

BOLTON COLLEGE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017



BOLTON COLLEGE

Report and Financial Statements

Year Ended 31 July 2017

Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

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

Marie Gilluley – Principal and Chief Executive (until 31st December 2016)
Bill Webster – Interim Principal and Chief Executive (from 1st January 2017)
Mark Burgoyne – Vice Principal Curriculum (Deputy Principal from 1st January 2017)
Lorraine Groch – Vice Principal Enterprise (until 2nd November 2016)
Tracy Kitchingman – Executive Director of Finance (until 11th September 2016)
Jane McCann – Interim Director of Finance (5th September 2016 – 31st December 2016)
Garry Westwater - Interim Director of Finance (from 30th January 2017)
Carl Hosker – Director of Estates
Jane Marsh – Director of Human Resources
Joanne Taylor – Director of Management Information Systems (until 31st December 2016)
Tracey Clarke - Director of Management Information Systems (from 1st May 2017)
Carmen Gonzalez-Eslava – Director of Adult Education (until 31st July 2017)
Joanne Green – Director of Quality
Sharon Marriot – Director of 16-19 Education
Helen Rose – Director of Marketing and Business Development (from 1st February until 31st May 2017)
Peter Ryan – Clerk to the Corporation (until 29th September 2017)
Maxine Bagshaw – Clerk to the Corporation (from 8th November 2017)

Full details of the governing body are included at page 16 in the accounts.

Professional Advisers

Financial Statements Auditors and Reporting Accountants:

Grant Thornton UK LLP
Chartered Accountants and Registered Auditor
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Internal Auditors:

RSM Risk Assurance Services LLP
9th Floor,
3 Hardman Street
Manchester
M3 3HF

Bankers:

National Westminster Bank	Barclays
Bolton Central Branch	3 Hardman Street
24 Deansgate	1 st Floor
Bolton	Spinningfields
BL1 1BN	Manchester
	M3 3HF

Solicitors:

Mills & Reeves LLP
8th Floor
1 New York Street
Manchester
M1 4AD

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REPORT OF THE GOVERNING BODY

NATURE, OBJECTIVES AND STRATEGIES

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

Legal Status

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

Mission

The College's mission as approved by its members is:

- Bolton College will enable individuals, businesses and communities within Bolton and the region to realise their potential through Education and Training that is inclusive, inspiring, innovative and responsive to their needs.

Public Benefit

Bolton College is an exempt charity under the Part 3 of the Charities Act 2011 and Following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees for the charity, are disclosed on page 16.

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.

Implementation of the College's Strategic Framework

In the current rapidly changing environment, the Strategic Framework, key aims and operational objectives are regarded as a dynamic document to be further developed and amended as appropriate in order that it remains a relevant guide to strategy, development and operations within the College. Significant operational objectives for the College can be summarised as follows:-

- We will ensure high quality, inspirational teaching learning and assessment. We will maintain our performance in the top quartile for all colleges within the sector.
- We will increase participation in learning and improve skills levels for young people and adults in Bolton by working in partnership to deliver the Bolton Skills Strategy.
- For young people, the key national priorities are for more to achieve a level 3 qualification by the age of 19, as well as recognised qualifications in maths and English. We will offer a variety of robust study programmes at all levels to each 16-18 year old studying on a full time programme and aim to improve English and maths skills for every 16-18 year old whilst on a Study Programme and to encourage and enable our learners to experience the world of work and enterprise opportunities.

REPORT OF THE GOVERNING BODY (continued)

Implementation of the College's Strategic Framework (continued)

- We will increase the range and number of apprenticeship opportunities for young people and become the provider of choice for young people and employers.
- We are committed to working with employers to increase the number of apprenticeships we deliver in college, and we have ended our relationships with sub-contractors where we have not been able to ensure the required level of quality.
- For adults, the priority to improve skills levels translates in Bolton into two main groups, firstly the need to improve basic skills i.e. Maths, English and IT skills to improve employability and to move closer to the workplace and secondly, provision for adults to enhance their skills levels in order to improve their job prospects or to progress in their chosen career.
- We work with Bolton Council and partners to plan and successfully deliver high quality and efficient Community Learning (CL) for our Community.
- We aim to provide high quality, flexible, value for money Higher Education courses in response to identified market opportunities and to maintain success rates within the top tenth percentile
- Our estates strategy has been successfully pursued to make savings and ensure cost-effective operation. The STEM Centre at Deane Road - adjacent to the main campus building - has allowed the College to centralise its skills related activities at Deane Road.
- The investment in Deane Road in a technology-rich, fully Wi-Fi connected environment is one of our key strengths and has a positive impact on learning and we will continue to augment learning through the utilisation of technology.
- Bolton College employs circa 550 staff, employed in a variety of roles across College. We aim to recruit the best qualified staff and to ensure they receive Continuous Professional Development to keep them fully up-to-date on educational issues.

Area Based Review

The College has been part of the Greater Manchester Area Review process which is seeking to rationalise colleges and ensure that they are financially robust going forward. As a result of this review the Governing Body of Bolton College has agreed to a merger with the University of Bolton (the Governing body of Bury College had similarly agreed a merger with the University of Bolton but withdrew from the merger process in April 2017).

The proposed merger would result in all the property, rights and liabilities of the College transferring to the University of Bolton – at the time of signing the accounts the legal structure of the new entity is still to be determined. As part of the proposal to merge, the University of Bolton has indicated that it may take a form of guarantee – in part or full – over the College's long term debt facility with Barclays Bank.

Given the issues around the merger, Barclays Bank has agreed to waive the measurement of the loan covenants for the year ended 31st July 2017 and varied the loan documentation accordingly – this included deferral of the proposal for the bank to take a charge over the College's Deane Road Campus. This variation was initially made until 7th November 2017, the merger being planned for 1st October 2017. As the merger did not occur as initially planned, the Bank has extended this to January 2018 whilst agreement to the legal structure of the new entity is reached between the Education Skills Funding Agency (ESFA), the Department for Education and the entities which are planning to merge but will now be taking a charge as the extension of time expires. Given that there is no absolute certainty of the merger the Bank has requested and has been granted a charge against the College's Deane Road Campus.

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REPORT OF THE GOVERNING BODY (continued)

Area Based Review (continued)

The merger will potentially trigger a break clause in the arrangement between the College and Barclays Bank. These break costs are estimated to be £3.6m (July 2017) – this cost is not provided for in the attached accounts as the break clause has not yet been triggered. As part of the Area Review process the Government has made a "Restructuring Fund" available and the College – in partnership with the University of Bolton – has bid for funds to cover the breakage costs and other costs (c. £800k). The outcome of the bid is due after the date of these accounts and any resultant funding cannot be accounted for in the accounts as presented.

Since the end of the financial year there have been some changes in Governors which move Bolton College and the University of Bolton towards the goal of eventual merger. The University of Bolton has nominated 5 Members to the Bolton College Corporation, as follows:

From the University of Bolton

Professor His Honour William Morris - Deputy Chair of the University Board
Professor George E Holmes – Vice Chancellor
Professor M Jennifer Leeming – Independent Board Member
Tony Unsworth – Assistant Vice Chancellor (Resources)
Gill Waugh - Head of School for Education and Psychology

Given that Bury College had withdrawn from the merger process, three Governors from Bury College – who had previously been appointed to the Bolton College Corporation resigned on 21st June 2017. Subsequently, Bolton College Governors agreed that with effect from 1st September 2017, the membership framework of the Corporation should be as follows:

- 7 Independent Members Bolton College
- 5 Independent Members nominated by the University of Bolton – to 31/08/2018
- The Principal/Chief Executive
- 2 Staff Members
- 2 Student Members

This gives 17 Members – and a quorum of 7 Members is required to meet. This revised Membership clearly signals the direction in which the entities wish to progress.

