary undertakings and transferred to the college under gift aid	-	-
	<u>(1,398)</u>	<u>(2,524)</u>

The College owns 100% of the issued ordinary £1 shares of Southern Educational Facilities Management Limited and Southern Educational Professional Services Limited, companies incorporated in England and Wales.

**13 TANGIBLE FIXED ASSETS (GROUP AND COLLEGE)**

	<b>Land and Buildings</b>		<b>Equipment</b>	<b>TOTAL</b>
	<b>Freehold</b>	<b>Leasehold</b>		
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>				
At 1 August 2019	42,922	1,992	9,435	54,349
Additions	420	-	294	714
Disposals	-	-	-	-
At 31 July 2020	<u>43,342</u>	<u>1,992</u>	<u>9,730</u>	<u>55,064</u>
<b>Depreciation</b>				
At 1 August 2019	13,755	1,952	8,487	24,193
Charge for the year	1,344	1	563	1,909
Eliminated on disposals	-	-	-	-
At 31 July 2020	<u>15,098</u>	<u>1,953</u>	<u>9,050</u>	<u>26,102</u>
<b>Net book value</b>				
At 31 July 2020	<u>28,244</u>	<u>39</u>	<u>680</u>	<u>28,962</u>
Net book value				
At 1 August 2019	<u>29,167</u>	<u>40</u>	<u>949</u>	<u>30,156</u>

Inherited land and buildings were valued at open market value for existing use on 3 February 1993 at an amount of £6,985,000. They were acquired at incorporation at nil cost.

**THE BOURNEMOUTH AND POOLE COLLEGE****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)****14 TANGIBLE FIXED ASSETS - HERITAGE ASSETS (GROUP AND COLLEGE)**

	Sculptures	Paintings & Other	TOTAL
	£'000	£'000	£'000
<b>Cost or valuation</b>			
At 1 August 2019	383	16	399
At 31 July 2020	383	16	399

A market valuation of the artwork acquired by the College on incorporation for no consideration was carried out for insurance purposes by Hazlitt Holland-Hibbert in September 2010. The artwork is disclosed on the balance sheet at the September 2010 valuation for insurance purposes.

**15 DEBTORS**

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
<b>Amounts Falling Due Within One Year</b>				
Trade debtors	559	559	515	515
Amount due from subsidiary undertakings	-	50	86	86
Amount due from associate undertaking	81	80	-	-
Prepayments and accrued income	791	779	698	698
Amounts owed by the ESFA	562	562	1,578	1,578
	1,992	2,030	2,877	2,877

**16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Bank loans and overdrafts	302	302	302	302
Finance Leases	-	-	-	-
Trade payables	232	232	589	589
Amounts due to subsidiary undertakings	-	35	-	-
Pension scheme contributions	315	310	279	279
Other taxation and social security	302	300	353	353
Payments received in advance	587	587	508	508
Deferred income- government capital grants	430	430	346	346
Amounts owed to the ESFA	65	65	197	197
Accruals	1,559	1,559	1,742	1,742
	3,792	3,820	4,316	4,316

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group 2020 £'000</b>	<b>College 2020 £'000</b>	<b>Group 2019 £'000</b>	<b>College 2019 £'000</b>
Bank loans	5,692	5,692	5,994	5,994
Finance Leases	-	-	-	-
Deferred capital grants	8,274	8,274	8,162	8,162
	<u>13,966</u>	<u>13,966</u>	<u>14,156</u>	<u>14,156</u>

**18 MATURITY OF DEBT**

**(a) Bank loans and overdrafts**

The bank loans are repayable as follows:

	<b>Group 2020 £'000</b>	<b>College 2020 £'000</b>	<b>Group 2019 £'000</b>	<b>College 2019 £'000</b>
In one year or less	302	302	302	302
Between one and two years	604	604	604	604
Between two and five years	906	906	906	906
In five years or more	4,182	4,182	4,484	4,484
	<u>5,994</u>	<u>5,994</u>	<u>6,296</u>	<u>6,296</u>

The college has loans used to fund the college capital investment, part funded by the SFA. The loans are secured on the college's land and buildings. One bank loan is repayable by instalments falling between 29/02/2016 and 27/11/2040. Interest is payable on this loan at 1.5% above LIBOR. The other loan is repayable by instalments falling due between Dec 2015 and Sept 2040. Interest is payable on this loan at 1.5% above LIBOR.

