



**BRIDGWATER  
& TAUNTON  
COLLEGE**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 JULY 2020**

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

### **Key management personnel**

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

Andy Berry Principal and Accounting Officer  
Louise Rowley Vice Principal  
Marcus Holder Director of Finance and Estates  
Mark Nettle Director of Student Services and Clerk to the Governors  
Nikki Sendell Director of Staff & Quality Services  
Matt Tudor Director of Business Development and Marketing  
Jason Kilduff Assistant Principal of Construction, Automotive and Engineering  
Jason Gunningham Assistant Principal of Land Based, Sport and Foundation Studies  
Jennifer Ashworth Assistant Principal of A Levels, Arts & Professional Studies (Left in Year)  
Samuel Reilly Assistant Principal of A Levels, Arts & Professional Studies

### **Board of Governors**

A full list of Governors is given on page 15 of these financial statements.

### **Professional advisers**

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

PKF Francis Clark  
Ground Floor, Blackbrook Gate 1  
Blackbrook Business Park  
Taunton  
TA1 2PX

#### **Internal auditors:**

RSM Risk Assurance Services LLP  
Hartwell House  
55 - 61 Victoria Street  
Bristol  
BS1 6AD

#### **Bankers:**

Barclays Bank  
3<sup>rd</sup> Floor  
Windsor Court  
3 Windsor Place  
Cardiff  
CF10 3BX

#### **Solicitors:**

Clarke Willmott  
1 Georges Square  
Bath Street  
Bristol  
BS1 6BA

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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 31 July 2020. Bridgwater & Taunton College is located in the heart of Somerset with centres in Bridgwater, Taunton and Cannington.

The College has an excellent reputation both regionally and nationally as a highly successful provider of education and training. It is an award winning College and, since merger, an OfSTED designated Good College, with 5 out of 8 standards being awarded Outstanding. It has received 13 National Beacon Awards in recent years, has achieved and been reaccruited with the Matrix Standard for information, advice and guidance services and won the TES FE 2019 Award for Apprenticeship Programme of the Year.

Bridgwater & Taunton College recruited 23,253 full and part-time students. The student population in the year ended 31 July 2020 included 3,245 16-18 year olds and 688 students following higher education programmes.

The College now employs c1,000 full time equivalent staff.

The College also works closely with local and regional employers and has an excellent track record in providing certificated and bespoke training solutions for the business community.

### Legal status

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

The Corporation is directed by the members of the Corporation known as the Board of Governors hereafter.

### Mission

The College's principle objectives as approved by its members are summarised in its Mission Statement, which states:

*"We will transform the lives of our students and inspire our customers and communities to achieve success by:*

- *Delivering outstanding and aspirational teaching, learning and skills development*
- *Creating exciting partnerships with our students, staff, community and employers*
- *Providing a welcoming, safe, inclusive and supportive environment. "*

The Board of Governors reviewed and reiterated this as part of the Strategic Planning process.

These aims are translated into an annual operating plan, the delivery of which is monitored on a termly basis. The 2019/20 Operating Plan was effective in moving the College's aims and mission forward.

### Public Benefit

Bridgwater & Taunton 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 of the charity, are disclosed on page 15.

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
- Links with local Enterprise Partnerships (LEPs)

### **Implementation of strategic plan**

Each year the College prepares a rolling three year Strategic Plan including Accommodation Strategy and Financial Plan. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's continuing strategic aims are to:

1. To inspire all of our students to achieve their full potential
2. To grow and deliver a highly responsive, innovative and dynamic curriculum
3. To attract, retain and invest in inspirational staff
4. To be highly efficient, financially resilient and well resourced

The College's specific financial objectives for 2019/20 and achievement of those objectives are addressed below.

### **Financial objectives**

The College's financial objectives set for 2019/20 were achieved and detailed below:

1. Financial health grade: At least Good
2. Staff costs: No greater than 63% of income
3. Cash days (operating payments): Greater than 15
4. Underlying operating margin: Greater than 5%
5. Underlying operating surplus: Greater than £2.5m

The financial targets set for 2020/21 include:

- Financial health grade: At least Good
- Staff costs: No greater than 65% of income
- Cash days (operating payments): Greater than 15
- Underlying operating margin: Greater than 5%
- Underlying operating surplus: Greater than £2.3m

The Financial Plan has been designed to underpin these aims whilst delivering robust financial health.

### **Performance indicators**

The College is committed to continuous improvement and monitors its performance through a range of performance indicators including:

- Student achievement rates
- Customer feedback indicators:
  - Learner Satisfaction surveys (including the College's own surveys, OFSTED Learner View, National Student Surveys, FE Choices)
  - Employer Satisfaction surveys
  - College employee satisfaction surveys
- Learner Destinations
- Financial performance measured through the Education and Skills Funding Agency:
  - Annual Finance Record
  - The 3 year Financial Plan prepared annually

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency (ESFA). The College is assessed by the Education and Skills Funding Agency as having a "Good" financial health grading for 2019/20 which is considered an acceptable outcome.

At the most recent inspection of Bridgwater College & Taunton College by OfSTED (2019) the College was graded as "Good". A "no-notice" Care Standards visit occurred in May 2017 and was very positive with 'outstanding' grade awarded.

## FINANCIAL POSITION

### Financial results

This is the fourth full year of financial operation following the merger with Somerset College, Taunton in June 2016.

The College generated total income of £51,603k (2018/19: £52,986k), producing Earnings before Interest, Depreciation, Tax and Amortisation (EBITDA) of £2,737k (2018/19: £2,591k). Overall the College is reporting Total Comprehensive Income for the year of £(24,666) (2018/19: £(7,632k)). The recurring FRS 102 pension charge for the year was £4,001k (2018/19: £3,411k). Excluding these FRS 102 pension scheme charges, the College produced an operating deficit of £109k (2018/19: £210k surplus).

Net Cash flow from Operating Activities was an inflow of £3,764k (2018/19: £1,958k inflow) due to an improvement in EBITDA. The Balance Sheet is showing a decline in position with net liability of (£31,374k) (2018/19: £6,723k net liability) due to the FRS 102 pension adjustment. The pension adjustment was partially offset by gains on the revaluation of investment property of £1.1m. The net current assets have improved to £1,322k (2018/19: £709k net current assets).

Capital Projects investment reduced during the year with the additions totalling £2,752k and related grant income received totalled £2,013k, (2018/19: additions totalling £4,507k and related grant income received totalled £499k.)

Average pay costs continue to rise, due to the College making a pay award and other factors beyond the College's control such as apprenticeship levy and pension deficit contributions.

The College's LGPS Deficit continues to fluctuate and is driven largely by historically low interest rates and associated discount factors. The LGPS employer rate rose from 14.8% to 18% on 1 April 2020. The Deficit Recovery Payment was £330k per annum from 1 April 2020 (£528k in 2018/19).

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2019/20 the FE funding bodies provided 71% (2018/19: 69%) of the College's total income.

The ESFA and Office for Students honoured the non-apprenticeship education funding contracts that provided reassurance that the College could continue operations. The College adopted a remote learning approach to support students in continuing with their learning.

Covid-19, the resultant lockdown and consequent impact on students and staff, took effect in March 2020 nearing the end of the financial year. Various support measures taken by the Government helped to offset some aspects of College activity and these will continue into 2020/21. Nevertheless many of the College's commercial activities, catering outlets and residential accommodation were forced to close.

Although it is impossible to estimate this with precision the net financial cost of the pandemic is thought to be the order of £700k.

The College utilised the Government Retention Scheme to furlough staff that were unfunded by the ESFA, the income received from the scheme was £510,678. The College continued to pay employees that were furloughed at their full rate. Non-Educational activities were greatly affected from the Government's national lockdown, fixed costs outside of payroll were still incurred and the College supported this by utilising contingencies that were built into the budget.

