



Annual Report & Financial Statements

For The Year
Ended 31 July
2015

MORE CHOICES, OPPORTUNITIES, EXPERIENCES

BEDFORD COLLEGE

**Report and Financial Statements
For the year ended 31 July 2015**

BEDFORD COLLEGE

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BEDFORD COLLEGE

Operating and Financial Review

Nature, Objectives and Strategies:

The members present their report and the audited financial statements for the year ended 31 July 2015.

Legal Status

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

The Corporation was incorporated as Bedford College.

The College has a wholly owned subsidiary, Bedford College Services Ltd, the accounts of which are consolidated into this report.

Aim

The College's aim, as contained in its strategic plan, is to support the local and national economy, by promoting social inclusion and personal advancement, through the delivery of world class skills and education to the communities we serve.

Public Benefit

Bedford College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1st September 2013, is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 13.

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

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.

The delivery of public benefit is covered throughout the Operating and Financial Review.

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Operating and Financial Review (continued)

Implementation of Strategic Plan

In July 2012 the Members of the Corporation approved a new strategic plan for the five years to July 2017. The core theme is about embedding excellence as standard, in leadership, curriculum, services and management.

Underpinning the Strategic Plan are the following eight strategic aims:

- the leading advocate for learning with strong and productive links with our partners
- a nationally recognised centre of excellence in Arts and Technology
- the leading provider of Business, Care, Land-based, Language, Leisure and Professional training in the county
- the best local sixth form measured by results and value added
- a leading and innovative provider of work-based and community-based learning
- a provider of expert and individual guidance, advice and other student support services including first class learning environments
- a first choice employer, offering exceptional development opportunities to all staff
- well managed, well governed and financially robust

Members of the Corporation receive progress reports against these aims at each meeting. Reports demonstrate steady improvement, underpinned by improvements to the estate and high levels of staff and student satisfaction.

Financial Objectives

The College has two key financial objectives, which are to:

- be well managed financially, monitored by the strategic baseline indicators below
- remain financially robust

There are six baseline indicators against which the College regularly measures and reports to the Corporation, which are:

- Income £k
- Surplus £k
- Reserves £k
- Cash days
- Current ratio
- Increase in cash and cash equivalents

BEDFORD COLLEGE

Operating and Financial Review (continued)

Performance Indicators

FE Choices (formerly the "Framework for Excellence") has four key performance indicators, which are:

- Success rates
- Learner destinations
- Satisfaction survey (formerly "Learner views")
- Satisfaction survey (formerly "Employer views")

The College is committed to observing the importance of the measures and indicators and is monitoring these through the completion of the annual Finance Record for the Skills Funding Agency (SFA). The current rating of Outstanding reflects the standards of performance that are embedded within the organisation.

FINANCIAL POSITION

Financial results

Continued reductions in Government funding in 2014-15 saw the College operating in an increasingly challenging financial environment. The College responded well to the changes resulting in an operating surplus of £724k. The College has developed a strategy to respond to the reduction in recurrent grants with a planned cost reduction exercise and a focus on greater productivity within allocated resources.

College management effectively supported by the Corporation Board, remains focused on managing its affairs in an increasingly difficult and uncertain environment, but has a positive outlook on opportunities that may arise to further develop its presence in the interests of the communities it serves.

Although the Further Education sector received lower Adult Skills Funding grants for the year the Bedford College was successful in maintaining similar levels of income to the year prior, maximising grant funding available from relevant funding bodies. There is significant reliance on the SFA and the Education Funding Agency (EFA) and the Higher Education Funding Council for England and Wales (HEFCE) recurrent grants; in 2014-15 these agencies provided 56% of the College's total income (in 2013-14 64%).

The Group had accumulated reserves of £26.5m and cash balances of £5.9m. The College wishes to continue to accumulate reserves and cash balances to support planned capital investment.

BEDFORD COLLEGE

Operating and Financial Review (continued)

Tangible fixed assets total £44.1m at the end of the year, a net increase of £9.2m. Freehold land increased by £7.5m during the period following a revaluation exercise. Asset additions during the year amounted to £3.7m, this was split between land and buildings acquired of £2.6m and equipment purchased of £1.1m. In the main, the land and buildings increase related to the new LLDD (Learners with Learning Difficulties) building on the Cauldwell campus.

The College has one subsidiary company, Bedford College Services Ltd (BCS Ltd) whose principal activity is hospitality and leisure services. In delivering these services it offers valuable work experience to the College's learners. In the year under review a surplus of £87k was recorded. BCS is a wholly owned subsidiary and all profits generated are transferred to the College under deed of covenant.

Treasury policies and objectives

The College has a treasury management policy covering the management of the College's cash flows, its banking and money market transactions. The aim is to optimize investment income within acceptable risk, which is defined in the treasury management policy.

The College continues to repay a 5 year loan for £3m secured in 2013-14 in connection to the purchase of the freehold of Bedford Sixth Form. The borrowing was authorised by the Corporation and complies with the requirements of the financial memorandum and funding agreement.

Cash flows and liquidity

Overall cash levels demonstrated a net inflow of £0.3m (2013-14 inflow of £1.4m), with movements in funds showing a net inflow of £1.8m (2013-14 net cash outflows £1m).

During 2014-15 the College repaid £575k of the overall £3m loan, with the College continuing to benefit from the low interest rates.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Learner numbers

In 2014-15 the College has delivered activity that has produced £19.4m in EFA and SFA recurrent funding (2013-14 – £22.4m). The College has approximately 9,250 (2014-15 9,270) funded and 4,100 non-funded students (2014-15 4,124).