Whilst there are still refinements to the legal structure that will result from the merger - as indicated by the recent changes in Governors - the College is committed to working more closely with the University of Bolton.

Performance Indicators

The Corporation monitors College performance throughout the year against targets and plans, which are reviewed and updated each year.

The achievements against these objectives are as follows:-

Learner Numbers and Funding (Further Education) 2016/17

The College received Education Funding Agency (EFA) funding for young people (16-18) at £10,787,224. This was reflected in student volumes of 2,183 against a target of 2,101.

The Adult Classroom based provision, including DLS fell slightly short of the funding target out-turning at £2,537,592.

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REPORT OF THE GOVERNING BODY (Continued)

Learner Numbers and Funding (Further Education) 2016/17 (continued)

Table information as at 28th October 2017

Age Group	Target	Actual	Difference	Percentage of target
16-18 Learners	2,101	2,183	82	104%
19+ Classbased Funding (incl. Traineeships; ESOL Mandated and ALS and DLS)	£3,612,330	£3,537,592	£-74,738	-2%
24+ loans	£963,000	£870,796	£-92,204	-10%

Although the College did not achieve its 24+ Loan allocation, it did meet its target and therefore performed extremely well in an area of income in which growth for the future will be possible.

Work Based Learning (WBL) Success Rates

Success rates are key performance indicators that are monitored by the ESFA. Success fell in 2016/17 by approx. 4% on overall. However, a number of learners who were out of funding for some time have been removed.

Area	2015/16 Target	2015/16 Outturn	2016/17 Target	2016/17 Outturn
Apprenticeship Framework	73%	71%	76%	66%

The College achieved funding of £1,144,481 for 16-18 year old apprenticeships after an in year increase as a result of an application for growth.

Financial Objectives

The College Corporation has a key financial objective of "ensuring that the College generates cash from income and expenditure surpluses sufficient to cover its long term borrowing servicing costs and ensure that the financial covenants specified in the facility letters are not broken."

In addition, the other financial objectives reviewed and approved by the Corporation in July 2015 fully support this key objective. The performance against these objectives has been disappointing in comparison to 2015/16; the outturns being:-

- a positive cash flow from operations of £194k (2015/16 - £1,237k)
- cash days in hand of 39.5 (2015/16 - 54.42);
- a current ratio of 0.83:1 (2015/16 - 0.86:1);
- an operating deficit (before exceptional items, taxation, past service cost gain and FRS102 adjustment of £408k) of -£296k (2015/16: £219k surplus)

While a series of financial performance indicators, agreed as being appropriate to enable the successful implementation of the policies and achievement of the primary objective, are monitored regularly by the College Corporation. It is intended to revise Objectives and KPIs post-Merger with the University of Bolton.

REPORT OF THE GOVERNING BODY (continued)

Performance Indicators

All College teaching staff have maintained a continuing professional development portfolio. 96% hold teaching qualifications and 32% are qualified to post graduate level.

The College was last inspected in February 2017 and was assessed as Good. The main grades for the College are as follows:

- | | |
|--|---------|
| • Outcomes for learners | Grade 2 |
| • Quality of Teaching, Learning & Assessment | Grade 2 |
| • Effectiveness of Leadership and management | Grade 2 |

Framework for Excellence

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

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

The College is committed to observing the importance of sector measures and indicators and use the FE choices website which looks at the measures such as success rates. The College is required to complete the annual Finance Record for the Education Skills Funding Agency. The Finance Record produces a financial health grading. The current rating is Satisfactory – and this is considered to be an acceptable outcome.

FINANCIAL POSITION

Financial results

The College has achieved a satisfactory financial result for the year under difficult circumstances. Efforts to concentrate resources on academic quality bore fruit and Ofsted rated the College as "Good" in February 2017. Income has decreased compared to 2015/16 partly due to a reduction in Grants – and the College continues to rely significantly on the funding bodies for its principal funding source from recurrent grants. The ESFA provides 81.4% of the College's total income (2015/16 82.9%).

The College generated an operating deficit in the year of £704k (2015/16 deficit of £55k) but importantly generated a net inflow of cash from its operating activities of £195k (2015/16 £1,237k) – with cash at the end of the year at £2.487m. The College has long term debt - of which £10.677m is outstanding at the year end.

The College has adopted the accruals method for the reporting of capital grants as a result of which the capital grants now form part of current and long term liabilities. Bolton College had a significant building project which was completed in 2010 and associated capital grant of which £46m is still being amortised over the life of the building.

Treasury Policies and Objectives

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

Short term borrowing for temporary revenue purposes is authorised by the Principal. Such arrangements are restricted by limits in the College's Financial Memorandum agreed with the ESFA. All other borrowings require the authorisation of the Corporation and to comply with the Financial Memorandum.

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Taxation

The College is not liable for any Corporation Tax arising from its charitable activities during the year.

Reserves Policy

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures there are adequate reserves to support the College's core activities. The College reserves include £10k held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at £(5,075)k (2016: £(9,435)k). It is the Corporation's intention to increase reserves over the life of a new Strategic Plan through the generation of annual operating surpluses

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial Health

The College's Financial Health is rated by the College and ESFA as "Satisfactory".

Learner numbers

In 2016/17, the College delivered courses to 2,183 16-18 year old students and therefore achieved its income target. It also achieved its income for adult learners and therefore had a successful year. The College continues to deliver successfully to learners with high needs learning difficulties and disabilities, the College supported 145 over the year.

The new funding methodology has been fully embraced and embedded in the courses offered by the College with a much greater emphasis on full-time study programmes which include English and maths.

Adults

Adult funding has reduced for a number of years as a result of Government policy and with the expected devolution of this funding to Greater Manchester there is uncertainty over how this will develop going forward. A great deal of emphasis is now placed on income generating provision and full-cost courses which will continue going forward. The College will continue to appraise projects and submit bids to funding agencies that support developmental opportunities for working with adults within the College community.

Curriculum Developments

Bolton College has introduced new courses in areas of the curriculum in order to better meet learner needs. This includes creating and maintaining a line of sight from first step programmes through to Higher Education – and this will increase as alignment with the University of Bolton progresses both pre and post-merger.

Many of the College's learners have low levels of prior educational achievement and the College is increasing the range of courses aimed at learners who are returning to education. These include entry level 3, foundation learning and basic skills programmes.

The addition of new vocational foundation level options is a major component in addressing the local not-in-education, employment or training (NEETs) agenda and ensuring that young people are able to prepare themselves for the next stage in their lives.

Because the College responds to the needs of Bolton learners, the College curriculum is weighted towards foundation learning and Level 1 programmes as other post-16 providers in the town focus largely on Level 3 with some Level 2. However, additional curriculum gaps will be identified, developed and delivered in areas of key priorities identified through key economic analysis of Greater Manchester, Bolton and the community. Developments include an emphasis on STEM subject and level 3/4 programmes, consistent with the new STEM Centre strategy and building.