The economic recession caused by Covid-19 had a material impact on the Local Government Pension Scheme (LGPS) with the actuarial loss being £21,612k loss.

The College is a member of a company limited by guarantee called The Colleges Partnership Ltd (formerly Wiltshire and Somerset College's Partnership Ltd) which was acquired through the merger with Somerset College in 2016. The principal activity of that company is the provision of vocational training solutions, apprenticeship management solutions and professional learning and development opportunities through contracts with the MoD. In 2019/20 the College received £726k as payment in recognition it makes to the educational direction of the Company. 50% of the surpluses generated by the Company are attributable to the College; in the current year, the total surplus amounted to £25k.

### Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College's treasury policy is to maintain cash balances to meet the working capital needs of the College, its planned investment in fixed assets and repayment of loans, as they fall due. Any surplus funds are invested in Treasury Deposits, or deposited in a business premium account with the College bankers, Barclays Bank, paying interest at the prevailing rate.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum/Funding Agreement.

## CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

### Student numbers

In 2019/20 the College has delivered activity that produced £35,353k in funding body main allocation funding (2018/19: £34,841k). There were 17,383 funded and 5,868 non-funded students throughout 2019/20.

### Student achievements

Overall the College achievement rate for classroom based provision and apprenticeships was as follows:

	2019/20	2018/19
Study Programmes	82.0%	80.0%
Adult Learning Programmes	93.0%	91.0%
Apprenticeships	69.0%	76.0%

### Curriculum developments

The College has a national reputation for engaging with employers and using this engagement to drive curriculum innovation and change. It has introduced new courses in many areas of the curriculum in order to meet the needs of the students, employers and community. A particular strength is in preparing students for the next stage of their lives.

The College has continued to develop curriculum in line with government priorities. Delivering English and Maths to 16-18 year olds as part of the study programme continues to be a priority.

The College as a 2020 provider has successfully implemented the new T Level qualification in three routes- Digital, Education and Design and Surveying. In addition, we are piloting the new DfE Transition programmes. The College has benefitted from £1.1m capital investment related to T Levels. This has allowed us to refurbish current accommodation to meet the high industry standard requirements which are a key characteristic of this new technical qualification.

We undertook a review of curriculum intent specifically around Level 1 and Level 2. This has resulted in a re-focus of qualifications at this level. This strengthening of curriculum provides a re-aligned progression route through the College with a stronger focus on the knowledge, skills and understanding required to progress and be successful.

The curriculum review is also aligned to the digital transformation strategy which in response to COVID-19 became a significant area of focus for the College. This strategy supports an approach to transformational change as we develop digital pedagogy. The College has secured external funding for both infrastructure and resources. This is supported by two internal Head appointments.

We invested £1.2m secured through South West Institute of Technology (IoT) in 2019/20. We have invested this funding into the establishment of a Welding Centre of Excellence for the region. New curriculum development has been undertaken to ensure the Centre can support both Hinkley Point C and wider regional demand for skilled welders. IoT funding was also used to further enhance the world class facilities within the Southern Hub of the National College for Nuclear and we have continued to develop the associated curriculum.

Health and care continues to be another significant area of curriculum development with further development of our Nursing programmes. An overall strategic focus on employer engagement is continuing to drive development of our apprenticeship programme; we remain one of the largest providers in the region.

The College continues to develop the University Centre for Somerset brand across all three campuses, with the development of new curriculum and extension of existing provision.

### **Events after the end of the reporting period**

There are no significant post balance sheet events up to the date of approval of these accounts.

### **Future prospects**

The College continues to use its award winning approach to employer engagement to extend existing relationships and develop new ones.

The College has used its experience gained from the National College for Nuclear (southern hub) (NCfN) project to support a collaborative bid to establish a South West Institute of Technology (IOT) with key partners including Exeter College, University of Exeter, Truro and Penwith College and PETROC College. The bid was successful and the South West IOT is one of the first two to become operational. The College can now use the IOT brand to develop the Higher Education offer in the key sectors of advanced engineering and technology. The £1.2m of IOT funding that was secured to support capital investment in the previous year to support the development of a regional and national centre of welding excellence is nearing completion. The new Centre will support both Hinkley Point C (HPC) and the wider regional and national welding skills gaps.

The Health & Care sector is a strategic priority for the College with significant opportunities to working in partnership with the NHS to address the local and national skills shortages. Funding was secured in 2019/20 to support the initiative, work will commence in 2020/21.

The Hinkley Point C (HPC) project is well underway with over 3,500 people on site. The College is actively engaged in training this civil engineering workforce. The next stage of the project is mechanical and electrical; and work is underway to develop the curriculum to support this phase. A new twinning relationship with West Suffolk College is being developed to transfer learning from HPC across to the Sizewell project and this may support additional income in the future.

The College is one of only 52 providers to join the 2020 T level pilot group. This status has provided access to capacity development funds and capital funding. The first three T Levels started in September 2020 and the £1.7m funding for Capital investment that was secured in the previous financial year to develop facilities in Taunton to support this is nearing completion.

The College has applied for the second wave of T Level capital investment totalling £1.4m, the outcome of the application will be decided before the end of the first term of the 2020/21 academic year.

Coronavirus (COVID-19) impacted the delivery of learning to students, the College embraced remote learning and supported students without access to digital technology to ensure their learning remained. The College is looking to further invest in student technology in 2020/21 to deliver a blended learning approach to combat the potential restrictions imposed by the Government.

Our number one priority through the Coronavirus (COVID-19) pandemic has been and remains the safety and wellbeing of Staff and Students. However, we have also seen the pandemic as a transformational opportunity. Digital transformation is one such opportunity and therefore we have invested in both digital infrastructure/equipment and training and support for staff. The Heart of the South West LEP has awarded the College £571k in funding to support the Digital Acceleration project, this will be partially match funded by the College. We have also secured £325k funding (to be shared with project lead Wiltshire College) to support digital transformation through the College Collaboration Fund.



The ESFA have allocated the College £1.4m in capital funding. Plans to utilise this funding are progressing, with many improvements to student facilities being agreed. The Government have confirmed that a further £1.2bn of capital funding has been allocated to the FE sector and will be distributed over the life of this parliament.

Bridgwater is among 100 towns invited by Government to prepare a vision and strategy to guide sustainable regeneration in the area over the next thirty years and seek support of up to £25m of public investment. This is primarily for capital projects and the main things the Town Deal Fund will address include Urban Regeneration, Skills and Enterprise infrastructure and Local connectivity. Clearly, the College will play a key role in supporting this initiative.

The Gravity Project is a new development on the old Royal Ordnance Factory site in Puriton. The 625-acre location, was bought by Salamanca Group. The plan is to create over 4,000 employment opportunities in high tech, low carbon and energy sectors. The College has developed a strategic partnership with the Salamanca Group and is looking forward to support this exciting project.

Whilst Coronavirus (COVID-19) provided many challenges in completing capital projects, the College embraced this and have managed to keep projects largely on track for their completion date. This attitude has placed the College in a good position to move into 2020/21 to continue with capital investments.

### **Accommodation Developments**

In 2019/20 the construction of an additional residential block at the Cannington campus to support the NCfN was completed and in use from early October 2019. Immediately prior to 31 July 2020 the use of Canonsgrove accommodation changed such that it became an investment property.

### **Going Concern**

The College has prepared an annual budget for 2020/21 based upon actual funding allocations for the year. Further forecasts have been prepared for the following two years which indicate the College will continue as a going concern for at least the ensuing twelve months.

The College has included contingencies within the 2020/21 budget to account for potential further impact from Covid 19. The cash flow continues to be monitored regularly with a worst case scenario being prepared to ensure there are sufficient funds available to continue operations.