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Operating and Financial Review (continued)

Student achievements

Students continue to prosper at the College. Overall success rates this year are expected to rise slightly and the College continues to work hard to ensure that student achievement is kept at the top of everyone's agenda and is confident in its abilities to maintain these high standards. Students' progression continues to increase with more students achieving level 3 qualifications and 39% of leavers accessing higher education and 45% accessing some form of paid employment.

Curriculum developments

The number of commercial courses on offer has risen as a result of funding changes from the SFA and the continued strengthening of commercial courses offered to local businesses. The College has developed a wide range of apprenticeships; strong growth in apprenticeships enables the College to meet national and local demand.

The College has introduced new courses in many areas of the curriculum in order to meet student needs better. A particular strength is in making students ready for the next stage in their lives. Many of our students have low levels of prior educational achievement and the College is growing the range of courses aimed at students who are returning to education. Other courses have been designed to ensure students are able to move securely into the labour market.

The College has close liaison with universities including the University of Bedfordshire and recently the University of Northampton. A number of courses run to prepare students for university and these include:

- Aim Higher
- Access courses for Adults
- The continuation of Level 4 courses including HNCs and degrees where they clearly fit the needs of our students

Good progress can be seen in teaching and learning with steady improvement in observations made during the year, with 88% of staff recorded as good or outstanding (2013-14 82%). Teaching, learning and assessment continues to be a key focus, with increased opportunities to share good practice and resources between teaching staff and appropriate CPD in place.

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Operating and Financial Review (continued)

Future developments

The Local Authority wish to retain LLDD students within their boundaries keeping students near to home and reduce transportation time and costs. The new LLDD building will meet the demands of the stakeholders bringing specialist support together.

The planned development of the Advanced Electrical Engineering and Design Centre on the Cauldwell campus is in response to the local and national shortage of skilled engineers. Bedford College is already known for its Engineering provision and it is intended that the high level courses hosted within this building will further extend the College's expertise in this area. The College is expecting the student numbers over the next three to four years in this area to increase.

Relationships remain strong with the Shuttleworth Trust with a 40 year lease for Shuttleworth College shortly being signed. The College has committed to invest £5m in Shuttleworth College over the next three years, starting with the building of a new livestock shelter in autumn 2015. Also in the autumn term the Mansion House and Parklands will transfer back to Shuttleworth Trust so that they may continue to develop the history and story of the Shuttleworth Estate.

The College aims to raise capital funds to support a number of the building schemes, to date the South East Midlands Local Enterprise Partnership has committed to contributing £2.45m towards the Advanced Electrical Engineering and Design Centre.

RESOURCES

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

- £35m of net assets (including £10m pension liability)
- Employs 602 people (expressed as full time equivalents) of whom 421 are within teaching areas
- 3 freehold campuses and a number of leasehold sites that enable students to train in an industry specific environment
- A good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

BEDFORD COLLEGE

Operating and Financial Review (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

Risks are considered as part of the Service Area Review process undertaken by each Department in the College. Key risks are maintained at the College level within the Risk Register which is reviewed termly by the Audit Committee. The Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, Bedford College has many stakeholders. These include:

- Students
- Education sector funding bodies
- Staff
- Local employers (with specific links)
- Local Authorities
- Government Offices / Local Enterprise Partnerships (LEPs)
- The local community
- Other FE institutions
- Trade unions
- Professional bodies

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

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Operating and Financial Review (continued)

Equal opportunities

Bedford College is committed to the promotion and advancement of equality and diversity for its staff and students. We aim to provide a learning and working environment which values individuals equally and does not disadvantage anyone by discriminating on any grounds including age, disability, gender, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, and sexual orientation.

The College's Equality and Diversity Policy is monitored and implemented on a planned basis, and is published on the College's intranet and website.

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

The College has implemented an Equality and Diversity programme which is mandatory for all staff. Refresher training and updates are carried out on an ongoing basis and during the annual staff conference.

Bedford College is a 'Positive about Disabled' employer and has committed to the principles and objectives of this standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues.

Disability statement

The College seeks to achieve the objectives set down in the Equalities Act 2010. As part of its accommodation strategy the College has acquired planning approval for a new building specifically designed for the LLDD provision. The College employs specialists to support students with learning difficulties and/or disabilities, such as Autism Co-ordinator, Deaf and Hard of Hearing Co-ordinator, British Sign Language Communicators, and Student Support Assistants. Specialist equipment including assistive technology is available for use by students and staff.

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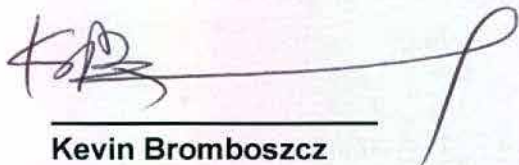
Operating and Financial Review (continued)

Personal Tutors in each curriculum area deliver individual and group tutorials aimed to develop students' personal, social and employability skills, and provide support with a range of issues, for instance, when a student is transitioning. In-house counselling support is available to all students and staff. The enrichment programme supports students' personal development via health and wellbeing, staying safe and equality and diversity information and awareness.

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 8 December 2015 and signed on its behalf by:

A handwritten signature in dark ink, appearing to read 'KB', followed by a long horizontal line that extends to the right and then curves upwards.

Kevin Bromboszcz
Chair

BEDFORD COLLEGE

Professional advisers

Financial statement and regularity auditors:

MHA MacIntyre Hudson

Internal auditors:

Baker Tilly LLP

Bankers:

Barclays Bank

Principal Solicitors:

Hewitsons LLP

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Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. with consideration of the guidance to colleges from the Association of Colleges in The English Colleges' Foundation Code of Governance ("the Foundation Code"); and
- iii. having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance; in particular we have regard to the English Colleges' Foundation Code of Governance that was replaced in March 2015 by the Code of Good Governance for English Colleges in addition to our adoption of the principles of the UK Corporate Governance Code.