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**18 MATURITY OF DEBT (continued)**

**(b) Finance leases**

The net finance lease obligations to which the institution is committed are:

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Not later than one year	-	-	-	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-

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

**19 PROVISIONS FOR LIABILITIES AND CHARGES**

	Group & College	Group & College
	Enhanced Pension Provision	Total
	£'000	£'000
At 1 August 2019	442	442
Expenditure in the year	(32)	(32)
Transferred from income and expenditure account	48	48
<b>At 31 July 2020</b>	<hr/>	<hr/>
	458	458

The Enhanced Pension Provision relates to the ongoing cost for staff who have left the College. It is calculated in accordance with guidance issued by the funding bodies.

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**20 LEASE OBLIGATIONS**

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

	Group & College 2020 £'000	Group & College 2019 £'000
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>
<b>Other</b>		
Not later than one year	158	181
Later than one year and not later than five years	134	211
later than five years	-	-
	<u>291</u>	<u>392</u>

**21 REVALUATION RESERVE**

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
<b>At beginning of year</b>	2,999	2,999	3,038	3,038
Transfer from revaluation reserve to general reserve in respect of:				
Disposal of revalued land & buildings	-	-	-	-
Depreciation on revalued assets	(19)	(19)	(39)	(39)
	<u>2,980</u>	<u>2,980</u>	<u>2,999</u>	<u>2,999</u>
<b>At 31 July</b>				



**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**22 CASH AND CASH EQUIVALENTS**

<b>Group:</b>	<b>1 August 2019</b>	<b>Cashflows</b>	<b>31 July 2020</b>
Cash at bank and in hand	1,181	1,752	2,933
<b>College:</b>	<b>1 August 2019</b>	<b>Cashflows</b>	<b>31 July 2020</b>
Cash at bank and in hand	1,181	1,744	2,924

**23 DEFINED BENEFIT OBLIGATIONS**

The College Group's employees belong to three principal post-employment benefit plans:

1. Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, this is a multi-employer defined-benefit plan.
2. Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Dorset County Council and is a multi-employer defined-benefit plan.
3. NEST - for non-teaching staff commencing employment with Southern Educational Facilities Management Limited and Southern Educational Professional Services Limited. This is a government-run defined contribution plan. Contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

**Total Group pension cost for the year**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Teachers Pension Scheme contribution paid	1,624	1,308
Local Government Pension Scheme:		
Contributions paid	1,494	1,517
FRS 102 (28) adjustment	1,081	892
	<hr/>	<hr/>
Charge to the Statement of Comprehensive Income	2,575	2,409
NEST Scheme: Contributions paid	10	-
Enhanced pension charge to Statement of Comprehensive Income	48	4
	<hr/>	<hr/>
<b>Total Group pension cost for year within staff costs</b>	<b>4,256</b>	<b>3,721</b>

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.

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**23 DEFINED BENEFIT OBLIGATIONS (continued)**

**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.

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 £1,624k (2019: £1,308k).

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**23 DEFINED BENEFIT OBLIGATIONS (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Dorset Local Authority. The total contribution made for the year ended 31 July 2019 was £1,880k, of which employer's contributions totalled £1,494k and employees' contributions totalled £387k. The agreed contribution rates for future years for employers are set out below and for employees are from 5.5% to 12.5%, 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 2019 by a qualified independent actuary.