### **Risk Management**

The College has a comprehensive Risk Management Policy reviewed and approved by the Board of Governors. The Audit Committee monitors the risk register on a termly basis with the full Board of Governors carrying out an annual review. Key risks are linked to the Strategic Plan and include risks associated with:

- Political and economic changes
- Physical resources and external factors
- Student recruitment
- Financial: meeting targets and managing budgets
- Management and staffing
- Reputational

Risk management is fully embedded within the College, with staff at all levels trained and encouraged to consider risks and opportunities in their area of responsibility. Through regular review and monitoring, strategic and operational risks are constantly re-assessed, enabling early planning and re-alignment of operational plans, where appropriate, to effectively manage any emerging issues and mitigate the impact on the College.

The College prepared a College wide risk assessment and departmental risk assessments to ensure the safety of all students and staff are preserved from the risk of a Covid 19 outbreak in the College. The College has dedicated staff monitoring the Government guidance and continually supports staff in implementing new precautions. The College increased the Health & Safety budget to ensure a safe working and learning environment. The College has adopted a hybrid approach for both curriculum and support staff or being on site and learning from home and will continue this into 2020/21.

## RESOURCES

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

Tangible resources include the main College Campuses Bridgwater, Taunton and Cannington, the McMillan Theatre, Canonsgrove, and Rodway Farm.

### Financial

At 31 July 2020 the College held cash of £5,139k (2018/19: £3,677k) plus current debtors of £3,997k (2018/19: £3,825k).

### People

The College employs c1,000 full time equivalent staff, of whom 673 are teaching staff.

### Reputation

The College has a very good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

## 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.

A risk register is maintained at the College level which is reviewed termly by the Audit Committee and at least annually by the full Board. 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.

The principal risks and uncertainties for 2020/21 and beyond are likely to be sensitive to Covid-19 related matters. The budget set for 2020/21 reflects current anticipated impact in various income streams and increased costs relating to Covid-19.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

### Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and through Office for Students. In 2019/20, 71% of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue. 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 aware of several issues which may impact on future funding:

- Funding rates for 16-18 year olds
- Devolution of the adult education
- Capping of the ESFA allowance of Apprenticeship funding
- Funding arrangements to support the training for the nuclear new build at Hinkley Point
- The impact of Covid-19 reducing apprenticeship applications

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- 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 with the various funding bodies and larger employers
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Regular dialogue with funding bodies

#### **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. The College has been required to significantly raise the employer contribution rate and Deficit Recovery Payment for the latest triennial valuation based upon 31 March 2019 assumptions. It is hoped that this level of contribution will now prove sufficient, particularly if general interest rates should eventually rise.

The risk is being monitored by the College and external representations made to the Regulators and other influential organisations to seek an affordable sector wide solution.

#### **Failure to maintain the financial viability of the College**

The financial viability is dependent upon achievement of income targets and the management of costs. There is a risk that the College fails to recruit students to achieve its income targets and/or fails to control expenditure.

The College has robust procedures in place to monitor its financial performance enabling timely action to be taken to address any negative variances arising during the year and thereby maintaining financial viability.

### **STAKEHOLDER RELATIONSHIPS**

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

- Students
- Education sector funding bodies
- Schools, in particular in Bridgwater and Taunton
- Staff
- Local employers (with specific links)
- Local Authorities
- Local Enterprise Partnerships (LEPs)
- Government Offices
- The local community
- Other FE institutions
- Trade Unions
- Professional bodies
- Suppliers
- Charitable bodies, most notably the Edge Foundation

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

#### **Equal opportunities**

As an Equal Opportunities employer, the College has made a commitment to support job applicants and staff who may have disabilities, to ensure they receive proper access to employment opportunities. The third year of the Disability Equality Duty was reported to the Disability Commission and has been incorporated into the Single Equality Scheme which covers both staff and students. The College is also recognised by the Employment Service as a "Positive about Disabled" employer. All teaching sections in the College developed and implemented curriculum plans linked to College policies on Equality & Diversity. Staff and student Equality & Diversity statistics were monitored and reviewed to ensure equality of opportunity and to share good working practices.

## **Disability statement**

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Act 2001 and 2005.

### *Access*

Almost all of the College campus is accessible for wheelchair users. At Bridgwater, Taunton and Cannington Campuses, automatic doors, ramps and lifts have been installed to allow easy access. There are disabled toilets in each part of the building.

### *Specialist equipment*

Information about specialist equipment and software for students to use is widely available and listed in the information packs given to all students. The information can be made available on tapes, large print and in Braille.

### *Admission Policy*

The College Charter describes the Admission Policy for all students. Appeals against a decision not to offer a place are dealt with through a Complaints Policy.

### *Specialist staffing*

The College has appointed specialist staff to support students with learning and sensory disabilities. These include learning support assistants, note takers, hearing impaired facilitators and specialist tutors of those with Special Learning Difficulties. In addition, the College buys in the services of educational psychologists.

There is a total of more than 75 FTE learning support staff that provide a variety of support for learning encompassing personal care, physiotherapy, transport support, note taking and behaviour support. There is a continuing programme of staff development for these staff which includes a mandatory induction programme either with options to take part in NVQ units and Learning Support qualifications.

### *Specialist programmes*

Specialist programmes are described in the College prospectus and information guides. Achievements and destinations are recorded and published in the standard College format.

### *Counselling and Welfare Services*

Counselling and welfare services are available for all students and are described in the College Charter, Student Handbook and College website.

## **Environmental Statement**

The College seeks to continuously improve its environmental performance in the areas of infrastructure and operations, academic courses and communication. It has drawn up an Environmental Action Plan which aims to:

- Give all students the opportunity to raise their awareness of environmental issues through incorporation of material on environment and sustainable development into courses.
- Provide education, training and encouragement on environmental issues to College employees so that they can pursue their work in an environmentally responsible way.
- Reduce the volume of waste produced and recycle where appropriate.
- Assess the environmental impact of all purchases, as far as possible, in terms of their raw materials, manufacture, distribution, use and disposal.
- Encourage the use of environmentally-friendly transport by staff and students.
- Reduce energy consumption and incorporate long-term strategies for energy efficiency into planning and development.
- Reduce, where possible, harmful environmental impacts of College sites/buildings and future developments/alterations.
- Work with the local community and others to develop and pursue environmental initiatives.
- Set minimum target of BREEAM 'Very Good' for all new buildings and, where possible, 'Excellent'.

**Disclosure of information to auditors**

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

**Approved by order of the members of the Corporation on 10 December 2020 and signed on its behalf by:**

A handwritten signature in black ink, appearing to be 'D I Randall', written over a faint circular stamp.

**Mr D I Randall**  
**Chair of Governors**

## 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 1<sup>st</sup> August 2019 to 31<sup>st</sup> July 2020 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in partial accordance with the guidance to Colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
- iii. having due regard to the UK Corporate Governance Code 2016 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 College has adopted and complied with the Code with the exception of length of terms of office of Governors. It has not adopted and therefore does not apply the UK Corporate Governance Code. However, it has reported on Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code considered 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 that it has committed to, and it has complied throughout the year ended 31 July 2020. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes partial account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 15 October 2015.