In the opinion of the Governors, the College exceeds with all the provisions of the Code insofar as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2015. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it took full account of The English Colleges' Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted in July 2012. The College has considered the requirements of the above Foundation Code carefully and has chosen not to adopt the following provision at this time:

Reference	Requirement	Explanation
2.5	A biennial review of the Corporations own rules and procedures.	This was considered excessive. Full and meaningful reviews of the Instrument and Articles of Government, Standing Orders and other associated procedures are scheduled to happen at least every five years, with more frequent reviews if required.

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

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The Corporation

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

Name	Date of Appointment	Term of Office	Date of Retirement / Resignation	Category of Membership	Committees Served	Attendance at meetings in 2014-15 ¹
Mr K Bromboszcz Chair	Re-appointed Mar 2012	4 years		External	Finance & Estates Search & Governance Remuneration	100%
Mrs L Hockey Vice-Chair	Re-appointed Nov 2014	4 years		External	Finance and Estates Human Resources Search & Governance Remuneration	94%
Mr S Briggs	Appointed Nov 2014	4 years				100%
Mrs S Clough	Appointed Mar 2013	4 years		External	Finance and Estates Search & Governance	82%
Mrs D Dankyi-Killick	Appointed Aug 2015	4 years		External		N/A
Ms J Dudeney	Appointed Jul 2014	2 years		Staff	Quality, Standards & Achievement	63%
Mr J Frost	Re-appointed Nov 2014	4 years		External	Human Resources Search & Governance Remuneration	92%
Mrs J Haye	Appointed Nov 2014	4 years	Jul 2015	External		50%
Ms J Hunt	Re-appointed Mar 2012	4 years	Jul 2015	External	Quality, Standards and Achievement Remuneration	80%
Ms E Johnson	Appointed Nov 2013	4 years		External	Human Resources	86%
Mr M Kiteley	Re-appointed Jul 2014	2 years		External	Audit Search & Governance Remuneration	100%

¹ This reflects attendance at Board and Committee meetings but does not reflect attendance at additional events such as Awards Evenings.

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Name	Date of Appointment	Term of Office	Date of Retirement / Resignation	Category of Membership	Committees Served	Attendance at meetings in 2014-15 ¹
Mr J Marriott	Re-appointed Mar 2013	4 years		External	Quality, Standards and Achievement Search & Governance	91%
Mr S Miah	Appointed Nov 2011	4 years		External	Audit Human Resources	100%
Ms N Nyoni	Appointed Jul 2013	2 years	July 2015	Staff	Audit	57%
Mr I Pryce	Appointed Dec 1998	-		Accounting Officer	Finance & Estates Human Resources Quality, Standards & Achievement	87%
Mr A Simmons	Appointed Nov 2013	4 years		External	Audit	86%
Mr A Schofield	Appointed Jul 2014	4 years		External	Audit Quality, Standards & Achievement	91%
Mrs S Selwood	Appointed Aug 2015	4 years		External		N/A
Dr H Wassif	Appointed Nov 2011	4 years	July 2015	External	Quality, Standards & Achievement Remuneration	70%
Mr C Whewell	Appointed Aug 2015	2 years		Staff		N/A
Mr M Whitlock	Re-appointed Jul 2011	4 years	June 2015	External	Finance & Estates Human Resources Search & Governance	80%
Ms A Morris	Appointed Mar 2015	1 year	July 2015	Student	Quality, Standards & Achievement	0%

Mrs E Heaney acted as Clerk to the Corporation from 1 August 2014 to 30 October 2014

Mrs F Jarvis acted as Interim Clerk to the Corporation from 3 November 2014 to 11 January 2015

Mrs R Nicol acts as the Clerk to the Corporation from 12 January 2015

¹ This reflects attendance at Board and Committee meetings but does not reflect attendance at additional events such as Awards Evenings.

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It is the Corporation members' responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets at least once a term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are;

- Audit
- Finance and Estates
- Human Resources
- Quality, Standards and Achievement
- Remuneration
- Search and Governance

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Bedford College
Cauldwell Street
Bedford
MK42 9HA

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

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

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

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the role of the Chairman and Accounting Officer is separate.

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Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search and governance committee, consisting of seven members of the Corporation, which 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.

Appointments by the Corporation

The terms of reference of Bedford College Services (BCS) provide for an appointment to the BCS Board as nominated by the Corporation.

The terms of reference of Bedford College Academies Trust Limited (BCAT Ltd) provide for appointments to the Board of BCAT Ltd as nominated by the Corporation.

Members of the Corporation are appointed for a term of office not exceeding four years.

Remuneration Committee

Throughout the year ending 31 July 2015 the College's Remuneration Committee comprised six members of the Corporation. The Committee has delegated authority from the Corporation to determine the remuneration and terms and conditions of employment of the Accounting Officer and other senior post-holders and met twice during the year.

Details of remuneration for the year ended 31 July 2015 are set out in note 6 to the financial statements.

Audit Committee

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

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, 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 reports from the main FE funding bodies as they affect the College's business.

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

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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.

Search and Governance Committee

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

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

Finance and Estates Committee

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

The Committee meets at least termly and is responsible for monitoring the College's finance, accommodation and capital expenditure, advising the Board on solvency and the safeguarding of assets, approving capital expenditure and debt write offs (under delegated authority).

Human Resources Committee

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

The Committee meets at least once a term and is responsible for the approval and review of people management and development policies and procedures; ensuring compliance with employment legislation and good practice and overseeing policies and work promoting the safety and well-being of staff.

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Quality, Standards and Achievement Committee

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

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

Internal control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bedford College for the year ended 31 July 2015 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

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The risk and control framework

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

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

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

Review of effectiveness

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

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

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

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The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2015 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2015.