Other courses and initiatives prepare learners for University. These include:

- Increased offer for GCSEs in English and Maths;
- Significant HE Access courses for adults;

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- Development of Level 4 courses including HNCs and degrees where they clearly fit the needs of our learners and Industry.

With regard to the delivery of Bolton Authority Community Learning, the College has worked with the Council to ensure that, increasingly, courses prepare our most vulnerable learners and citizens for their first or next step towards employment.

In 2016/17 the College undertook a further review of the curriculum offer in order to meet local and regional needs whilst maintaining strides to increase priority provision across all provision.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. During the accounting period to 31 July 2017, the College incurred no interest charges in respect of late payment for this period.

Staff and Learner Involvement

The College believes good communication with staff and learners to be of the utmost importance and continues to further develop to ensure an effective communication strategy.

The Principal holds termly all staff meetings which have a strategic focus and overview of College performance in addition to covering general College business. The College Management Team (CMT) continues to meet on a regular basis. The College has an embedded electronic form of communication, i.e. the 'weekly stop press' bulletins. These are bulletins aimed at staff and are a vital way of ensuring that all staff have access to the same information and are aware of key College information / notices etc. The 'stop press' newsletter has a focus on learner based news items which are designed to enhance their experience at College and how we communicate with our learners.

Learners receive news and communication from their tutors through the online learner portal known as SiD.

New for 2017/18 is the online learning assistant known as Ada (Ask Ada) which provides learners with course and college information as well as learning materials to support their studies.

Members of the Senior Management Team meet formally on a termly basis with the recognised trade unions. In addition, staff are able to elect two staff Governors. Learner representatives are members of the College Corporation, and a learner forum supported by a sub-forum for each curriculum area.

The Principal, supported by the Senior Management Team, chairs the termly Learner Forum which enables learners to bring issues to the key decision makers in the College. Each year learners are invited to give feedback to the College through enrolment, induction and learner satisfaction surveys.

Future developments

The campus at Deane Road is complete. The opening of the STEM Centre adjacent to the original building has allowed for expansion of the technical curriculum and increased numbers of learners at Level 3. The availability of capital funding is a requirement for the College to develop further – and merger with the University of Bolton will ultimately lead to re-design of the curriculum offer to our learners and employers.

The College continues to improve efficiency wherever possible, and the College plans where possible to reduce dependency on the ESFA and has pursued European Social Fund (ESF) funded project delivery, growth in apprenticeship provision for young people as well as commercial (full-cost) provision.

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RESOURCES

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

People

The College employs 440 people (expressed as full time equivalents) at 31 July 2017. Of this number 171 FTE are teaching staff. Staffing agencies are used to supply staff for curriculum delivery where demand does not justify the employment of a permanent full time or fractional member of staff.

Reputation

The College has a good reputation locally and nationally. This is essential for the College's success at attracting learners and employers. The Principal and Senior Management Team actively pursue external relationships which have strategic relevance. The Principal is strategic lead for the Bolton Skills Strategy and has been Chair of the Greater Manchester Colleges' Group.

Financial

The College has £56.8m of fixed assets, provisions of £12.4m and long term debt of £10.7m.

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 assets and reputation. Based on the strategic plan, the Senior Management Team 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 Senior Management Team will also consider any risks which may arise as a result of a new area of work being undertaken by the College. The College's Senior Management Team review risk at every meeting thereof, identifying any new risks – consequently a Risk Register is maintained at College level. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. The College's Risk Register and Risk Management Action Plan, identifies sub groups and College committees responsible for maintaining, monitoring and controlling each risk. Each year, all such groups or committees review and reassess their relevant risks, which informs the report to the College's Audit Committee.

Government funding

The College is heavily reliant on Government funding through the FE Sector funding bodies and HEFCE. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is acutely aware of several issues which may impact on future funding – particularly Apprenticeships funding and the devolution of the Adult Education Budget. The College, in conjunction with its key stakeholders, is developing a strategy for growth in response to the devolution agenda and to the apprenticeships reform. It is recognised that the introduction of the apprenticeship levy will significantly affect that marketplace though the full implications are not yet known as government policy continues to develop.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- Merger with the University of Bolton
- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships and dialogue with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.

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Tuition fee policy

Pre-Merger with the University of Bolton, the College plans to establish a new Fees Policy Group to determine fee levels going forward.

Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102. This risk is mitigated by an agreed deficit recovery payment plan with the Greater Manchester Local Government Pension Scheme.

Failure to maintain the financial viability of the College

The College's current financial health grade is classified as "Satisfactory". This is largely the consequence of a low level of surplus/cash generation and the burden of loan facilities. Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on FE funding arising from the ongoing cuts to public sector funding whilst maintaining the student experience. Risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring
- Robust financial controls
- Exploring ongoing efficiencies

STAKEHOLDER RELATIONSHIPS

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

- Learners;
- Education sector funding bodies;
- FE Commissioner
- Staff;
- Schools and parents;
- Local and regional employers and employer organisations;
- Bolton Council;
- GM LEP;
- Bolton Sixth Form College, the University of Bolton and regional HEI's;
- The local community and voluntary sector organisations;
- Trade unions; and
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through active involvement in key fora and events, through meetings and through the College website.

Equality

Bolton College is committed to the development and promotion of Equality and celebrating Diversity.

The College works proactively to ensure that no individual experiences discrimination on the grounds of age, disability, gender reassignment, marriage & civil partnership, pregnancy & maternity, race, religion & belief, sex, sexual orientation, support needs or health.

The College strives vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Single Equality Scheme and action plan are published on the College's Internet and College website.

A single Equality action plan is published each year and monitored by members of the Equality and Diversity Committee, Managers and Governors.

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Disability Statement

The College seeks to achieve the objectives set down in the Equality Act, and the College has had to ensure it has met its obligations to make reasonable adjustments to goods and services for current or potential learners with disabilities:-

- *The College's main campus is fully compliant with equality legislation with specific regards to access requirement. This has included a full DDA access audit from a qualified access consultant using Part M of the Building Regulations and BS8300 as the design standard. Disabled Go have also undertaken a survey to record the facilities the building offers which are published via their website in which the College subscribes to.*
- *the College's Head of Learner Support, provides information, advice and arranges support where necessary for learners with disabilities;*
- *there is a range of specialist equipment, such as portable loops and Touch Typing Reading and Spelling (TTRS), which the College can make available for use by learners;*
- *the College has enhanced the size of the staff team who support learners with disabilities as to continue to develop the range and scope of support the College can offer;*
- *the staff corporate induction and wider staff development programme is in place which outlines the College's continuing commitment to current equalities legislation;*
- *there is a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities;*
- *specialist courses are available to meet a variety of learners' needs; there is a large team of specialist support tutors, signers and classroom assistants who ensure learners with disabilities or difficulties are not treated less favourably than a non-disabled learner;*
- *counselling and welfare services are described in the College Charter, which is issued to learners together with the Complaints and Disciplinary Procedure leaflets at induction;*
- *the College is assessed on an annual basis by Job Centre Plus to ensure that it is committed to being "positive about disabled people" and as such is entitled to use the "two tick" symbol;*
- *the Director of HR, working with the HR team and College managers provides advice and support to staff who become disabled through working closely with organisations such as Access to Work and the RNIB;*
- *the College undertakes and publishes equality impact assessments and has invested in an effective on-line toolkit to assist with this process;*
- *the College has developed a Single Equality Scheme. The Scheme describes in a single document how the College will fulfil its statutory duties to promote and foster equality of opportunity and avoid discrimination, demonstrate its commitment to placing the promotion and fostering of equality and diversity at the centre of every aspect of the College's work;*
- *the College was noted to be a "welcoming place in which to study and work, Leaders have embedded equality of opportunity extremely well throughout the College community, staff and learners reflect well the diverse cultural heritage of the local community" (Ofsted - February 2017)*
- *The College is working in partnership with the national Centre for Diversity in support of further developing its inclusion agenda.*