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	2.25%	2.40%
Future pension increases	2.25%	2.40%
Discount rate for scheme liabilities	1.35%	2.10%
Inflation assumption (CPI)	2.25%	2.40%
Commutation of pensions to lump sums	50.00%	50.00%

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
<i>Retiring today</i>		
Males	23.3	22.9
Females	24.8	24.8
<i>Retiring in 20 years</i>		
Males	24.7	24.6
Females	26.2	26.6

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**23 DEFINED BENEFIT OBLIGATIONS (continued)**

The College's estimated share of assets and liabilities in the scheme and the expected rates of return were:

	Value at 31 July 2020	Value at 31 July 2019
	£'000	£'000
Equities	23,763	24,373
Liability driven investment	5,552	6,253
Other Bonds	3,659	3,401
Other Assets	8,100	7,496
Property	4,572	4,980
Cash	477	1,241
	<hr/>	<hr/>
Total market value of assets	<u>46,123</u>	<u>47,744</u>

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	46,123	47,744
Present value of plan liabilities	<u>(94,385)</u>	<u>(81,224)</u>
Net pension (liability)	<u>(48,262)</u>	<u>(33,480)</u>

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**23 DEFINED BENEFIT OBLIGATIONS (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 and administration expenses	2,574	2,402
Past service costs	<u>1</u>	<u>6</u>
	<u>2,575</u>	<u>2,408</u>

	2020 £'000	2019 £'000
<b>Amounts included in interest and other finance charges</b>		
Net interest cost	<u>688</u>	<u>747</u>
	<u>688</u>	<u>747</u>

**Amounts recognised in Other Comprehensive Income**

	2020 £'000	2019 £'000
Return on pension plan assets	(2,496)	2,034
Other actuarial gains/(losses)	(268)	-
Changes in assumptions underlying the present value of plan liabilities	(10,050)	(4,944)
Experience gain/(loss) on defined benefit obligation	<u>(199)</u>	<u>-</u>
Amounts recognised in Other Comprehensive Income	<u>(13,013)</u>	<u>(2,910)</u>

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**23 DEFINED BENEFIT OBLIGATIONS (continued)**

<b>Movement in net defined benefit (liability) during the year</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Deficit in scheme at 1 August	(33,480)	(28,931)
<b>Movement in the year:</b>		
Current service cost	(2,543)	(2,367)
Administrative expenses	(31)	(35)
Employer contributions	1,494	1,516
Past service gain	-	-
Net interest on the defined (liability)	(688)	(747)
Changes in demographic assumptions	1,447	4,354
Curtailments and settlements	(1)	(6)
Actuarial loss	(14,460)	(7,264)
Net defined benefit Liability at 31 July	<u>(48,262)</u>	<u>(33,480)</u>

**Asset and Liability Reconciliation**

	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at the start of period</b>	81,224	73,210
Current service cost	2,543	2,367
Interest cost	1,692	1,924
Employee contributions	387	404
Changes in financial assumptions	11,497	9,298
Changes in demographic assumptions	(1,447)	(4,354)
Experience loss/(gain) on defined benefit obligation	199	-
Past service costs, including curtailments	1	6
Benefits paid	(1,711)	(1,631)
<b>Defined benefit obligations at the end of period</b>	<u>94,385</u>	<u>81,224</u>

	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Reconciliation of Assets</b>		
<b>Fair value of plan assets at start of period</b>	47,744	44,279
Interest on plan assets	1,004	1,177
Return on plan assets	(2,496)	2,034
Other actuarial gains/(losses)	(268)	-
Administrative expenses	(31)	(35)
Employer contributions	1,494	1,516
Scheme participants/other employer contributions	387	404
Benefits paid	(1,711)	(1,631)
<b>Fair value of plan assets at end of period</b>	<u>46,123</u>	<u>47,744</u>

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**23 DEFINED BENEFIT OBLIGATIONS (continued)**

These accounts show a past service cost of £230M in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 March 2019. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.

**24 CONTINGENT LIABILITIES**

The College has provided a guarantee to the Dorset County Pension Fund section of the Local Government Pension Scheme, in respect of the past and future liabilities to the Funds for 49 employees. These 49 employees had their employment transferred to Wessex Education Shared Services Limited, a joint venture company of the College, on 1 August 2013. The guarantee will only be triggered in the event that the joint venture company is declared insolvent, or that the joint venture company fails to pay a contribution to the Fund within sixty days of the date it falls due. It is not possible to quantify what the liability would be in this event.