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

## 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:

Name	Date of Re/ Appointment	Term of Office	Date of end of term in office/Date of resignation	Status	Committees Served	Attendance
Mr D Randall (Chair of the Board)	July 2017	4 years	July 2021	Full	Chair of FPGP; Search and Remuneration	100%
Mr J Alvis	July 2018	4 years	July 2022	Full	Chair of Audit	100%
Mr A Berry	June 2017	Ex officio		Principal & CEO	Buildings, FPGP, Search, Standards	100%
Mrs G Anderson	July 2018	4 years	July 2020	Full	Standards	100%
Mr L Brett	July 2018	4 years	July 2022	Full	Chair of Buildings	100%
Mr B Brown	July 2018	4 years	July 2022	Full	FPGP, Standards, Search and Remuneration	100%
Mr M Brown (Vice-Chair)	June 2018	4 years	January 2020	Full	FPGP, Search and Remuneration	67%
Mrs R Coutts	July 2017	4 years	July 2021	Full	Standards	75%
Mr M Cox	June 2017	4 years	July 2021	Staff Governor	Standards	50%
Mr A Frullo	July 2018	4 years	July 2022	Full	FPGP	50%
J Flagg	June 2019	1 year	June 2020	Student Governor	Standards	67%
Mr A Hunt	July 2018	4 years	July 2022	Full	Chair of Standards	100%
Ms S Katbi	June 2018	4 years	June 2022	Full	-	25%
Mrs C Pearce	October 2017	4 years	October 2021	Full	-	50%
Mrs L Seymour	July 2017	4 years	July 2021	Staff Governor	Standards	75%
Mrs G Slattery	July 2017	4 years	July 2021	Full	Audit	75%
Mr A Smith	July 2017	4 years	July 2020	Full	Audit, Buildings	100%
Mr K Stenning	July 2017	4 years	July 2021	Full	Audit, Buildings	75%
Mr D Taylor	June 2016	4 years	June 2020	Full	Standards and Safeguarding	75%
Mr N Skyrme	June 2018	4 years	June 2022	Full	FPGP	100%
Mr T Harris	June 2019	1 year	June 2020	Student Governor	Standards	100%
Mr D Selway	July 2019	4 years	July 2023	Full	Buildings	75%

M Nettle, acted as Clerk to the Board of Governors.

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance, Personnel and General Purposes, Remuneration, Search, Audit and Building Projects Committee. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at [www.btc.ac.uk](http://www.btc.ac.uk) or from the Clerk to the Corporation at:

Bridgwater & Taunton College  
College Way, Bath Road  
Bridgwater  
Somerset TA6 4PZ

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

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

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings, and are also available in a secure online space for Governors. Briefings are provided on an ad hoc basis.

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

There is a clear division of responsibility in that the roles of the Chair of Governors and Accounting Officer are separate.

### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee, consisting of three members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

### **Corporation performance**

The Board of Governors conducts an annual self-assessment to review and consider its performance over the past year and set targets for the next year. The most recent assessment was carried out in October 2020 where it was determined that all major targets set for 2019/20 had been achieved.

### **Remuneration Committee**

Throughout the year ending 31 July 2020 the College's Remuneration Committee comprised three members of the Board of Governors. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the year ended 31 July 2020 are set out in note 7 to the financial statements.

### **Audit Committee**

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

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

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

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

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



## **Internal control**

### *Scope of responsibility*

The Board of Governors 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 Board of Governors 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 Bridgwater & Taunton College and the funding bodies. He is also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

### *The purpose of the system of internal control*

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

### *Capacity to handle risk*

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

### *The risk and control framework*

Internal controls were continuously reviewed with the introduction of working from home, the remote log in allowed all existing Financial internal controls to remain unaffected. Reports to the governing body were approved by the board and submitted within the timeframe. The Senior Management Team were provided with timely information in order to be able to react to changing circumstances.

A number of planned Internal audits were conducted remotely whilst the College was under limited access.

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

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

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

#### *Review of effectiveness*

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

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

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Governors' agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2020 meeting, the Board of Governors considered reports on assurance by considering documentation from the senior management team, internal and external audit, and taking account of events since 31 July 2020.

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

#### **Going concern**

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

**Approved by order of the members of the Corporation on 10 December 2020 and signed on its behalf by:**



**Derek Randall**  
Chair of Governors



**Andy Berry**  
Principal and Chief Executive

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

The Corporation has considered its responsibility to notify the 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 its consideration it has had due regard to the requirements of the financial memorandum.

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

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

**Approved by order of the members of the Corporation on 10 December 2020 and signed on its behalf by:**



**Derek Randall**  
**Chair of Governors**



**Andy Berry**  
**Accounting Officer**

## Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA, the corporation – through its Accounting Officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the corporation and its surplus / deficit of income over expenditure for that period.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the college will continue in operation.

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

The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the college and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. 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 corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

**Approved by order of the members of the Corporation on 10 December 2020 and signed on its behalf by:**



**Derek Randall**  
**Chair of Governors**

## **Independent Auditor's Report to the Corporation of Bridgwater and Taunton College**

### **Opinion**

We have audited the financial statements of Bridgwater and Taunton College for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and the related notes. 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the College as at 31 July 2020 and of the College's deficit of income over expenditure for the year then ended; and
- Have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- Meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

### **Basis for opinion**

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

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

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

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

### **Other information**

The other information comprises the information included in the Report of the Governing Body, other than the financial statements and our auditor's report thereon. The Corporation is 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, and we are required to report that fact.

We have nothing to report in this regard.

## Report on other legal and regulatory requirements

We are required to report on the following matters by the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency:

We have nothing to report in respect of the following matters where, in our opinion:

- Proper accounting records have not been kept; and
- The financial statement are not in agreement with the accounting records; and
- All information and explanations required for the audit were not received.

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students:

We have nothing to report in respect of the following matters in our opinion:

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

## Responsibilities of the Members of the Corporation of Bridgwater and Taunton College

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 20, the College's Corporation is responsible for the preparation of the financial statements which give a true and fair view and for such internal control as the Members of 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 Members of the Corporation are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

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

Our responsibility is 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 detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## Use of our report

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



**PKF Francis Clark**

Registered Auditors

Ground Floor, Blackbrook Gate 1

Blackbrook Business Park

Taunton

TA1 2PX

17<sup>th</sup> DECEMBER 2020

## **Reporting Accountant's Assurance Report on Regularity for the Year Ended 31 July 2020**

To: The Corporation of Bridgwater and Taunton College and Secretary of State for Education Acting through the Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 20 July 2020 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Bridgwater & Taunton College during the period 1 August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

### **Respective responsibilities of Bridgwater and Taunton College and the reporting accountant**

The Corporation of Bridgwater and Taunton College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Post 16 Audit Code of Practice issued by the ESFA. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw to our conclusion includes:

- Inspection and review of documentation providing evidence of governance procedures, including the self-assessment questionnaire prepared by Bridgwater and Taunton College;
- Evaluation of the system of internal controls for authorisation and approval; and
- Performing substantive tests on relevant transactions.

## Conclusion

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



**PKF Francis Clark**

Chartered Accountants and Registered Auditors  
Ground Floor, Blackbrook Gate 1  
Blackbrook Business Park  
Taunton  
TA1 2PX

17<sup>th</sup> DECEMBER 2020



## Statement of Comprehensive Income

For the year ended 31 July 2020

	Notes	Year ended 31 July 2020	Year ended 31 July 2019
		£'000	£'000
<b>INCOME</b>			
Funding body grants	2	36,721	36,332
Tuition fees and education contracts	3	8,329	9,427
Other grants and contracts	4	1,202	862
Other income	5	5,333	6,354
Investment income	6	18	11
<b>Total income</b>		<b>51,603</b>	<b>52,986</b>
<b>EXPENDITURE</b>			
Staff costs	7	35,799	34,095
Other operating expenses	8	15,058	17,174
Depreciation	11	3,322	3,436
Interest and other finance costs	9	1,534	1,482
<b>Total expenditure</b>		<b>55,713</b>	<b>56,187</b>
<i>Operating (deficit) surplus on continuing activities</i>		(109)	210
<i>FRS 102 pension adjustments - recurring</i>		(4,001)	(3,411)
		<b>(4,110)</b>	<b>(3,201)</b>
<b>(Deficit) before other gains and losses</b>	10	<b>(4,110)</b>	<b>(3,201)</b>
Gain on revaluation of investment property		1,111	-
Deficit for the year		(2,999)	(3,201)
Gain on disposal of assets		-	57
Actuarial loss in respect of pensions schemes	25	(21,667)	(4,488)
<b>Total Comprehensive Income for the year</b>		<b>(24,666)</b>	<b>(7,632)</b>

All comprehensive income is unrestricted.