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Disclosure of information to auditors

The Governors 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 Governor 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 13th December 2017 and signed on its behalf by:



**Mr. A Roberts
Chair of the Corporation**

BOLTON COLLEGE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2016 to 31st July 2017 and up to the date of the approval of the report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with seven principles identified by the Committee on standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in the Code of Good for Governance English Colleges ("the Code");
- iii. having due regard to the UK Corporate Governance 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 and in particular the Board has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with all the provisions of the Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31st July 2017.

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 takes full account of the Code of Good for Governance English Colleges issued by the Association of Colleges in March 2015, which it formally adopted in July 2015 and the Accountability annex to the foundation code that was issued in March 2013 and adopted by the College in July 2014.

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, can 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.

BOLTON COLLEGE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (Continued)

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below and on Page 6 of the Report of the Governing Body:

Member	Date Appointed	Office Term	Date Resigned	Status of Appointment	Committees Served and attendance	Corporation Attendance %
Ms S. Bain	28/03/07 26/03/11 28/03/15	4yrs		Member	Task and Finish Group 100%	88%
Mrs G. Brennan	21/06/2017	1yr		Member		100%
Mr N. Buckley	22/06/16	4yrs	2/10/2017	Staff Member		63%
Mr A. Fawcett (Vice Chair)	09/07/15	4yrs		Member	Chair of Audit – 100% Search & Governance – 100% Task and Finish-100% Remuneration – 100%	100%
Ms. M. Gilluley	01/05/11		31/12/16	Principal/Chief Executive	All (bar Audit)	100%
Mrs K. Flood (nee Hall)	18/03/15	4yrs		Member		63%
Mrs M. Kellett	12/12/13 21/06/17	4yrs		Staff Member		88%
Ms S. Nixon	01/09/07 01/09/11 01/09/15	4yrs		Member	Audit – 66%	100%
Mr R. Peet	08/07/09 08/07/13 21/06/17	4yrs		Member	Search & Governance – 100%	63%
Mr A. Roberts (Chair)	15/07/11 15/07/15	4yrs		Member	Search & Governance – 100% Task and Finish-100% Remuneration – 100%	88%
Mrs B. Ronson	29/09/04 19/07/08 19/07/12 16/03/16	2yrs	12/07/2017	Member	Audit – 66% Remuneration – 100%	100%
Mrs M. Thompson	03/07/13	4yrs	31/12/16			66%
Mr W. Webster	01/01/17			Principal/Chief Executive	All (bar Audit) 100%	100%
Prof G. Holmes	28/09/16 21/6/2017	1yr To 31/8/18		Member nominated by University of Bolton		71%
Prof J. Leeming	28/09/16	1yr To 31/8/18		Member nominated by University of Bolton		57%
Rev N. McCulloch	28/09/16	1yr	22/05/17	Member nominated by University of Bolton		50%
Prof W. Morris	28/09/16	1yr To 31/8/18		Member nominated by University of Bolton		71%
Mr T. Unsworth	28/09/16	1yr To 31/8/18		Member nominated by University of Bolton		100%
Mrs G. Waugh	21/06/17	To 31/8/18		Member nominated by University of Bolton		100%
Mr M. Granby	28/09/16	1yr	28/04/17	Nominated by Bury College		50%
Mr P. Nicol	28/09/16	1yr	28/04/17	Nominated by Bury College		100%
Mr C Trees	28/09/16	1yr	27/04/17	Nominated by Bury College		0%
Average attendance						80%

Mr P. Ryan was the Clerk to the Corporation until September 2017.

Maxine Bagshaw was appointed as Clerk to the Corporation commencing November 2017.

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The Corporation (continued)

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 normally meets four times per year.

The Corporation conducts its business through a number of Committees. Each committee has terms of reference, which have been approved by the Corporation. The Corporation undertook a formal review of its Governance arrangements in 2015 and adopted a Carver model from the summer term 2016. This included additional Corporation meetings supported by the Audit, Search & Governance, and Remuneration committees. With effect from 1st April 2016, a revised Corporation and Committee structure, together with planned business items was agreed for the period 1st April 2016 to 31st July 2017. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Bolton College,
Deane Road Campus,
Deane Road
Bolton,
BL3 5BG

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 Corporation 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 Corporation meetings. Briefings are also 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 roles of the Chair of the Corporation and Principal are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search & Governance Committee comprising the Chair, the Principal and two other Governors, 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.

Members of the Corporation are appointed for a term of office not exceeding 4 years.

Corporation Performance

There is an annual schedule of meetings during the year and all meetings were quorate. The annual schedule of meetings covers all statutory requirements. An annual skill audit seeks to maintain the balance of skills, experience and expertise of Governors and Governors make an annual declaration of the eligibility to serve as governors and complete an annual register of interest. There is a standing item on all agendas covering declarations of interest. Progress on implementation of actions from each meeting is reported and monitored at subsequent meetings. The Corporation also undertakes an annual self-assessment review.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Remuneration Committee

Throughout the year ended 31 July 2017, the College's Remuneration Committee comprised the Chair, the Vice Chair and one other member. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Principal, other senior post-holders and the Clerk.

Details of remuneration for the year ended 31 July 2017 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises three members of the Corporation (excluding the Chair, the Principal and members of Finance & General Purposes Committee) – one of whom is a finance/audit specialist. The Committee operates in accordance with written terms of reference approved by the Corporation and based on the Post 16 Audit Code of Practice.

The Audit Committee meets 3 times per year 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 findings to management and the Audit Committee.

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

The Audit Committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

Internal Control

Scope of responsibility

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

The Corporation has delegated the day to day responsibility to the Principal, as Accounting Officer for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the ESFA. He is also responsible for reporting to the Corporation any material weaknesses or break-downs 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 Bolton College for the year ended 31 July 2017 and up to the date of approval of the annual reports and accounts.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2017 and up to the date of approval of the annual reports and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The College employs internal audit service providers, which operate in accordance with the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum annually, the internal audit service providers supply the Corporation with a report on internal audit activity in the College. The report includes their 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. The Principal's 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; and
- comments made by the College's financial statements auditors and the 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 to ensure continuous improvement of the system is in place.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Review of effectiveness (continued)

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 Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

At its December 2017 meeting the Corporation carried out the annual assessment for the year ended 31st July 2017 by considering documentation from the senior management team and internal audit, taking account of events since 31 July 2017.

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

Going Concern

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

The College primarily meets its day to day working capital requirements through grant funding receivable from the ESFA, along with long-term debt from Barclays Bank plc. The College currently has a long term loan outstanding of £10.7m with bankers on terms negotiated in 2009. The terms of the existing agreement are for up to 18 years for repayment.