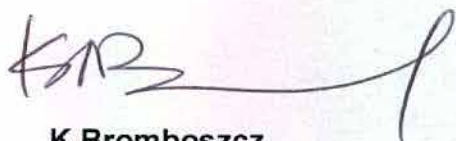
Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for *"the effective and efficient use of resources,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

Going concern

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.

Approved by order of the members of the Corporation on 8 December 2015 and signed on its behalf by:

Signed



K Bromboszcz
Chair

Signed



I Pryce
Accounting Officer

BEDFORD COLLEGE

Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.

The Corporation has considered its responsibility to notify the SFA and the EFA of material irregularity, impropriety and non-compliance with SFA and EFA terms and conditions of funding, under the financial memorandum in place between the College and the SFA and the EFA. 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 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 SFA and the EFA.

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 SFA or EFA.

BEDFORD COLLEGE

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 Financial Memorandum between the SFA and the Funding Agreement agreed between the EFA and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education and with the Accounts Direction for 2014 to 2015 financial statements issued jointly by the SFA and the EFA, 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 an Operating and Financial Review which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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.

BEDFORD COLLEGE

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 SFA and EFA are used only in accordance with the Financial Memorandum and Financial Agreement with the SFA and EFA 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 SFA and EFA are not put at risk.

Approved by order of the members of the Corporation on 8 December 2015 and signed on its behalf by:

A handwritten signature in dark ink, appearing to be 'K Bromboszcz', followed by a long horizontal line that extends to the right and then curves downwards.

K Bromboszcz
Chair

BEDFORD COLLEGE

Independent auditor's report to the Corporation of Bedford College

We have audited the Group and College financial statements ("the financial statements") of Bedford College for the year ended 31 July 2015 set out on pages 29 to 56. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Governing Body, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Governing Body, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Governing Body of Bedford College and Auditor

As explained more fully in the Statement of the Governing Body's Responsibilities set out on page 23, the Governing Body is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporation and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Members' Report to identify material inconsistencies with the audited financial statements, and to identify information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

BEDFORD COLLEGE

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and College's affairs as at 31 July 2015 and of the Group's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Matters which we are required to report by exception

We have nothing to report in respect of the following matters where the revised Joint Audit Code of Practice (Part I) issued jointly by the Skills Funding Agency and the Education Funding Agency and the Audit Code of Practice issued by the Learning and Skills Council requires us to report to you if, in our opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records.

MHA MacIntyre Hudson

21-12-15

MHA MACINTYRE HUDSON

Statutory Auditors

New Bridge Street House

30-34 New Bridge Street

London

EC4V 6BJ

Date

BEDFORD COLLEGE

Reporting Accountants' assurance report on regularity to Bedford College and the Secretary of State for Business Innovation and Skills acting through the Skills Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Bedford College during the period 1 August 2014 to 31 July 2015 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 Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Skills Funding Agency has other assurance arrangements in place.

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

Respective responsibilities of Bedford College and the reporting accountant

The corporation of Bedford College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year ended 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

BEDFORD COLLEGE

Approach

We conducted our engagement in accordance with the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. We performed a limited assurance engagement as defined in that framework. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the college's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us
- Review of the objectives and activities of the Group, with reference to the income streams and other information available to us as auditors of the Group
- Testing of a sample of payroll payments to staff
- Testing of a sample of payments to suppliers and other third parties
- Analytical review of key components of the financial statements

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 year ended 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed:

MHA MacIntyre Hudson

21-12-15

MHA MACINTYRE HUDSON
Chartered Accountants
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Date

BEDFORD COLLEGE

Consolidated Income and Expenditure Account

	Note	2015 £'000	2014 £'000
INCOME			
Funding body grants	2	25,813	26,974
Tuition fees and education contracts	3	7,143	6,348
Other income		2,850	2,487
Endowment and investment income	4	12	20
Total income		35,818	35,829
EXPENDITURE			
Staff costs	5	21,106	20,397
Other operating expenses	7	11,666	12,504
Depreciation	12&13	2,205	2,310
Interest and other finance costs	9	76	118
Total expenditure		35,053	35,329
Surplus/Loss on continuing operations prior to exceptional items		765	500
Investments written back	8	0	335
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax		765	835
Loss on disposal of fixed assets	13	(41)	(200)
Taxation	10	0	
Surplus/loss on continuing operations after depreciation of assets at valuation and tax	11	724	635
Surplus for the year transferred from accumulated income in endowments funds		0	0
Surplus/loss for the year retained within general reserves		724	635

The income and expenditure account is in respect of continuing activities

BEDFORD COLLEGE

Consolidated Note of Historical Cost Surpluses and Deficits

	Note	2015 £'000	2014 £'000
Surplus on continuing operations before taxation		724	635
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	20	163	260
Historical cost surplus for the year before taxation		887	895
Historical cost surplus for the year after taxation		887	895

Consolidated Statement of Total Recognised Gains and Losses

		2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of assets at valuation and tax		724	635
Unrealised surplus on revaluation of fixed assets	13	7,537	0
Actuarial loss in respect of pension scheme	28	(1,526)	(1,968)
Total recognised (losses)/gains since last report		6,735	(1,333)
Reconciliation			
Opening reserves and endowments		19,770	21,103
Total recognised gains for the year		6,735	(1,333)
Closing reserves and endowments		26,505	19,770