**25 CAPITAL COMMITMENTS**

	<b>Group &amp; College</b>	<b>Group &amp; College</b>
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Commitments contracted for at 31 July	-	12

**THE BOURNEMOUTH AND POOLE COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

**26 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 may have an interest. All transactions involving organisations in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

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

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2019: nil).

**Wessex Education Shared Services Limited (WESS) - A joint venture between Bournemouth and Poole College and Brockenhurst College**

During the year under review income to the College from its joint venture (WESS) amounted to £50,148 relating to recharged expenses (2019 £98,529). Also, during the year under review the College paid £1,358,122 to its joint venture (2019 £1,356,000), which represented payments in respect of the Service Level Agreement existing between the two entities. At the year end the College was owed £80,088 by WESS (2019 £68,902) and the College owed WESS £nil (2019 nil). The College's share of net liabilities in its joint venture are shown at note 29.

The College has provided a guarantee to the Dorset County Pension Fund section of the Local Government Pension Scheme, in respect of the past and future liabilities to the Funds for 49 employees. These 49 employees had their employment transferred to Wessex Education Shared Services Limited on 1 August 2013.

**27 AMOUNTS DISBURSED AS AGENT**

<b>Learner Support Fund</b>	<b>Group &amp; College</b>	<b>Group &amp; College</b>
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Funding body grants - bursary support	393	408
Funding body grants - discretionary learner support	155	117
Other funding body grants	46	144
	<hr/>	<hr/>
	594	670
Disbursed to students	(510)	(598)
Audit and administration	(19)	(18)
	<hr/>	<hr/>
Balance unspent as at 31 July and included in creditors	65	53

Funding Body grants are available solely for students. In the majority of instances, the College only acts as paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.



## **THE BOURNEMOUTH AND POOLE COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)**

#### **28 JOINT VENTURES**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Share of assets</b>				
Share of fixed assets	51	-	62	-
Share of current assets	89	-	58	-
	<u>140</u>	<u>-</u>	<u>120</u>	<u>-</u>
<b>Share of liabilities</b>				
Liabilities due within one year or less	(170)	-	(133)	-
Share of pension liabilities	(1,977)	-	(1,216)	-
	<u>(2,146)</u>	<u>-</u>	<u>(1,349)</u>	<u>-</u>
<b>Share of net liabilities</b>	<u>(2,006)</u>	<u>-</u>	<u>(1,229)</u>	<u>-</u>

The College has a 50% share with Brockenhurst College in a jointly owned venture called Wessex Education Shared Services Limited (WESS). Its principal activities is the provision of Finance, HR, Payroll and MI services to its member colleges.

#### **29 PRIOR PERIOD ADJUSTMENT**

Following a review of endowment funds held by the Community Foundation for Bournemouth Dorset and Poole, it was identified that whilst the Group and College controls how the income earned from these funds is distributed it however, does not have legal title to these capital sums. As a result a prior period adjustment has been made to remove the investments held and associated reserves from the Group and College's balance sheet.

The impact of the above on previous years' financial statements is as follows:

#### **Changes to the statement of financial position - Group:**

	<b>As previously reported</b>	<b>Adjustment as at 1 August 2018</b>	<b>As restated 31 July 2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Current assets</b>			
Investments	414	(414)	-
Restricted endowment reserve	299	(299)	-
Income and expenditure account excluding pension reserve	11,602	(115)	11,487

#### **Changes to the statement of financial position - College:**

	<b>As previously reported</b>	<b>Adjustment as at 1 August 2018</b>	<b>As restated 31 July 2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Current assets</b>			
Investments	414	(414)	-
Restricted endowment reserve	299	(299)	-
Income and expenditure account excluding pension reserve	12,832	(115)	12,717