Bromley OF FURTHER & HIGHER EDUCATION COLLEGE

Report and Financial Statements for the year ended 31 July 2015

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Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES:

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

Legal Status

Bromley College of Further & Higher Education was established under the Further and Higher Education Act 1992. The College is an exempt charity for the purposes of the Charities Act 2011 and accordingly is not liable to Corporation Tax.

Mission

The Corporation re-affirmed the Mission and Vision at its meeting in May 2015.

The College's vision is to be recognised, valued and respected in our communities as listening, responsive and relevant. We will be recognised as an outstanding centre of vocational and educational excellence and will play a leading role in economic and social development.

The College's mission is delivering real skills and knowledge for the real world.

This brings to life the absolute focus on relevant, up to date, high quality skills that meet the needs of the local community, which will mean:

- An economy benefitting from a skilled labour force;
- More skills in the local area especially at levels 4 and 5;
- Businesses attracted to the area because of the skills of the residents;
- Employers working with and in the College;
- Employers competing to recruit students from the College;
- Students and staff being proud of their association with the College;
- A local, regional and national reputation for all that it does; and
- A place where others look for best practice.

Public Benefit

The College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Corporation, who are trustees of the charity, are disclosed on page 16 below.

In setting and reviewing the College's strategic objectives, the Corporation 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:

Operating and Financial Review (continued)

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

Implementation of Strategic Plan

In July 2012, the College adopted a strategic plan for the period covering 1 August 2012 to 31 July 2015. The Corporation monitors the performance of the College against this plan which is reviewed and updated each year. The College's strategic aims are to:

- Be distinctive and responsive in our community;
- Be widely recognised as a successful College;
- Be a strong College for the future; and
- Promote a College culture that delivers success.

In July 2015, the College approved an updated strategic plan covering the period from 2015 to 2020. The updated strategic plan incorporates the aspirations and developments for the College during the medium term

Review of progress in 2014/15 against the strategic plan

The College's specific objectives for 2014/15 and achievement of those objectives is addressed below.

The College achieved 2,685 16-18 learners compared to its allocation of 2,886 (93%); the College achieved 96% of its Adult Skills Budget allocation, and met the directly funded HE target under the student number controls.

Expansion of the Higher Education portfolio continued, building on the strategic alliance with Canterbury Christ Church University which was formed in 2012/13, and the partnership with University of Greenwich. The College successfully achieved validation for a number of new programmes which were offered in 2014/15. These included BSc Accountancy; FD Social Care Studies; BA Top up Education and Training; BA Top up Business. New validations were also achieved for 2015/16 including LLBs with Business or Law, BSc Marketing, BSc Human Resource Management, FD Childhood Studies with SEN, FD Physical Education & Physical Activity, FD Sport and Exercise Science, BA Top up in Childhood Studies and BA top up Early Childhood Education & Care. These new programmes will provide additional progression routes for students on both FE and other HE programmes and have been mapped to the skill needs of the local and regional economy.

In response to demand within the local community, and in particular the anticipated shortage in secondary school places over the next few years, the College has made the decision to recruit learners at age 14. A significant amount of investment was required to create a separate 14-16 area on campus, and to design and write the core and vocational curriculum for this new cohort. This curriculum is delivered through the Bromley Technical Academy brand and the Academy exceeded its enrolment target for year 1 by recruiting 70 learners in 2014/15. The 14-16 provision was subject to an Ofsted monitoring visit during the year and Ofsted were pleased with the quality of provision on offer.

Operating and Financial Review (continued)

Review of progress in 2014/15 against the strategic plan (continued)

In order to respond to gaps in the curriculum offer where there are clear routes through to sustainable employment, and an expansion of the labour market, the College completed work on a £2.2m capital project to enable the delivery of Hospitality and Catering courses at its Orpington campus. This project was funded entirely through College reserves.

The College had recognised that it has relatively poor sports facilities and during the year work on a new £4.4m Sports England Standard Sports Hall was completed. This significantly improves the sporting facilities on offer to the student population and compliance with industry standard facilities will enable to College to expand the Sport curriculum on offer.

The Corporation considered progress against the current strategic plan in May 2015. It was acknowledged despite the achievements explained above, the pace of change in the sector had been such that many of the current priorities e.g. 14-16 developments had not been anticipated when the strategic plan was agreed.

On 1 September 2014 the College became the sole sponsor of the Bromley Educational Trust (BET). BET is a Multi Academy Trust providing sponsorship to Pupil Referral Units and Special Schools. The aim of BET is to give children and young people from all backgrounds an outstanding education. In so doing, they will acquire the values, skills, knowledge and understanding to prepare them for life beyond the classroom and subsequently succeed.

Financial objectives

The College's financial objectives are:

i. To achieve an adjusted operating surplus (pre FR17 costs) of 2% of turnover;
ii. Achieve a cash inflow from operating activities of at least £2m;
iii. A current ratio target of at least 1.2;
iv. To maintain a minimum bank balance of £2.0m;
v. A ratio of staff costs against income (excluding re-structuring) of no more than 62%;
vi. A viable level of long term borrowing with debt servicing costs of no more than 7% of total income; and
vii. Achievement of all financial bank loan covenants.

A series of annual performance indicators have been agreed to monitor the achievement of the financial objectives. For 2014/15 all of the objectives have been achieved.

Performance indicators

The College is committed to observing the importance of sector measures and indicators and use the FE Choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Skills Funding Agency. The Finance Record produces a financial health grading. The current rating of 'Good' is considered to be an appropriate assessment.

Operating and Financial Review (continued)

FINANCIAL POSITION

Financial Results

In 2014/15 the College generated an operating surplus of £0.8m (2013/14: surplus of £0.5m).