BEDFORD COLLEGE

Balance sheets as at 31 July 2015

	Note	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Fixed assets					
Intangible assets	12	342	342	534	534
Tangible assets	13	44,076	44,038	34,896	34,839
Total fixed assets		44,418	44,380	35,430	35,373
Current assets					
Stocks		192	171	214	189
Debtors	15	2,195	2,353	1,726	2,165
Investments	27	4,006	4,006	3,006	3,006
Cash at bank and in hand	27	1,933	1,861	1,662	1,528
Total current assets		8,326	8,391	6,608	6,888
Less: Creditors – amounts falling due within one year	16	(6,507)	(6,371)	(5,181)	(5,154)
Net current assets		1,819	2,020	1,427	1,734
Total assets less current liabilities		46,237	46,400	36,857	37,107
Less: Creditors – amounts falling due after more than one year	17	(1,694)	(1,694)	(2,283)	(2,283)
Net assets excluding pension liability		44,543	44,706	34,574	34,824
Net pension liability	28	(9,999)	(9,999)	(8,290)	(8,290)
NET ASSETS INCLUDING PENSION LIABILITY		34,544	34,707	26,284	26,534
Deferred capital grants	19	8,039	8,039	6,514	6,514
Reserves					
Income and expenditure account excluding pension reserve	21	20,892	21,055	19,822	20,072
Pension reserve	28	(9,999)	(9,999)	(8,290)	(8,290)
Income and expenditure account including pension reserve	21	10,893	11,056	11,532	11,782
Revaluation reserve	20	15,612	15,612	8,238	8,238
Total reserves		26,505	25,668	19,770	20,020
TOTAL FUNDS		34,544	34,707	26,284	26,534

The financial statements on pages [29 to 56] were approved by the Corporation on 8 December 2015 and were signed on its behalf on that date by:


Kevin Bromboszcz
Chair


Ian Pryce
Accounting Officer

BEDFORD COLLEGE

Consolidated Cash Flow Statement

	Note	2015 £'000	2014 £'000
Cash inflow from operating activities	22	3,759	3,569
Returns on investments and servicing of finance	23	(52)	2
Taxation	10	0	0
Capital expenditure and financial investment	24	(1,861)	(4,550)
Management of liquid resources	25	(1,000)	(500)
Financing	26	(575)	2,858
		<hr/>	<hr/>
Increase/(Decrease) in cash in the year		271	1,379
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds/(debt)			
Increase/(Decrease) in cash in the period		271	1,379
Cash inflow from liquid resources	25	1,000	500
Cash inflow from new unsecured loan	26	575	(2,858)
		<hr/>	<hr/>
Movement in net funds in the period		1,846	(979)
Net funds at 1 August	27	1,810	2,789
		<hr/>	<hr/>
Net funds at 31 July		3,656	1,810
		<hr/>	<hr/>

BEDFORD COLLEGE

1 Accounting policies

Statement of accounting policies

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 2007* (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency and the EFA in the 2014/15 Accounts Direction Handbook.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, Bedford College Services Limited. The results of subsidiaries acquired during the period are included in the consolidated income and expenditure account from the date of acquisition. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2015.

Going concern

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

The College currently has £2.3m of loans outstanding with bankers on terms negotiated in 2014.

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

BEDFORD COLLEGE

Notes to the Accounts (continued)

1 Accounting policies (continued)

Recognition of income

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult Skills 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 at the end of November 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.

Non-recurrent grants from the funding bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors, for example the National Health Service and local employers.

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

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

Post-retirement benefits

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

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 28, 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 as they are paid each year.

BEDFORD COLLEGE

Notes to the Accounts (continued)

1 Accounting policies (continued)

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Intangible fixed assets

The asset goodwill is amortised over 10 years being its established useful economic life. A review for impairment of intangible fixed asset is carried out annually to consider if events or changes in circumstances indicate that the carrying amount of any such asset may not be recoverable.

Tangible fixed assets

Land and buildings

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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

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

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

BEDFORD COLLEGE

Notes to the Accounts (continued)

1 Accounting policies (continued)

Tangible fixed Assets (continued)

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were re-valued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Subsequent expenditure on existing fixed assets

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

- 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

Buildings owned by third parties

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

Equipment

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

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

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

BEDFORD COLLEGE

Notes to the Accounts (continued)

1 Accounting policies (continued)

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. The college had no assets on finance leases as at July 2015.

Stocks

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

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, building societies and government securities.

Provisions

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

BEDFORD COLLEGE

Notes to the Accounts (continued)

1 Accounting policies (continued)

Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds. Related payments received from the LSC or its successor organisations and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 34, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

2 Funding body grants	Note	2015 £'000	2014 £'000
SFA recurrent grant		4,608	5,897
EFA recurrent grant		14,815	16,522
HEFCE Recurrent grant		678	385
SFA - non recurrent grant		372	89
Other SFA - non recurrent grant		5,029	3,669
Releases of deferred capital grants	19	311	412
Total		25,813	26,974

3 Tuition Fees and education contracts	2015 £'000	2014 £'000
Tuition fees	5,807	5,233
Education contracts	1,336	1,115
Total	7,143	6,348

Tuition fees funded by bursaries

Included within the above amounts are tuition fees funded by bursaries of £133,000 (2012/13 £52,000).

4 Endowment and investment income	Notes	2015 £'000	2014 £'000
Other investment income	12	20	
		12	20
Total		12	20

BEDFORD COLLEGE

Notes to the Accounts (continued)

5 Staff costs

The average number of persons (including senior post-holders) employed by the College during the year, described as full-time equivalents, was:

	2015 No.	2014 No.
Teaching staff	421	440
Non teaching staff	181	207
	<u>602</u>	<u>647</u>

Staff costs for the above persons

	2015 £'000	2014 £'000
Wages and salaries	17,039	16,465
Social security costs	1,198	1,168
Other pension costs (including FRS 17 adjustments of £171,000 – 2014 £236,000)	2,385	2,236
	<u>20,622</u>	<u>19,869</u>
Payroll sub total		
Contracted out staffing services	484	528
	<u>21,106</u>	<u>20,397</u>
Total Staff Costs		