## Statement of Changes in Reserves

For the year ended 31 July 2020

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Balance at 1 August 2018</b>	(4,822)	5,772	950
Deficit from the income and expenditure account	(3,201)	-	(3,201)
Other comprehensive income	(4,431)	-	(4,431)
Investment revaluation	-	(41)	(41)
Transfers between revaluation and income and expenditure reserves	114	(114)	-
<b>Balance at 31 July 2019</b>	<b>(12,340)</b>	<b>5,617</b>	<b>(6,723)</b>
<b>Balance at 1 August 2019</b>	(12,340)	5,617	(6,723)
Deficit from the income and expenditure account	(2,999)	-	(2,999)
Other comprehensive income	(21,667)	-	(21,667)
Investment revaluation	-	15	15
Transfers between revaluation and income and expenditure reserves	114	(114)	-
<b>Balance at 31 July 2020</b>	<b>(36,892)</b>	<b>5,518</b>	<b>(31,374)</b>

**Balance sheet as at 31 July 2020**

		<b>Notes</b>			
				<b>2020</b>	<b>2019</b>
				<b>£'000</b>	<b>£'000</b>
<b>Non current assets</b>					
Tangible Fixed assets	11			85,506	88,506
Investment Properties	12			3,500	-
Investments	13			67	52
				<b>89,073</b>	<b>88,558</b>
<b>Current assets</b>					
Stocks				399	475
Trade and other receivables	15			3,997	3,825
Cash and cash equivalents	20			5,139	3,677
				<b>9,535</b>	<b>7,977</b>
<b>Less: Creditors – amounts falling due within one year</b>	16			(8,213)	(7,268)
<b>Net current assets</b>				<b>1,322</b>	<b>709</b>
<b>Total assets less current liabilities</b>				<b>90,395</b>	<b>89,267</b>
Creditors – amounts falling due after more than one year	17			(42,169)	(42,017)
<b>Provisions</b>					
Defined benefit obligations	19			(78,991)	(53,390)
Other provisions	19			(609)	(583)
<b>Total net (liabilities)</b>				<b>(31,374)</b>	<b>(6,723)</b>
<b>Unrestricted Reserves</b>					
Income and expenditure account				(36,892)	(12,340)
Revaluation reserve				5,518	5,617
<b>Total unrestricted reserves</b>				<b>(31,374)</b>	<b>(6,723)</b>

The financial statements on pages 25 to 49 were approved and authorised for issue by the Corporation on 10 December 2020 and were signed on its behalf by:

  
**Derek Randall**  
 Chair of Governors

  
**Andy Berry**  
 Accounting Officer

## Statement of Cash Flows

For the year ended 31 July 2020

	Notes	2020 £'000	2019 £'000
<b>Cash flow from operating activities</b>			
Deficit for the year		(2,999)	(3,201)
<b>Adjustments for non-cash items</b>			
Depreciation		3,322	3,436
Gain on revaluation of investment property		(1,111)	-
Amortisation of deferred capital grant		(1,343)	(1,464)
Decrease / (Increase) in stocks		116	(89)
(Increase) in debtors		(328)	(15)
Increase / (Decrease) in creditors due within one year		1,972	(290)
Pensions costs less contributions payable		3,963	3,371
<b>Adjustments for investing or financing activities</b>			
Investment income		(15)	(11)
Interest payable		229	219
Loss on sale of fixed assets		(42)	2
<b>Net cash flow from operating activities</b>		<u>3,764</u>	<u>1,958</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		45	25
Proceeds from sale of non-current asset investments		-	219
Investment income		15	11
Payments made to acquire fixed assets		(3,162)	(4,217)
Capital grants received		1,859	654
		<u>(1,243)</u>	<u>(3,308)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(229)	(219)
New loans		-	4,500
Repayments of amounts borrowed		(820)	(327)
Capital element of finance lease rental payments		(10)	(13)
		<u>(1,059)</u>	<u>3,941</u>
<b>Increase in cash and cash equivalents in the year</b>		<u>1,462</u>	<u>2,591</u>
 Cash and cash equivalents at beginning of the year	20	3,677	1,086
 Cash and cash equivalents at end of the year	20	5,139	3,677

## Notes to the Accounts

### 1. Statement of accounting policies and estimation techniques

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

#### Basis of preparation

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

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

#### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention except that, as disclosed in the accounting policies, certain items are shown at fair value.

#### Going concern

The activities of the College, together with the factors likely to affect its future development and performance and including the exceptional impact of an unprecedented global coronavirus pandemic, are set out in the report of the Governing Body. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes.

Notwithstanding net current asset of £1,322k (2019: net current assets of £709k) and net liabilities of £31.374m (2019: net liabilities of £6.723m) the Governing Body continues to adopt the going concern basis of preparation in light of the ongoing success of the College and for the following reasons in respect of non-financial liabilities included within current liabilities and the ongoing availability of loan facilities:

- Included within creditors falling due within one year, and in accordance with FRS 102 and the SORP, is deferred income relating to government capital grants of £1.5m and other deferred income (included within accruals and deferred income) of £0.5m – neither of these liabilities represent future cash outflows and will be release to the Statement of Comprehensive Income in subsequent accounting periods.
- The College currently has £1.707m of fixed term (for 25 years to 2028) loans outstanding with bankers, £4.3m from BIS and £4.5m Sedgemoor District Council for a fixed term of 20 years to 2040 with interest being capitalised until November 2021. Bank borrowing is secured by a fixed and floating charge on certain College assets and is subject to a number of financial covenants. The Governing Body have, in assessing both the availability of the existing facilities and capacity to obtain new facilities if required, considered the results for the period to December 2021 and to the date of approval of these financial statements, the financial projections and its on-going relationship with (and most recent assurances received from) the bankers. Whilst accepting there can be no certainty, the Governing Body are satisfied that the College will continue to operate within, and meet the scheduled repayments of, its existing facilities for the foreseeable future.
- The 2020/21 budget has been written to include contingencies for the potential further impact of Covid-19, and sensitivity analysis has been undertaken around cashflow, financial health and loan covenants.

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason, will continue to adopt the going concern basis in the preparation of its Financial Statements.

## 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 or over 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 Office for Students 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.

## Accounting for post-employment benefits

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

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

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

### *Teachers' Pension Scheme (TPS)*

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. In contrast to LGPS, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

### **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 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 valuation provided by the funding bodies.

### **Non-current Assets - Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

#### *Land and buildings*

Freehold buildings, including major adaptations, are depreciated over their expected useful economic life to the College of between 5 and 50 years

Where land and buildings, including major adaptations, are acquired with the aid of specific grants, they are capitalised and depreciated as above. Freehold land is not depreciated as it is considered to have an infinite useful life. The deferred income is allocated between creditors due within one year and those due after more than one year.

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. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

#### *Assets under construction*

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

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

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income 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.

#### *Equipment*

Equipment costing less than £2,500 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- |                                    |                                  |
|------------------------------------|----------------------------------|
| • technical equipment              | 15% per year straight line       |
| • motor vehicles                   | 15% - 40% per year straight line |
| • furniture, fixtures and fittings | 2% - 30% per year straight line  |
| • computer equipment               | 3% - 40% per year straight line  |

### **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 1<sup>st</sup> 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 1<sup>st</sup> 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.

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

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

### **Investments**

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

#### **Joint Ventures**

The College's investment in its joint venture operation is stated at cost. These financial statements do not consolidate the results and financial position of the joint venture although details of these are included in Note 14 to these financial statements.

### **Investment property**

Certain of the College's properties are held for long-term investment. Investment properties are accounted for in accordance with FRS 102 as follows:

No depreciation is provided in respect of investment properties. Investment properties for which fair value can be measured reliably without cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the profit and loss account.

### **Stocks**

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

### **Cash and cash equivalents**

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

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



## **Financial liabilities and equity**

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

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

## **Foreign currency translation**

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the 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 resulting exchange differences being taken to income 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 sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 0.91% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

## **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. 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 the going concern basis of preparation remains appropriate, as described on page 29.
- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the 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.