The College is actively pursuing merger with the University of Bolton – and via this merger, the College is committed to working more closely with the University of Bolton and as such will continue to operate as part of the merged entity, albeit in a different legal form. Whilst the legal structure by which the merger would be affected has not been finally agreed – and some approvals are still required from various funding bodies and the Department of Education, the intention is merged institution require the dissolutions of the Corporation, it would be expected that all trade, assets and liabilities of the College would transfer to the new body.

The Corporation considers that the College has adequate resources to continue in operational existence until such time as the merger takes place after which the University of Bolton will take responsibility for the outstanding loan and all other property, rights and liabilities. For this reason, it continues to adopt the going concern basis in the preparation of its Financial Statements.

The factors outlined above represent a material uncertainty that casts significant doubt upon the College's ability to continuing as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the members of the Corporation have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts. In reaching this conclusion, the members of the Corporation have considered their decision to merge with the University of Bolton. Whilst the legal structure by which the merger would be affected has not been agreed, the Corporation is not able to trigger the dissolution of the Corporation, as such there is not considered to be an intention to dissolve the Corporation, which would render the going concern basis of preparation inappropriate. Should the proposed legal structure of the merged institution require the dissolution of the Corporation, it would be expected that all trade, assets and liabilities of the College would transfer to the new body.

**BOLTON COLLEGE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017**

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Going Concern (continued)

During the financial year there have been some changes in Governors which move Bolton College and the University of Bolton towards the goal of eventual merger. The University of Bolton has nominated 5 Members to the Bolton College Corporation, as follows:

Professor His Honour William Morris Deputy Chair of the University Board
Professor George E Holmes – Vice Chancellor
Professor M Jennifer Leeming – Independent Board Member
Tony Unsworth – Assistant Vice Chancellor (Resources)
Gill Waugh - Head of School for Education and Psychology

Given that Bury College had withdrawn from the merger process, the 3 Bury College Governors that had been appointed to the Bolton Corporation resigned and on 21st June 2017, Governors agreed that with effect from 1st September 2017, the membership framework of Bolton Corporation should be as follows:

- 7 Independent Members Bolton College
- 5 Independent Members nominated by the University of Bolton – to 31/08/2018
- Principal/Chief Executive
- 2 Staff Members
- 2 Student Members

This gives 17 Members – and a quorum of 7 Members is required to meet. This revised Membership clearly signals the direction in which the entities wish to progress.

Therefore, the Corporation considers that the College has adequate resources to continue in operational existence until such time as the merger takes place after which the University of Bolton will take responsibility for the outstanding loan and all other property, rights and liabilities. For this reason, it continues to adopt the going concern basis in the preparation of its Financial Statements.

Approved by order of the members of the Corporation on 13th December 2017 and signed on its behalf by:



**Mr A Roberts
Chair of the Corporation**



**Mr W Webster
Accounting Officer**

BOLTON COLLEGE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017

BOLTON COLLEGE
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Mr A Roberts
Chair of the Corporation



Mr W Webster
Accounting Officer

BOLTON COLLEGE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017

BOLTON COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the College's Financial Memorandum with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education and with the College Accounts Direction 2016 to 2017 issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

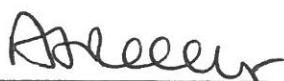
The Corporation is also required to prepare a Report of the Governing Body which describes what it is seeking to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the College and to 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 to safeguard 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 other jurisdictions.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the funding bodies are used only in accordance with the Financial Memorandum with the ESFA and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and 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 funding bodies are not put at risk.

Approved by order of the members of the Corporation on 13 December 2017 and signed on its behalf by:



Mr A Roberts
Chair of the Corporation

BOLTON COLLEGE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017

Independent auditor's report to the Corporation of Bolton College

Opinion

We have audited the financial statements of Bolton College for the year ended 31 July 2017 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2017 and of its deficit of income over expenditure of income over expenditure for the year then ended; and
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting for Further and Higher Education issued in March 2014.

Basis for opinion

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

Who are we reporting to

This report is made solely to the College's Corporation, 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 College's Corporation those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements concerning the College's ability to continue as a going concern. The College's Corporation has agreed to pursue a merger with University of Bolton, which may result in the dissolution of the College Corporation. As stated in note 1, these conditions, along with other matters explained in note 1 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the College's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Corporation are responsible for the other information. The other information comprises the information included in the Report of the Governing Body, set out on pages 4 to 14 other than the financial statements and our auditor's report thereon. The Corporation are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

BOLTON COLLEGE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the College; or
- the College annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Corporation for the financial statements

As explained more fully in the Statement Responsibilities of the Member of the Corporation set out on page 23, the College's Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation are responsible for assessing the group's and parent College's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the group or parent College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

19 December 2017

Reporting accountant's assurance report on regularity

To the corporation of Bolton College and Secretary of State for Education acting through the Department for Education ('the Department')

In accordance with the terms of our engagement letter dated 15 November 2017 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 Bolton College during the period 1 August 2016 to 31 July 2017 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the corporation of Bolton College, as a body, and the Department, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Bolton College and the Department those matters we are required to state in a limited assurance 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 Bolton College, as a body, and the Department, as a body, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Bolton College and the reporting accountant

The corporation of Bolton College is responsible, under the requirements of the Further and 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 Code. We report to you whether anything has come to our attention in carrying out our work which suggests that, in all material respects, expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the college's income and expenditure.

BOLTON COLLEGE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the college's activities;
- evaluation of the processes and controls established and maintained in respect of regularity and propriety for the use of public funds through observation of the arrangements in place and enquiries of management;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and that included in the self-assessment questionnaire (SAQ); and
- limited testing, on a sample basis, of income and expenditure for the areas identified as high risk and included on the SAQ.

Conclusion

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

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants
Manchester

19 December 2017

Bolton College
Statement of Comprehensive Income

	Notes	Year ended 31 July 2017	Year ended 31 July 2016
		£'000	£'000
INCOME			
Funding body grants	2	20,332	20,553
Tuition fees and education contracts	3	3,976	3,568
Other grants and contracts	4	4	4
Other income	5	600	660
Endowment and investment income	6	8	21
Total income		24,920	24,806
EXPENDITURE			
Staff costs	7	17,318	16,554
Other operating expenses	8	4,960	4,631
Depreciation	11	2,355	2,345
Interest and other finance costs	9	991	1,321
Total expenditure		25,624	24,851
Deficit before other gains and losses		(704)	(45)
Loss on disposal of assets		-	(10)
Deficit before tax		(704)	(55)
Taxation	10	-	-
Deficit for the year		(704)	(55)
Actuarial gain/(loss) in respect of pensions schemes	24	5,064	(1,691)
Total Comprehensive Income for the year		4,360	(1,746)

The accompanying notes form part of the financial statements

Bolton College
Statement of Changes in Reserves

	Income and Expenditure Account £'000	Trust Fund Reverve £'000	Total £'000
Balance at 1st August 2015	(7,689)	10	(7,679)
Deficit from the income and expenditure account	(55)	-	(55)
Other comprehensive income	(1,691)	-	(1,691)
	<u>(1,746)</u>	<u>-</u>	<u>(1,746)</u>
Balance at 31st July 2016	(9,435)	10	(9,425)
Deficit from the income and expenditure account	(704)	-	(704)
Other comprehensive income	5,064	-	5,064
Total Comprehensive Income for the year	<u>4,360</u>	<u>-</u>	<u>4,360</u>
Balance at 31st July 2017	<u><u>(5,075)</u></u>	<u><u>10</u></u>	<u><u>(5,065)</u></u>