The number of senior post-holders and other staff who received emoluments, excluding pension contributions and benefits in kind, in the following ranges was:

	Senior post-holders		Other staff	
	2015 No.	2014 No.	2015 No.	2014 No.
£60,001 to £70,000	0	0	6	8
£70,001 to £80,000	1	1	7	1
£80,001 to £90,000	1	1	0	0
£90,001 to £100,000	0	0	0	0
£100,001 to £110,000	1	1	0	0
£140,001 to £150,000	0	0	0	0
£150,001 to £160,000	1	1	0	0
	<u>4</u>	<u>4</u>	<u>13</u>	<u>9</u>

BEDFORD COLLEGE

Notes to the Accounts (continued)

6 Senior post holders' emoluments

Senior post-holders are defined as the Accounting Officer and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

	2015 No.	2014 No.
The number of senior post-holders including the Accounting Officer was:	5	5

Senior post-holders' emoluments are made up as follows:

	2015 £'000	2014 £'000
Salaries	405	390
Benefits in kind	11	8
Pension contributions	65	58
Total emoluments	481	456

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid senior post-holder) of:

	2015 £'000	2014 £'000
Salaries	142	136
Benefits in kind	10	7
	152	143
Pension contributions	24	21

The pension contributions in respect of the Accounting Officer and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and Local Government Pension Scheme and are paid at the same rate as for other employees.

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.

BEDFORD COLLEGE

Notes to the Accounts (continued)

7 Other operating expenses

	Note	2015 £'000	2014 £'000
Teaching costs		5,203	5,206
Non teaching costs		3,068	3,301
Premises costs		3,395	3,997
Total		11,666	12,504

Other operating expenses include:

		2015 £'000	2014 £'000
Auditors' remuneration:			
Financial statements audit		29	31
Internal audit		23	21
Hire of plant and machinery – operating leases		0	24

8 Investments

		2015 £'000	2014 £'000
Funds deposited with an Icelandic bank write back		0	334
Total		0	334

9 Interest and other financial costs

		2015 £'000	2014 £'000
On Bank loans, overdrafts and other loans Repayable within five years, by instalments		64	18
		64	18
Pension finance costs	28	12	100
Total		76	118

10 Taxation

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

BEDFORD COLLEGE

Notes to the Accounts (continued)

11 Surplus/(Deficit) on continuing operations for the period

The surplus/(deficit) on continuing operations for the year is made up as follows:

	2015 £'000	2014 £'000
College's surplus for the period	637	595
Surplus generated by subsidiary undertakings	87	40
	<hr/>	<hr/>
Total	724	635
	<hr/>	<hr/>

12 Intangible fixed assets

Group and College

	2015 £'000	2014 £'000
Cost or valuation		
At 1 August 2014	1,069	1,069
Disposals	<hr/> 0	<hr/> 0
At 31 July 2015	1,069	1,069
	<hr/>	<hr/>
Depreciation		
At 1 August 2014	535	428
Charge for the year	192	107
At 31 July 2015	727	535
	<hr/>	<hr/>
Net book value at 31 July 2015	342	534
	<hr/>	<hr/>
Net book value at 31 July 2014	534	641
	<hr/>	<hr/>

BEDFORD COLLEGE

Notes to the Accounts (continued)

13 Tangible fixed assets (Group)

	Land and buildings Freehold	Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2014	41,730	5,622	47,352
Additions	2,599	1,105	3,704
Revaluation of land	7,537	0	7,537
Disposals	(75)	0	(75)
At 31 July 2015	51,791	6,727	58,518
Depreciation			
At 1 August 2014	9,061	3,395	12,456
Charge for the year	1,097	916	2,013
Elimination in respect of disposals	(27)	0	(27)
At 31 July 2015	10,131	4,311	14,442
Net book value at 31 July 2015	41,660	2,416	44,076
Net book value at 31 July 2014	32,669	2,227	34,896

13 Tangible fixed assets (college only)

	Land and buildings Freehold	Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2014	41,714	5,508	47,222
Additions	2,599	1,105	3,704
Revaluation of land	7,537	0	7,537
Disposals	(75)	0	(75)
At 31 July 2015	51,775	6,613	58,388
Depreciation			
At 1 August 2014	9,059	3,324	12,383
Charge for the year	1,097	897	1,994
Elimination in respect of disposals	(27)	0	(27)
At 31 July 2015	10,129	4,221	14,350
Net book value at 31 July 2015	41,646	2,392	44,038
Net book value at 31 July 2014	32,655	2,184	34,839

BEDFORD COLLEGE

Notes to the Accounts (continued)

13 Tangible fixed assets (college only)

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly the book values at implementation have been retained, with the exception of Freehold land which was revalued during 2014-15.

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

On 21 April 2014 the College received a valuation on their Freehold Land, this was carried out by Lambert Smith Hampton using surveyors registered with the Royal Institution of Chartered Surveyors on a fair value existing use basis.

14 Investments

The College owns 100 per cent of the shares of Bedford College Services Limited a company incorporated in England and Wales acquired at par value of £100. The principal activity of Bedford College Services Limited is hospitality and leisure services.