- Investment Property

Investment properties are carried at fair value, which requires estimation as to the current market value of the properties. An independent chartered surveyor valuation has been obtained as at 31 July 2020, details of which are disclosed in Note 12.

- 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 25, 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 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2 Funding body grants**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Recurrent grants</b>		
Education and Skills Funding Agency - adult	5,455	6,141
Education and Skills Funding Agency – 16-18	20,198	21,197
Education and Skills Funding Agency - apprenticeships	9,168	6,935
Higher Education Funding Council	533	567
<b>Specific grants</b>		
Releases of government capital grants	1,343	1,464
LSF Administration Fee	24	28
<b>Total</b>	<b>36,721</b>	<b>36,332</b>
<b>Office for Students (OfS)</b>		
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Grant income from OfS	533	567
<b>Total</b>	<b>533</b>	<b>567</b>

The OfS regulates higher education in colleges. The information in the table above relates to courses at Level 4 and above. In order to meet the requirements of the OfS Accounts Direction a separate note showing the analysis of HE income is required in the accounts.

**3 Tuition fees and education contracts**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Adult education fees	2,469	3,654
Apprenticeship fees and contracts	1,148	1,159
Fees for HE loan supported courses	3,433	3,401
LEA and Schools Activity	203	250
International students fees	205	321
Total tuition fees	7,458	8,785
Education contracts	871	642
<b>Total</b>	<b>8,329</b>	<b>9,427</b>

**4 Other grants and contracts**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Erasmus	120	211
Other grants and contracts	571	651
Coronavirus Job Retention Scheme grant	511	-
<b>Total</b>	<b>1,202</b>	<b>862</b>

The College furloughed 177 non funded staff under the government's Coronavirus Job Retention Scheme. The funding received of £511k relates to staff costs which are included within the staff costs note below.

**5 Other income**

	2020	2019
	£'000	£'000
Catering and residences	1,993	2,351
Farming activities	899	1,051
Other income generating activities	1,867	2,420
Miscellaneous income	574	532
<b>Total</b>	<b>5,333</b>	<b>6,354</b>

**6 Investment income**

	2020	2019
	£'000	£'000
Other interest receivable	18	11
<b>Total</b>	<b>18</b>	<b>11</b>

**7 Staff costs**

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

	2020	2019
	No.	No.
Teaching staff	901	932
Non-teaching staff	327	345
	<b>1,228</b>	<b>1,277</b>

**Staff costs for the above persons**

	2020	2019
	£'000	£'000
Wages and salaries	25,497	24,727
Social security costs	2,074	2,091
Employer pension costs	4,762	3,996
FRS 102 recurring pension costs	2,850	2,238
<b>Payroll sub total</b>	<b>35,183</b>	<b>33,052</b>
Contracted out staffing services	499	531
	<b>35,682</b>	<b>33,583</b>
Restructuring costs - Contractual	117	512
<b>Total Staff costs</b>	<b>35,799</b>	<b>34,095</b>

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by Senior Management Team which comprises the Principal and Chief Executive, Vice Principal, Assistant Principals and Directors. Staff costs include compensation paid to key management personnel for loss of office.

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
The number of key management personnel including the Accounting Officer was:	<b>9</b>	<b>10</b>

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

	<b>Key management personnel</b>		<b>Other staff</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
£50,001 to £55,000 p.a.	1	1	-	-
£55,001 to £60,000 p.a.	-	-	-	-
£60,001 to £65,000 p.a.	-	-	-	1
£65,001 to £70,000 p.a.	-	1	-	-
£70,001 to £75,000 p.a.	-	-	-	-
£75,001 to £80,000 p.a.	-	-	-	-
£80,001 to £85,000 p.a.	-	-	-	-
£85,001 to £90,000 p.a.	-	-	-	-
£90,001 to £95,000 p.a.	-	1	-	-
£95,001 to £100,000 p.a.	6	5	-	-
£100,001 to £105,000 p.a.	-	-	-	-
£105,001 to £110,000 p.a.	-	-	-	-
£110,001 to £115,000 p.a.	-	-	-	-
£115,001 to £120,000 p.a.	1	1	-	-
£120,001 to £125,000 p.a.	-	-	-	-
£125,001 to £130,000 p.a.	-	-	-	-
£130,001 to £135,000 p.a.	-	-	-	-
£135,001 to £140,000 p.a.	-	-	-	-
£140,001 to £145,000 p.a.	-	-	-	-
£145,001 to £150,000 p.a.	-	-	-	-
£150,001 to £155,000 p.a.	-	-	-	-
£155,001 to £160,000 p.a.	1	1	-	-
	<b>9</b>	<b>10</b>	<b>-</b>	<b>1</b>

Key management personnel remuneration is made up as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Salaries – gross of salary sacrifice and waived enrolments	934	993
Employers National Insurance	118	125
	<b>1,052</b>	<b>1,118</b>
Pension contributions	201	160
<b>Total key management personnel remuneration</b>	<b>1,253</b>	<b>1,278</b>

The above compensation includes amount paid to the Principal and Chief Executive who is the accounting officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2020	2019
	£'000	£'000
<b>Highest paid officer</b>		
Salary (excluding employers NI)	160	160
Pension contributions	37	26
	<u>197</u>	<u>186</u>

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

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

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

	2020	2019
Principal and CEO's basic salary as a multiple of the median of all staff	10.87	12.67
Principal and CEO's total remuneration as a multiple of the median of all staff	11.57	13.87

**8 Other operating expenses**

	2020	2019
	£'000	£'000
Teaching costs	6,967	8,640
Non-teaching costs	4,561	4,890
Premises costs	3,530	3,644
<b>Total</b>	<u>15,058</u>	<u>17,174</u>

**Other operating expenses include:**

	2020	2019
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	38	36
Other services provided by financial statements auditors	4	6
Internal audit	24	44
Subcontracting	894	1,331
Losses on disposal of non-current assets	42	2
Hire of assets under operating leases	187	137

**Access and participation spending**

	2020
	£'000
Access investment	163
Financial support to students (Bursaries)	30
	<u>193</u>

The College has an access and participation plan that has been approved by the OfS's director of fair access and participation. There are no comparative figures as the plan was not in place prior to 1 August 2019.

**9 Interest and other finance costs**

	2020	2019
	£'000	£'000
On bank loans, overdrafts and other loans:	383	309
	<u>383</u>	<u>309</u>
Net interest on defined pension liability (note 25)	1,139	1,160
Net interest on enhanced pension liability	12	13
	<u>12</u>	<u>13</u>
<b>Total</b>	<b><u>1,534</u></b>	<b><u>1,482</u></b>

**10 Deficit on continuing operations for the year**

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

	2020	2019
	£'000	£'000
Operating surplus / (deficit) on continuing activities before FRS 102 pension adjustments	(109)	210
FRS 102 Pension adjustments - Recurring	(4,001)	(3,411)
<b>(Deficit) before other gains and losses</b>	<b><u>(4,110)</u></b>	<b><u>(3,201)</u></b>

**11 Tangible fixed assets**

	Biological Assets	Land and buildings		Equipment	Assets in the course of construction	Total
	Dairy Herd	Freehold	Temporary			
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>						
At 1 August 2019	388	102,272	713	8,030	3,500	114,903
Additions	-	22	120	25	2,585	2,752
Transfers	-	4,565	-	-	(4,565)	-
Transfer to investment property	-	(2,458)	-	-	-	(2,458)
Disposals	(41)	-	-	(659)	-	(700)
<b>At 31 July 2020</b>	<b>347</b>	<b>104,401</b>	<b>833</b>	<b>7,396</b>	<b>1,520</b>	<b>114,497</b>
<b>Depreciation</b>						
At 1 August 2019	-	21,315	136	4,946	-	26,397
Charge for the year	-	2,580	39	703	-	3,322
Transfer to investment property	-	(69)	-	-	-	(69)
Elimination in respect of disposals	-	-	-	(659)	-	(659)
<b>At 31 July 2020</b>	<b>-</b>	<b>23,826</b>	<b>175</b>	<b>4,990</b>	<b>-</b>	<b>28,991</b>
<b>Net book value at 31 July 2020</b>	<b>347</b>	<b>80,575</b>	<b>658</b>	<b>2,406</b>	<b>1,520</b>	<b>85,506</b>
Net book value at 31 July 2019	388	80,957	577	3,084	3,500	88,506

The net book value of equipment includes an amount of £23,294 (2019: £30,458) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £7,164 (2019: £7,164).