The accompanying notes form part of the financial statements

Bolton College
Balance Sheet as at 31 July

	Notes	2017 £'000	2016 £'000
Fixed Assets			
Tangible fixed assets	11	56,849	59,006
		<u>56,849</u>	<u>59,006</u>
Current Assets			
Stocks		23	26
Trade and other receivables	12	1,157	870
Investments	13	1	1
Cash and cash equivalents	19	2,487	3,468
		<u>3,668</u>	<u>4,365</u>
Less: Creditors – amounts falling due within one year	14	(4,394)	(5,067)
Net Current Liabilities		<u>(726)</u>	<u>(703)</u>
Total Assets less Current Liabilities		56,123	58,303
Less: Creditors – amounts falling due after more than one year	15	(48,796)	(50,608)
Provisions			
Defined benefit obligations	24	(9,399)	(13,721)
Other provisions	18	(2,993)	(3,399)
Total Net Liabilities		<u>(5,065)</u>	<u>(9,425)</u>
Unrestricted Reserves			
Income and expenditure account		(5,075)	(9,435)
Restricted Reserve			
Trust fund reserve		10	10
		<u>(5,065)</u>	<u>(9,425)</u>

The accompanying notes form part of the financial statements

The financial statements on pages 28 to 54 were approved and authorised for issue by the Corporation on 13th December 2017 and were signed on its behalf on that date by:



Mr A Roberts
Chair of the Corporation



Mr W Webster
Accounting Officer
Principal and Chief Executive

Bolton College
Statement of Cash Flows

	Notes	2017 £'000	2016 £'000
Cash inflow from operating activities			
Deficit for the year		(704)	(55)
Adjustment for non cash items			
Depreciation		2,355	2,346
Decrease in stocks		3	3
(Increase) in debtors		(287)	(161)
Decrease in creditors due within one year		(706)	(743)
Decrease in creditors due after one year		(1,445)	(1,473)
(Decrease)/increase in provisions		(405)	26
Pensions costs less contributions payable		742	638
Adjustment for investing or financing activities			
Investment income		(8)	(21)
Interest payable		650	667
Loss on sale of fixed assets		-	10
		<u>195</u>	<u>1,237</u>
Net cash flow from operating activities			
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	6
Investment income		8	21
Payments made to acquire fixed assets		(198)	(313)
		<u>(190)</u>	<u>(286)</u>
Cash flows from financing activities			
Interest paid		(650)	(667)
Repayments of amounts borrowed		(335)	(325)
Repayments of amounts borrowed		<u>(985)</u>	<u>(992)</u>
Decrease in cash and cash equivalents in the year		<u>(981)</u>	<u>(41)</u>
Cash and cash equivalents at beginning of the year	19	3,468	3,509
Cash and cash equivalents at end of the year	19	2,487	3,468

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

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.

Legal Status

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Bolton College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011. The Registered Office is Deane Road Campus, Deane Road, Bolton BL3 5BG

Basis of preparation

These financial statements have been prepared in accordance with *the Statement of Recommended Practice: Accounting in Further and Higher Education 2015* (the 2015 FE HE SORP), *the Accounts Direction for the 2016 to 2017 financial statements* and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland" (FRS102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

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

The financial statements are prepared in £ sterling.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Going concern

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

The College primarily meets its day to day working capital requirements through grant funding receivable from the ESFA, along with long-term debt from Barclays Bank plc. The College currently has a long term loan outstanding of £10.7m with bankers on terms negotiated in 2009. The terms of the existing agreement are for up to 18 years for repayment.

The College is actively pursuing merger with the University of Bolton – and via this merger, the College is committed to working more closely with the University of Bolton and as such will continue to operate as part of the merged entity, albeit in a different legal form. Whilst the legal structure by which the merger would be affected has not been finally agreed – and some approvals are still required from various funding bodies and the Department of Education, the intention is merged institution require the dissolutions of the Corporation, it would be expected that all trade, assets and liabilities of the College would transfer to the new body.

The Corporation considers that the College has adequate resources to continue in operational existence until such time as the merger takes place after which the University of Bolton will take responsibility for the outstanding loan and all other property, rights and liabilities. For this reason, it continues to adopt the going concern basis in the preparation of its Financial Statements.

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

1. Accounting Policies (continued)

The factors outlined above represent a material uncertainty that casts significant doubt upon the College's ability to continuing as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the members of the Corporation have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts. In reaching this conclusion, the members of the Corporation have considered their decision to merge with the University of Bolton. Whilst the legal structure by which the merger would be affected has not been agreed, the Corporation is not able to trigger the dissolution of the Corporation, as such there is not considered to be an intention to dissolve the Corporation, which would render the going concern basis of preparation inappropriate. Should the proposed legal structure of the merged institution require the dissolution of the Corporation, it would be expected that all trade, assets and liabilities of the College would transfer to the new body.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments. The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income. Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Fee income

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

Investment income

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

Post retirement benefits

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

Teachers' pension scheme

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

1. Accounting Policies (continued)**Greater Manchester Pension Scheme (LGPS)**

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs. Actuarial gains and losses are recognised immediately in actuarial gains and losses.

Short term Employment benefits

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

Enhanced Pensions

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

Tangible fixed assets**Land and buildings**

Land and buildings acquired since incorporation are included in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated as it is considered to have an infinite life. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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 income account within creditors and are released to the statement of comprehensive income over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

Finance costs, which are directly attributable to the acquisition of land and/or construction of buildings, are capitalised to the point of practical completion.

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

On adoption of FRS102, the College followed the transitional provision to retain the book value of land buildings and not to adopt a policy of revaluations for these properties in the future.

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 increases the future benefits to the College in which case it is capitalised and depreciated on the relevant basis.

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

1. Accounting Policies (continued)

Equipment

Equipment costing less than £500 per individual item, £250 in the case of IT related equipment, is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

All assets are depreciated over their useful economic life as follows:

- | | | |
|--|---|------------------------|
| • Furniture and fittings | - | between 5 and 10 years |
| • Motor vehicles and general equipment | - | between 3 and 10 years |
| • Computer equipment | - | between 3 and 10 years |

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

Borrowing Costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the statement of comprehensive income and expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

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

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

Investments and endowment assets

Inventories

Inventories are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all the resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

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.

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

1. Accounting Policies (continued)

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.