15 Debtors

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Amounts falling due within one year:				
Trade debtors	1,191	1,148	945	875
Other debtors	69	69	0	0
Prepayments and accrued income	935	929	781	780
Amounts owed by group undertakings	0	207	0	510
Total	2,195	2,353	1,726	2,165

16 Creditors: amounts falling due within one year

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Payments received in advance	550	550	320	320
Trade creditors	825	800	693	670
Other creditors	1,553	1,457	1,307	1,256
Provisions	0	0	106	106
Bank Loan	589	589	575	575
Other taxation and social security	473	503	520	574
Accruals	2,517	2,472	1,660	1,653
Total	6,507	6,371	5,181	5,154

BEDFORD COLLEGE

Notes to the Accounts (continued)

17 Creditors: amounts falling due after one year

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Bank Loan	1,694	1,694	2,283	2,283
	<u>1,694</u>	<u>1,694</u>	<u>2,283</u>	<u>2,283</u>

18 Borrowings

Bank loan is repayable as follows

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
In one year or less	589	589	575	575
Between one and two years	1,221	1,221	1,192	1,192
Between two and five years	473	473	1,091	1,091
Total	<u>2,283</u>	<u>2,283</u>	<u>2,858</u>	<u>2,858</u>

The bank loan is repayable by instalments of £159k falling due between 3 June 2014 and 3 March 2019, interest is charged at the LIBOR rate plus 1.85%.

19 Deferred capital grants

	Group and College		
	Funded Grants £'000	Other grants £'000	Total £'000
At 1 August 2014	4,223	2,291	6,514
Cash received	1,772	64	1,836
Released to income and expenditure account	183	128	311
At 31 July 2015	<u>5,812</u>	<u>2,227</u>	<u>8,039</u>

BEDFORD COLLEGE

Notes to the Accounts (continued)

20 Revaluation reserve

	2015 £'000	2014 £'000
At 1 August 2014	8,238	8,498
Transfer from revaluation reserve to general reserve in respect of:		
Revaluation of land	7,937	0
Depreciation on revalued assets	(163)	(260)
At 31 July 2015	16,012	8,238

21 Movement on general reserve

		Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Income and expenditure account reserve					
At 1 August 2014		11,532	11,782	12,605	12,895
surplus retained for the year	11	724	637	635	595
Transfer from revaluation reserve	19	163	163	260	260
Actuarial loss in respect of pension scheme	28	(1,526)	(1,526)	(1,968)	(1,968)
At 31 July 2015		10,893	11,056	11,532	11,782
Balance represented by:					
Pension reserve	28	(9,999)	(9,999)	(8,290)	(8,290)
Income and expenditure account reserve excluding pension reserve		20,892	21,055	19,822	20,072
At 31 July 2015		10,893	11,056	11,532	11,782

BEDFORD COLLEGE

Notes to the Accounts (continued)

22 Reconciliation of consolidated operating surplus/(deficit) to net cash inflow/outflow from operating activities

	Notes	2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of assets at valuation		724	635
Depreciation and amortisation	12&13	2,116	2,310
Deferred capital grants released to income	19	(311)	(412)
Loss on disposal of tangible fixed assets		130	200
Interest payable	9	64	18
Interest receivable	4	(12)	(20)
FRS 17 pension cost less contributions payable	28	171	236
FRS 17 pension finance cost	9	12	100
Decrease/(increase) in stocks		22	6
Decrease/(increase) in debtors	15	(469)	23
Increase/(decrease) in creditors	16	1,312	473
Net cash inflow from operating activities		3,759	3,569

23 Returns on investments and servicing of finance

	Note	2015 £'000	2014 £'000
Other interest received	4	12	20
Interest paid	9	(64)	(18)
Net cash inflow from returns on investment and servicing of finance		(52)	2

24 Capital expenditure and financial investment

	Note	2015 £'000	2014 £'000
Purchase of tangible fixed assets	13	(3,704)	(4,866)
Sales of Tangible fixed assets		7	0
Deferred capital grants received	19	1,836	316
Net cash outflow from capital expenditure and financial investment		(1,861)	(4,550)

BEDFORD COLLEGE

Notes to the Accounts (continued)

25 Management of liquid resources

	2015 £'000	2014 £'000
(Outflow) of deposits	(1,000)	(500)
Net cash inflow from management of liquid resources	(1,000)	(500)

26 Financing

	2015 £'000	2014 £'000
Debt due beyond a year:		
Unsecured loans repayable by 2019	0	3,000
Repayment of amounts borrowed	(575)	(142)
Net cash inflow from financing	(575)	2,858

27 Analysis of changes in net funds

	At 1 August 2014 £'000	Cash flows £'000	At 31 July 2015 £'000
Cash in hand, and at bank	1,662	271	1,933
Cash asset investments	3,006	1,000	4,006
	<u>4,668</u>	<u>1,271</u>	<u>5,939</u>
Debt due within 1 year	(575)	(14)	(589)
Debt due after 1 year	(2,283)	589	(1,694)
Total	<u>1,810</u>	<u>1,846</u>	<u>3,656</u>

BEDFORD COLLEGE

Notes to the Accounts (continued)

28 Pension and similar obligations

The College's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Bedford Borough Council. Both are defined-benefit schemes.

Total pension cost for the year	Group and College	
	2015 £'000	2014 £'000
Teachers Pension Scheme: contributions paid	1,053	1,076
Local Government Pension Scheme:		
Contributions paid	1,161	924
FRS 17 charge	171	236
Charge to the Income and Expenditure Account (staff costs)	1,332	1,160
Total Pension Cost for Year	2,385	2,236

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £138,000 (2014 - £145,000) were payable to the scheme at 31st July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teacher's Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

BEDFORD COLLEGE

Notes to the Accounts (continued)

28 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

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

- Employer contribution rates were set at 16.4% of pensionable pay
- Total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- An employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate will be implemented in September 2015

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,053,000 (2014: £1,076,000)

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

BEDFORD COLLEGE

Notes to the Accounts (continued)

28 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Bedford Borough Council. The total contribution made for the year ended 31 July 2015 was £1,289,000, of which employer's contributions totalled £940,000 and employees' contributions totalled £349,000. The agreed contribution rates for future years are 17.2% for employers and between 5.5% and 12.5% dependant on the full time equivalent salary for employees.