**12 Investment properties**

	2020	2019
	£'000	£'000
Cost brought forward	-	200
Transfer from fixed assets at net book value	2,389	-
Revaluation to market value	1,111	-
Disposal	-	(200)
<b>Total</b>	<b>3,500</b>	<b>-</b>

The investment property in the prior year relates to 20 Park Lane Cannington, it was valued by an independent expert, estate agents Gibbins Richards on 22 August 2018. The property was sold in April 2019.

Immediately prior to 31 July 2020 the use of one of the College's buildings changed such that it became an investment property. The historical cost of that property was £2,458,073 was therefore transferred from freehold land and building to investment properties. The property was valued on a fair value basis at £3,500,000 by Alder King LLP, an independent chartered surveyor, as at 31 July 2020.

**13 Non-current investments**

	2020	2019
	£'000	£'000
Other non-current asset investments	67	52
<b>Total</b>	<b>67</b>	<b>52</b>

The College owns 607 £1 shares of National Milk Records plc, a company incorporated in England and Wales, and 1,941 £1 shares of Genus plc, a company incorporated in England and Wales.

**14 Joint venture arrangements**

Through the merger with Somerset College of Arts and Technology the College formally established a joint venture arrangement with Wiltshire College through The Colleges' Partnership Limited (formerly Wiltshire and Somerset Colleges' Partnership Limited) a Company limited by guarantee. The Company is recognised by HMRC as a charity for tax purposes.

The investment in the joint venture is shown in the balance sheet at cost of acquisition (ie zero).

There are no issued shares held by each member as the entity has been constituted as a company limited by guarantee.

The Company is involved in the delivery of education, training and assessment, with the majority of the current turnover relating to the delivery of apprenticeships to soldiers of the Royal Corps of Signals and the Royal Armoured Corps/Armoured Infantry.

The accounting period is coterminous with the College at 31 July 2020.

The balance sheet of the joint venture company at 31 July 2020 comprises the following:

	2020	2019
	£'000	£'000
Tangible fixed assets	49	36
Current assets	2,694	2,042
Creditors due within one year	(1,955)	(1,315)
Creditors due after one year	-	-
<b>Total</b>	<b>788</b>	<b>763</b>
<b>50% share</b>	<b>394</b>	<b>382</b>



The joint venture company reported the following performance for the year ended 31 July 2020

	2020	2019
	£'000	£'000
Turnover	5,378	5,574
Cost of sales	(2,712)	(3,476)
<b>Gross profit</b>	<b>2,666</b>	<b>2,098</b>
Administrative expenses	(2,641)	(2,073)
<b>Profit before and after tax</b>	<b>25</b>	<b>25</b>
<b>50% share</b>	<b>13</b>	<b>13</b>

#### 15 Trade and other receivables

	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	1,049	1,183
Prepayments and accrued income	1,579	1,701
Amounts owed by the Education and Skills Funding Agency (ESFA)	1,369	941
<b>Total</b>	<b>3,997</b>	<b>3,825</b>

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

	2020	2019
	£'000	£'000
Bank loans	713	820
Obligations under finance leases	10	10
Trade payables	725	986
Other taxation and social security	504	524
Accruals and deferred income	4,097	3,369
Deferred income - government capital grants	1,483	1,376
Amounts owed to the Education and Skills Funding Agency	681	183
<b>Total</b>	<b>8,213</b>	<b>7,268</b>

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

	2020	2019
	£'000	£'000
Bank loans	6,200	6,207
ESFA loan	3,800	4,300
Obligations under finance leases	5	14
Accruals	1,003	897
Deferred income - government capital grants	31,161	30,599
<b>Total</b>	<b>42,169</b>	<b>42,017</b>

Government Capital Grants have been accounted for as follows:-

	<b>SFA/BIS</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance on 1 August 2019	23,949	8,026	31,975
Cash received during year	1,063	949	2,012
Grant released to Income	(1,104)	(239)	(1,343)
Balance on 31 July 2020	<b>23,908</b>	<b>8,736</b>	<b>32,644</b>
Being:			
- Under 12 months	1,172	311	1,483
- Over 12 months	22,736	8,425	31,161
<b>Total</b>	<b>23,908</b>	<b>8,736</b>	<b>32,644</b>

## 18 Maturity of debt

### (a) Loans

Loans are repayable as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less	713	820
Between one and two years	1,395	713
Between two and five years	4,784	4,203
In five years or more	3,821	5,591
<b>Total</b>	<b>10,713</b>	<b>11,327</b>

Bank loans totalling £1,707k are repayable by instalments falling due between 1 August 2020 and 31 May 2028. Interest is charged at 7.275% per annum and the loans are secured on a portion of the freehold land and buildings of the College.

A loan with Solving Energy Efficiency Finance of £7k was repayable by instalments falling due between 1 August 2019 and 31 October 2019. The loan was unsecured.

A loan with the ESFA totalling £4,300k is repayable by instalments falling due between 1 August 2019 and 31 July 2025. Interest is charged at 1.038% per annum.

A loan with Sedgemoor District Council totalling £4,706k is repayable by instalments falling due between November 2022 and October 2040. Interest is charged at 4.50% per annum, and the loan is unsecured.

### (b) Finance leases

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less	10	10
Between two and five years	5	14
<b>Total</b>	<b>15</b>	<b>24</b>

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

**19 Provisions**

	Defined benefit obligations	Enhanced pensions	Total
	£'000	£'000	£'000
At 1 August 2019	53,390	583	53,973
Expenditure in the period	(2,466)	(29)	(2,495)
Transferred from income and expenditure account	28,067	55	28,122
<b>At 31 July 2020</b>	<b>78,991</b>	<b>609</b>	<b>79,600</b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in note 25.

The enhanced pension provision was transferred in upon the merger with Somerset College of Arts and Technology, and 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. The principal assumptions for this calculation are:

	2020	2019
Price inflation	2.2%	2.2%
Discount rate	1.4%	2.0%

**20 Cash and cash equivalents**

	At 1 August 2019	Cash flows	At 31 July 2020
	£'000	£'000	£'000
Cash and cash equivalents	3,677	1,462	5,139
<b>Total</b>	<b>3,677</b>	<b>1,462</b>	<b>5,139</b>

**Analysis of cash and cash equivalents and net debt**

	At 1 August 2019 £'000	Cash flow £'000	Non-cash movements £'000	At 31 July 2020 £'000
<i>Net cash:</i>				
Cash in hand and at bank	3,677	1,462	-	5,139
	3,677	1,462	-	5,139
<i>Debt:</i>				
Debt due within 1 year	(820)	820	(713)	(713)
Debt due after 1 year	(10,507)	-	507	(10,000)
Finance lease obligations due within 1 year	(10)	9	(9)	(10)
Finance lease obligations due after 1 year	(14)	-	9	(5)
	(11,351)	829	(206)	(10,728)
<b>Net debt</b>	<b>(7,674)</b>	<b>2,291</b>	<b>(206)</b>	<b>(5,589)</b>

**21 Capital and other commitments**

	2020 £'000	2019 £'000
Commitments contracted for at 31 July	1,909	996

**22 Lease obligations**

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

	2020 £'000	2019 £'000
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	-	32
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>32</u>
<b>Other</b>		
Not later than one year	157	84
Later than one year and not later than five years	215	41
Later than five years	-	-
	<u>372</u>	<u>125</u>

**23 Contingent liabilities**

There are no contingent liabilities to report.