Cash and Cash Equivalents

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

Provisions and Contingent Liabilities

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

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

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

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

Agency arrangements

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

1. Accounting Policies (continued)

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24 will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017 (continued)****2 Funding council grants**

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency - adult	7,151	7,058
Education and Skills Funding Agency – 16 -18	8,456	9,190
Education and Skills Funding Agency - Apprenticeships	1,939	2,118
Higher Education Funding Council	213	89
Specific Grants		
Education and Skills Funding Agency	931	560
Releases of government capital grants	<u>1,642</u>	<u>1,538</u>
Total	<u><u>20,332</u></u>	<u><u>20,553</u></u>

3 Tuition fees and education contracts

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Adult education fees	1,173	1,143
Apprenticeship fees and contracts	14	2
Fees for FE loan supported courses	875	733
Fees for HE loan supported courses	410	335
Total tuition fees	2,472	2,213
Education contracts	<u>1,504</u>	<u>1,355</u>
Total	<u><u>3,976</u></u>	<u><u>3,568</u></u>

4 Other grants and contracts

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Other grants and contracts	<u>4</u>	<u>4</u>
Total	<u><u>4</u></u>	<u><u>4</u></u>

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017 (continued)****5 Other income**

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Catering and residences	10	11
Other income generating activities	62	85
Other grant income	159	145
Miscellaneous income	<u>369</u>	<u>419</u>
Total	<u>600</u>	<u>660</u>

6 Investment income

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Other interest receivable	<u>8</u>	<u>21</u>

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017 (continued)****7 Staff costs - College**

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

	2017 No.	2016 No.
Teaching staff	171	175
Non teaching staff	269	266
	<u>440</u>	<u>441</u>

Staff costs for the above persons

	2016 £'000	2016 £'000
Wages and salaries	11,605	11,532
Social security costs	944	792
Other pension costs	2,292	2,051
	<u>14,841</u>	<u>14,375</u>
Contracted out staffing services	2,464	2,129
	<u>17,305</u>	<u>16,504</u>
Restructuring costs - non contractual	13	50
	<u>17,318</u>	<u>16,554</u>

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Senior Management Team which comprises the Principal, Deputy Principal and Directors of Curriculum and Support Services of the College. There was no compensation paid to key management personnel for loss of office.

Emoluments of key management personnel, accounting officer and other higher paid staff:

	2017 No	2016 No
The number of key management personnel including the accounting officer was:	<u>12</u>	<u>11</u>

Bolton College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017 (continued)

7 Staff costs - College (continued)

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

	Key management personnel		Other staff	
	2017 No.	2016 No.	2017 No.	2016 No.
£0 to £10,000	1	1	-	-
£10,001 to £20,000	2	-	-	-
£20,001 to £30,000	3	-	-	-
£50,001 to £60,000	7	6	-	-
£60,001 to £70,000	1	1	-	-
£70,001 to £80,000	-	1	-	-
£80,001 to £90,000	1	1	-	-
£90,001 to £100,000	-	-	-	-
over £100,001	-	1	-	-
	<u>15</u>	<u>11</u>	<u>-</u>	<u>-</u>

Key management personnel compensation is made up as follows:

	2017 £'000	2016 £'000
Salaries	660	675
Employers National Insurance	69	75
Benefits in kind	-	-
	<u>729</u>	<u>750</u>
Pension contributions	92	105
Total emoluments	<u>821</u>	<u>855</u>

Included within Salaries is £90,700 (2016: £nil) paid to interim key management personnel through personal service companies.

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

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

	2017 £'000	2016 £'000
Salaries - M Gilluley (left 31st December 2016)	52	115
Salaries - W. Webster (started 1st January 2017)	70	-
Benefits in kind	-	-
	<u>122</u>	<u>115</u>
Pension Contributions - M.Gilluley (left 31st December 2016)	8	19
Pension Contributions - W.Webster (started 1st January 2017)	13	-
	<u>21</u>	<u>19</u>

There was no compensation for loss of office paid to former key management personnel (2016: £Nil)

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.

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017 (continued)****8 Other operating expenses**

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Teaching costs	731	695
Non teaching costs	3,270	2,859
Premises costs	959	1,077
	<u>4,960</u>	<u>4,631</u>
Other operating expenses include:	Year ended	Year ended
	31 July 2017	31 July 2016
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	22	23
Internal audit	16	22
Hire of assets under operating leases	83	80
	<u>121</u>	<u>125</u>

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017 (continued)****9 Interest payable**

	2017 £'000	2016 £'000
On bank loans, overdrafts and other loans:	<u>650</u>	<u>667</u>
	650	667
On finance leases	-	-
Interest on enhanced pension provision (note 18)	7	240
Pension finance costs (note 24)	<u>334</u>	<u>414</u>
Total	<u><u>991</u></u>	<u><u>1,321</u></u>

10 Taxation

	2017 £'000	2016 £'000
United Kingdom Corporation Tax	-	-
Total	<u><u>-</u></u>	<u><u>-</u></u>

The College is an exempt charity and therefore outside the scope of corporation tax on its charitable activities.

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017 (continued)****11 Tangible fixed assets**

	Land and buildings Freehold	Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2016	63,429	9,683	73,112
Additions	-	552	552
Reduction in cost of building re VAT re-assessment	(354)	-	(354)
Disposals	-	(1)	(1)
At 31 July 2017	63,075	10,234	73,309
Depreciation			
At 1 August 2016	7,567	6,539	14,106
Charge for the year	1,208	1,147	2,355
Elimination in respect of disposals	-	(1)	(1)
At 31 July 2017	8,775	7,685	16,460
Net book value at 31 July 2017	54,300	2,549	56,849
Net book value at 31 July 2016	55,862	3,144	59,006

The College has received a VAT refunds in respect of its Deane Road Campus which has resulted in the above net reduction in overall cost to the College of the project - depreciation has also been adjusted in accordance with the new cost.

Bolton College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017 (continued)

11 Tangible fixed assets (continued)

The net book value of equipment includes an amount of £Nil (2015/16 – £Nil) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £Nil (2015/16 – £8,515).

If fixed assets had not been revalued they would have been included at the following historical cost amounts:

	£'000
Cost	Nil
Aggregate depreciation based on cost	Nil
	<hr/>
Net book value based on cost	Nil

12 Trade and other receivables

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Amounts falling due within one year:		
Trade receivables	672	454
Prepayments and accrued income	358	285
Amounts owed by the ESFA	107	111
Total	1,137	850
Amounts falling due after one year:		
Other debtors	20	20
Total	1,157	870

13 Current investments

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Trust Fund Investments	1	1
Short term deposits	-	-
Total	1	1

Trust fund investments relate to investments held in trust to provide annual prizes for students.

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017 (continued)****14 Creditors: amounts falling due within one year**

	2017 £'000	2016 £'000
Bank loans and overdrafts (note 17)	356	324
Trade payables	414	129
Other taxation and social security	257	844
Accruals and deferred income	1,655	1,825
Deferred income - government capital grants	1,309	1,509
Amounts owed to the ESFA	403	435
Total	<u>4,394</u>	<u>5,067</u>

15 Creditors: amounts falling due after one year

	2017 £'000	2016 £'000
Bank loans (note 17)	10,321	10,688
Deferred income - government capital grants	38,475	39,920
Total	<u>48,796</u>	<u>50,608</u>

16 Financial Assets and Liabilities

	2017 £'000	2016 £'000
Financial Assets measured at amortised cost	<u>3,270</u>	<u>4,104</u>
Financial Liabilities measured at amortised cost	<u>12,638</u>	<u>12,678</u>

Financial assets measured at amortised costs comprise cash and cash equivalents and trade debtors

Financial liabilities measured at amortised cost comprise bank loans, trade and other creditors and accruals

Bolton College
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017 (continued)

17 Maturity of debt

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
In one year or less	355	325
Between one and two years	374	325
Between two and five years	1,243	975
In five years or more	8,705	9,388
Total	<u>10,677</u>	<u>11,013</u>

The College has a secured facility - security put in place in March 2016 - with Barclays to finance the Deane Road campus building. This is a long term facility of £12.651m, £10m of which is fixed at 6.85% per annum and payable monthly, and the balance continues at a variable rate, payable quarterly. The facility commenced in 2010 and is fully repaid by 2035.