FRS 17

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2015 by a qualified independent actuary

Principal Actuarial Assumptions	At 31 July 2015	At 31 July 2014
Rate of increase in salaries	3.50%	3.50%
Rate of increase for pensions in payment / inflation	2.60%	2.70%
Discount rate for scheme liabilities	3.60%	4.00%
Inflation assumption (CPI)	3.60%	5.80%

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 2015	At 31 July 2014
<i>Retiring today</i>		
Males	22.40	22.40
Females	24.30	24.30
<i>Retiring in 20 years</i>		
Males	24.40	24.40
Females	26.80	26.80

BEDFORD COLLEGE

Notes to the Accounts (continued)

28 Pension and similar obligations (continued)

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

	Long-term rate of return expected at 31 July 2015	Value at 31 July 2015	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014
		£'000		£'000
Equities	3.60%	13,674	6.60%	12,435
Bonds	3.60%	3,419	3.70%	3,198
Property	3.60%	2,212	4.70%	1,599
Cash	3.60%	804	3.60%	533
Total market value of assets		20,109		17,765
Present value of scheme liabilities				
- Funded		(30,108)		(26,055)
Deficit in the scheme		(9,999)		(8,290)

Analysis of the amount charged to income and expenditure account

	2015 £'000	2014 £'000
Employer service cost (net of employee contributions)	1,334	1,135
Total operating charge	1,334	1,135

Analysis of pension finance income / (costs)

	2015 £'000	2014 £'000
Expected return on pension scheme assets	1,052	937
Interest on pension liabilities	(1,064)	(1,037)
Pension finance costs	(12)	(100)

BEDFORD COLLEGE

Notes to the Accounts (continued)

28 Pension and similar obligations (continued)

Amount recognised in the statement of total recognised gains and losses (STRGL)

	2015 £'000	2014 £'000
Actuarial gains on pension scheme assets	325	29
Actuarial (losses) on scheme liabilities	(1,851)	(1,997)
Actuarial loss recognised in STRGL	(1,526)	(1,968)

Movement in deficit during year

	2015 £'000	2014 £'000
Deficit in scheme at 1 August 2014	(8,290)	(5,986)
Movement in year:		
Employer service cost (net of employee contributions)	(1,334)	(1,135)
Employer contributions	1,163	928
Impact of curtailments & settlements	0	(29)
Net interest/return on assets	(12)	(100)
Actuarial gain or loss	(1,526)	(1,968)
Deficit in scheme at 31 July 2015	(9,999)	(8,290)

Asset and Liability Reconciliation

	2015 £'000	2014 £'000
Reconciliation of Liabilities		
Liabilities at start of period	26,055	22,086
Service cost	1,334	1,135
Interest cost	1,064	1,037
Employee contributions	353	323
Actuarial (gain)/loss	1,851	1,997
Benefits paid	(549)	(552)
Curtailments and settlements	0	29
Liabilities at end of period*	30,108	26,055

BEDFORD COLLEGE

Notes to the Accounts (continued)

28 Pension and similar obligations (continued)

Reconciliation of Assets

Assets at start of period	17,765	16,100
Expected return on assets	1,052	937
Actuarial gain/(loss)	325	29
Employer contributions	1,163	928
Employee contributions	353	323
Benefits paid	(549)	(552)
Assets at end of period	20,109	17,765

The estimated value of employer contributions for the year ended 31st July 2016 is £ 1,167,000

Deficit contributions

The College has entered into an agreement with the LGPS to make additional contributions of £227,000 per annum in addition to normal funding levels until the next full valuation at which point the situation will be reviewed again.

History of experience gains and losses

	2015	2014	2013	2012	2011
Difference between the expected and actual return on assets:					
Amount £'000*	325	29	1,344	(383)	1,022
Experience gains and losses on scheme liabilities:					
Amount £'000*	195	(772)	-	(201)	378
Total amount recognised in STRGL:					
Amount £'000*	(1,526)	(1,968)	857	(2,672)	2,102

29	Post balance sheet events		Nil	Nil
30	Capital commitments			
		2015 £'000	2014 £'000	
	Commitments contracted for at 31 July 2015	332	265	
	Authorised but not contracted at 31 July 2015	1,732	6,037	

BEDFORD COLLEGE

Notes to the Accounts (continued)

31 Financial commitments

At 31 July the College had annual commitments under non-cancellable operating leases as follows:

	Group and College	
	2015	2014
	£'000	£'000
Land and buildings		
Expiring within one year	0	0
Expiring within two and five years inclusive	103	57
Expiring in over five years	394	409
	<u>497</u>	<u>466</u>

32 Contingent Liabilities

The College has been unable to finalise the transfer of pension funds relating to support staff transferring from Writtle College as part of the acquisition of Shuttleworth College. This will be a liability, and the College has agreed for this to be transferred at our next pension valuation which is expected in April 2017. Negotiations are on-going and the value cannot be accurately estimated at the present time and is therefore disclosed as a contingent liability. The total liability is not expected to exceed £400,000.

33 Related party transactions

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

34 Amounts disbursed as agent

Learner support funds

	2015	2014
	£'000	£'000
Funding body grants – hardship funds	730	894
Funding body grants – childcare	134	80
Other Funding bodies grants	78	30
	<u>942</u>	<u>1,004</u>
Disbursed to students	(652)	(718)
Staffing	0	0
Administration costs	(27)	(43)
Audit fees	0	0
Amount College Only in financial statements	(262)	(240)
	<u>1</u>	<u>3</u>

Balance unspent as at 31 July 2015, included in creditors

BEDFORD COLLEGE

Notes to the Accounts (continued)

34 Amounts disbursed as agent (continued)

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure account. The income and expenditure College Only in the College's financial statements relates to the purchase of some equipment from the access fund and the payment of accommodation by the College on the student's behalf.