**24 Events after the reporting period**

There are no post balance sheet events to report.

**25 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 Somerset Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Somerset County Council Pension Scheme. Both are multi-employer defined-benefit plans.

<b>Total pension cost for the year</b>	2020 £000	2019 £000
Teachers' Pension Scheme: contributions paid	2,288	1,662
Local Government Pension Scheme:		
Contributions paid	1,981	1,740
FRS 102 charge	2,850	2,238
Charge to the Statement of Comprehensive Income	<u>4,831</u>	<u>3,978</u>
Enhanced Pension Scheme charge to Statement of Comprehensive Income	<u>493</u>	<u>593</u>
<b>Total Pension Cost for Year within staff costs</b>	<u><b>7,612</b></u>	<u><b>6,233</b></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 2016 and of the LGPS 31 March 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

### Teachers' Pension Scheme

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

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

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

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

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

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

### Valuation of the Teachers' Pension Scheme

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019/20 academic year and a further amount will be received to assist with additional costs during 2020/21.

The pension costs paid to TPS in the year amounted to £2,288,000 (2019: £1,662,000)

### Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Somerset County Council. The total contributions made for the year ended 31 July 2020 were £2,699,159 of which employer's contributions totalled £1,980,543 and employees' contributions totalled £718,616. The employer contribution rate increased in year from 14.8% to 18%. Employee's contributions range between 5.5% and 12.5%, depending upon salary.

### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2020 by a qualified independent actuary.

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	2.45%	2.45%
Future pensions increases	2.20%	2.35%
Discount rate for scheme liabilities	1.40%	2.15%
Inflation assumption (CPI)	2.20%	2.35%
Commutation of pensions to lump sums	50%	50%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2020	At 31 July 2019
	Years	Years
<i>Retiring today</i>		
Males	23.3	22.9
Females	24.8	24.0
<i>Retiring in 20 years</i>		
Males	24.7	24.6
Females	26.2	25.8

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

	Fair Value at 31 July 2020	Fair Value at 31 July 2019
	£'000	£'000
Equity instruments	54,861	52,023
Debt instruments	4,756	4,413
Other bonds	8,139	6,657
Property	6,343	6,155
Cash	4,151	4,500
<b>Total fair value of plan assets</b>	<b>78,250</b>	<b>73,748</b>
<b>Weighted average expected long term rate of return</b>	<b>2.0%</b>	<b>6.0%</b>
<b>Actual return on plan assets</b>	<b>1,478</b>	<b>4,116</b>

*The amount included in the balance sheet in respect of the defined benefit pension plan and enhanced pensions benefits is as follows:*

	2020	2019
	£'000	£'000
Fair value of plan assets	78,250	73,748
Present value of plan liabilities	(157,167)	(127,060)
Present value of unfunded liabilities	(74)	(78)
<b>Net pensions liability (Note 19)</b>	<b>(78,991)</b>	<b>(53,390)</b>

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

	2020	2019
	£'000	£'000
<b>Amounts included in staff costs</b>		
Current service cost	5,110	4,461
Settlements	151	-
Past service cost	-	147
<b>Total</b>	<b>5,261</b>	<b>4,608</b>
<b>Amounts included in investment income</b>		
Net interest income	1,139	1,160
<b>Total</b>	<b>1,139</b>	<b>1,160</b>

**Amounts recognised in Other Comprehensive Income**

Return on pension plan assets	(122)	2,280
Changes in assumptions underlying the present value of plan liabilities	(21,194)	(6,707)
Experience gains arising on defined benefit obligations	1,787	-
<b>Total</b>	<b>(19,529)</b>	<b>(4,427)</b>

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit liability in scheme at 1 August	(53,390)	(45,565)
Movement in year:		
Current service cost	(5,110)	(4,461)
Employer contributions	2,466	2,430
Past service cost	-	(147)
Administration expenses	(55)	(60)
Net interest on the defined liability	(1,139)	(1,160)
Settlements	(151)	-
Actuarial gain/(loss)	(21,612)	(4,427)
<b>Net defined benefit liability at 31 July</b>	<b>(78,991)</b>	<b>(53,390)</b>

**Asset and Liability Reconciliation**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>127,138</b>	<b>114,460</b>
Current service cost	5,110	4,461
Interest cost	2,739	2,996
Contributions by Scheme participants	771	727
Experience gains and losses on defined benefit obligations	1,787	-
Changes in financial assumptions	21,458	13,678
Change in demographic assumptions	(264)	(6,971)
Estimated benefits paid	(5)	(5)
Past Service cost	-	147
Liabilities assumed / (extinguished) on settlement	404	-
Curtailments and settlements	(1,897)	(2,355)
<b>Defined benefit obligations at end of period</b>	<b>157,241</b>	<b>127,138</b>

**Changes in fair value of plan assets**

	2020	2019
	£'000	£'000
<b>Fair value of plan assets at start of period</b>	73,748	68,895
Interest on plan assets	1,600	1,836
Return on plan assets	(122)	2,280
Employer contributions	2,466	2,430
Contributions by Scheme participants	771	727
Estimated benefits paid	(1,902)	(2,360)
Administration expenses	(55)	(60)
Actuarial gain/(loss)	1,491	-
Settlement prices received / (paid)	253	-
<b>Fair value of plan assets at end of period</b>	<b>78,250</b>	<b>73,748</b>

These accounts show a past service cost of £230 million in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 July 2020. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

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

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

**26 Related party transactions**

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

The total expenses paid to or on behalf of the Governors during the year was £1,507; 5 governors (2019: £3,066; 7 Governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

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

**Senior Management Team***Bridgwater College Trust*

Sales transactions in the year amounted to £71k (2019 – £83k). There was no outstanding amount to the College at the year-end (2019 – £0k)

*Chiltern Trinity School*

Sales transactions in the year amounted to £25k (2019 – £29k). There was no outstanding amount to the College at the year-end (2019 – £0k)



*The Colleges' Partnership Limited*

The Company previously paid an educational support fee to the College, in conjunction with its joint venture partner Wiltshire College.

During the period 1 August 2019 to 31 July 2020 no invoices were raised by the College. The outstanding amount owed to the College was £269k (2019 - £493k)

*Association of Colleges*

Purchase transactions in the year amounted to £49k (2019 - £47k) The outstanding amount owed by the College was £0k (2019 - £0k)

*Landex*

Purchase transactions in the year amounted to £7k (2019 - £7k) The outstanding amount owed by the College was £0k (2019 - £0k)

**Governors**

One of the College's Governors sits on the board of the Royal Bath & West of England Society and Farm Link Education Ltd. Transactions for Royal Bath & West of England Society amounted to £0.6k (2019: £0.5k) There was an outstanding amount of £0k (2019: £0k) owed to by College at the year-end. Transactions for Farm Link Education amounted to £8k (2019: £12k) There was an outstanding amount of £0k (2019: £0k) owed to by College at the year-end.

One of the College's Governors is a Director of by Alvis Contracting LLP, which provided varying services amounting to £111k (2019: £85k). An outstanding amount of £6.5k (2019: £0.6k) was owed at the year-end. Due to the value spent with Alvis Contracting LLP a tender exercise was undertaken to ensure the College was compliant with the Financial Regulations.

**27 Amounts disbursed as agent - Learner support funds**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Funding body grants – bursary support	54	60
Funding body grants – discretionary learner support	537	465
Funding body grants – residential bursaries	97	92
	<u>688</u>	<u>617</u>
Disbursed to students	(428)	(514)
Administration costs	(24)	(28)
	<u>236</u>	<u>75</u>
Balance unspent as at 31 July, included in creditors		

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