As a result of the Area Based Review for Greater Manchester, the College's Governing Body has agreed in principle to a merger with the University of Bolton. Barclays Bank has advised that when this merger takes place it will be considered as an event of default under the terms of the loan and therefore the outstanding loan of £10,677k could become repayable on demand. However, as part of the agreement to merge the University of Bolton has agreed that it will take responsibility for the loan after the merger. Given the issues around the merger, Barclays Bank has also agreed to waive the measurement of the loan covenants for the year ended 31st July 2017. However, given the current situation on the merger the Bank has taken security over the College's Deane Road Campus.

The merger will also potentially trigger a break clause in the fixed term interest rate arrangement that the College has in place in respect of £10,677k of the loan with Barclays Bank. These break costs are estimated to be £3.6m (July 2017), none of which is provided for in the accounts presented. As part of the Area Review process the government has made a "Restructuring Fund" available and the colleges and University of Bolton is in the process of making a bid to this fund to cover these breakage costs.

Bolton College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017 (continued)

18 Provisions

	Enhanced pensions	Other	Total
	£'000	£'000	£'000
At 1 August 2016	3,191	208	3,399
Expenditure in the period	(212)	-	(212)
Transferred from income and expenditure	7	(201)	(194)
At 31 July 2017	<u>2,986</u>	<u>7</u>	<u>2,993</u>

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

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

19 Cash and cash equivalents

	At 1 August 2016	Cash flows	Other changes	At 31 July 2017
	£'000	£'000	£'000	£'000
Cash and cash equivalents	3,468	(981)	-	2,487
Overdrafts	-	-	-	-
Total	<u>3,468</u>	<u>(981)</u>	<u>-</u>	<u>2,487</u>

20 Capital commitments

	2017 £'000	2016 £'000
Commitments contracted for at 31 July	<u>-</u>	<u>-</u>

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017 (continued)****21 Lease Obligations**

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

	2017 £'000	2016 £'000
Future minimum lease payments due		
Not later than one year	-	-
Later than one year and not later than five years	-	-
later than five years	-	-
	<u>-</u>	<u>-</u>
Other		
Not later than one year	96	80
Later than one year and not later than five years	271	228
later than five years	-	-
	<u>367</u>	<u>308</u>

22 Contingent liabilities

The College has no contingent liabilities that need to be disclosed.

23 Events after the reporting period

There are no events after the reporting period that require disclosure.

Bolton College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017 (continued)

24 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Greater Manchester Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Tameside Metropolitan Borough Council. Both are multi-employer defined-benefit plans.

Total pension cost for the year	2017	2016
	£'000	£'000
Teachers Pension Scheme: contributions paid	827	885
Contributions paid		
FRS 102 (28) charge	1,057	942
Charge to the Statement of Comprehensive Income	<u>408</u>	<u>224</u>
	1,465	1,166
Enhanced pension charge to Statement of Comprehensive Income	-	-
Total Pension Cost for Year	<u>2,292</u>	<u>2,051</u>

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

Contributions amounting to £Nil (2016: £141,484) were payable to the scheme and are included in creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. 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 Teachers' 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.

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 16.48% 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 for the TPS were 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.

The pension costs paid to TPS in the year amounted to £827,000 (2016: £885,000)

Bolton College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017 (continued)

24 Defined benefit obligations (continued)

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), 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 FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Tameside Metropolitan Borough Council. The total contribution made for the year ended 31 July 2017 was £1,337,000, of which employer's contributions totalled £1,057,000 and employees' contributions totalled £280,000. The agreed contribution rates for future years are 18% for employers and range from 5.5% to 7.5% cent for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2017 by a qualified independent actuary

	At 31 July 2017	At 31 July 2016
Rate of increase in salaries	3.30%	3.20%
Future pensions increases	2.50%	1.90%
Discount rate for scheme liabilities	2.70%	2.40%
Inflation assumption (CPI)	2.50%	1.90%
Commutation of pensions to lump sums Pre April 2008	55%	55%
Commutation of pensions to lump sums Post April 2008	80%	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 2017	At 31 July 2016
	years	years
<i>Retiring today</i>		
Males	21.5	21.4
Females	24.1	24.0
<i>Retiring in 20 years</i>		
Males	23.7	24.0
Females	26.2	26.6

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017 (continued)****24 Defined benefit obligations (continued)****Local Government Pension Scheme (Continued)**

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

	2017 £'000	2016 £'000
Fair value of plan assets	35,943	30,829
Present value of plan liabilities	(45,342)	(44,550)
Present value of unfunded liabilities	-	-
Net pensions liability	<u>(9,399)</u>	<u>(13,721)</u>

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

	2017 £'000	2016 £'000
Amounts included in staff costs		
Current service cost	1,458	1,166
Past service cost	7	-
Total	<u>1,465</u>	<u>1,166</u>
Amounts included in interest payable		
Net interest payable	334	414
	<u>334</u>	<u>414</u>
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	4,168	2,303
Experience losses arising on defined benefit obligations	2,843	471
Changes in assumptions underlying the present value of plan liabilities	(1,947)	(4,465)
Amount recognised in Other Comprehensive Income	<u>5,064</u>	<u>(1,691)</u>

Bolton College**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017 (continued)****24 Defined benefit obligations (continued)****Local Government Pension Scheme (Continued)****Movement in net defined benefit liability during the year**

	2017 £'000	2016 £'000
Deficit in scheme at 1 August	(13,721)	(11,392)
Movement in year:		
Current service cost	(1,458)	(1,166)
Employer contributions	1,057	942
Past service cost	(7)	-
Net interest on the defined liability	(334)	(414)
Actuarial gain or (loss)	5,064	(1,691)
Net defined benefit liability at 31 July	<u>(9,399)</u>	<u>(13,721)</u>

Asset and Liability Reconciliation

	2017 £'000	2016 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	44,550	38,813
Current Service cost	1,458	1,166
Interest cost	1,076	1,403
Contributions by Scheme participants	280	265
Changes in financial assumptions	(896)	3,994
Estimated benefits paid	(1,133)	(1,091)
Past Service cost	7	-
Defined benefit obligations at end of period	<u>45,342</u>	<u>44,550</u>

Reconciliation of Assets

Fair value of plan assets at start of period	30,829	27,421
Interest on plan assets	742	989
Return on plan assets	4,168	2,303
Employer contributions	1,057	942
Contributions by Scheme participants	280	265
Estimated benefits paid	(1,133)	(1,091)
Assets at end of period	<u>35,943</u>	<u>30,829</u>

Bolton College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2017 (continued)

25 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 in accordance with the College's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the year was £Nil (2016: Nil). No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2016: None).

26 Amounts disbursed as agent

Learner support funds

	2017 £'000	2016 £'000
Funding body grants	355	699
Supplementary LSF awarded in year	173	161
Other Funding body grants	178	177
Interest earned	-	-
	<u>706</u>	<u>1,037</u>
Disbursed to students	(616)	(851)
Administration costs	(41)	(43)
Balance unspent as at 31 July, included in creditors	<u>49</u>	<u>143</u>

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