The operating position for 2014/15 includes the interest income on the College's share of the Local Government Pension Scheme (LGPS) of £0.14m (2013/14: £0.09m).

The College has accumulated income and expenditure account reserves of £7.6m and cash balances of £5.6m. The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund, but this is balanced with the need to reinvest in the College estate at the appropriate time.

Total income in the year was £29.7m which is a £0.4m increase from 2014/15. The College continues to have significant reliance on the SFA and EFA for its principal funding source, largely from recurrent grants. In 2014/15 the SFA and EFA provided 78% of the College's total income (2013/14: 81%). The reduction relates to changes in SFA funding eligibility requirements and the introduction of 24+ Advanced Learning Loans, together with growth in HE income.

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 has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. Such arrangements are restricted by limits in the College's Financial Memorandum agreed with the Skills Funding Agency. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows & Liquidity

The College aims to generate a cash surplus from operating activities each year and £3.5m was achieved (2013/14: £3.0m). The College also aims to maintain an appropriate balance between continuing capital investment and net current assets (which reduced by £2.6m to £1.5m at 31 July 2015).

College liquidity remained strong during the year with cash balances of £5.6m (2013/14: £7.1m). During the year the College has invested in a number of capital projects including the new Sports Hall and the Hospitality and Catering facilities. Total capital expenditure in the year was £4.5m (2013/14: £3.5m).

The quantum of overall debt is determined by the College's ability to meet capital repayments and debt charges with due regard to interest rate risk. This is reflected in the College's financial forecast.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

In 2014/15 the College recruited 2,623 EFA funded 16-18 learners and 62 19-24 high needs learners against an overall allocation of 2,886 (93% of target); the College expects to

Operating and Financial Review (continued)

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

achieve 96% of its Adult Skills Budget allocation, and met the directly funded HE target under the student number controls. In 2013/14 the College achieved 2,875 16-18 learners compared to its allocation of 2,906 (99%); the College achieved 100% of its Adult Skills Budget allocation, and met the directly funded HE target under the student number controls.

In 2014/15 there have been improvements in retention, achievement and success rates: headline retention rates were 93.9%, achievement rates 90.9%, and success rates were 85.3%. This has been achieved by improved tracking of individual learner's progress and improved attendance reporting and monitoring. By comparison the 2013/14 retention rates were 93.3% and achievement rates 90.4% and success rates were 84.3. Attendance rates have also improved to 87.4% from 86.8% in 2013/14.

Student Numbers

In 2014/15 the College has delivered activity that has produced £21.6m of funding body main allocation funding from the SFA and EFA (2013/14 - £22.1m). Total student numbers were 8,939 which compares with 9,268 in the previous year. The decrease is primarily due to a reduction in Government funding for adults together with eligibility changes.

Student Achievements

The College is continuously seeking to improve its learner success rates and all staff and managers are focused on meeting this strategic aim. In 2014/15 headline classroom based success rates are expected to be 85.3% which is an improvement when compared with the previous year of 84.3%.

Curriculum Developments

Methods of teaching and learning are under continuous review and development in order to ensure that the curriculum meets the needs of the local population and employers. This process is formalised through a strategic planning process that reviews current information to assess the College's ability to meet local and regional employment needs.

The College continues to work with a number of key employer partners including, The London Borough of Bromley, The London Borough of Lewisham, STA Travel, Travelbag, Lycatel, Markerstudy, Babcock, Lloyds of London, and a number of brokers in the Lloyds Market.

In response to government funding changes and the creation of study programmes for 16-18 year old learners, the College has continued to remodel its study programmes in response to Government Education Policy and funding changes In addition, these programmes have been refined in order to maximise the potential of young people (16-19) to allow them to progress onto higher education and/or skilled employment by ensuring that vocational routes to higher education and employment are seen as high quality and a genuine alternative to academic routes.

The Study Programme has three key elements: 1. A substantial qualification, e.g. BTEC First (Level 2) and BTEC National (Level 3). 2. Working towards Level 2 GCSE C Grade and above in maths and English (if a learner is not already at this level), and 3. Work experience or other work-preparation programme as part of the Bromley Advantage Strategy. The delivery model for study programmes is based upon project based approaches using flip and active learning to stimulate learners to achieve outstanding results.

Operating and Financial Review (continued)

Curriculum Developments (continued)

The College has strategically moved into recruiting 14-16 year old learners who enrolled for the first time with effect from September 2014. The curriculum model follows the Key Stage 4 education requirements to offer core subjects of English, Maths and Science alongside the opportunity to take a range of GCSEs and the opportunity to take a vocational qualification.

The vocational elements of the 14-16 curriculum make up the Progress 8 requirements for this age group and the delivery is blended with the core academic subjects through project based learning. Some learners who came at year 11 complete the most appropriate course to enable them to maximise their achievements, though this may not be the full Progress 8 measure.

The College is developing its curriculum to appeal to a broad cohort of learners including both self funding and government funded. Key areas being developed include a Business School concept to deliver business and commercial courses to employers, our Hospitality, Food and Enterprise College which operates a commercial restaurant, and the new Sport England standard sports facility which allows the College to run mandatory Sports courses which are a prerequisite to working in the sport industry.

Apprenticeships have remained a key priority for the College and income targets for 16-18 year old apprentices were exceeded during the year. The College continues to expand its apprenticeship offer in industries where it has a strong reputation and provides quality results and a 'return on investment' for employers. This includes the Financial Services area that is nationally recognised and in which the College delivers programmes for national companies. The strategic direction of apprenticeships is to continue to improve the provision so that it becomes outstanding in all areas, with less provision being offered through a few outstanding partner organisations and more numbers being delivered through the College.

The College has developed its capacity to run Traineeships as a distinct offer for those learners requiring a comprehensive programme containing English, maths, appropriate vocational qualification and work experience. There are pre-Apprenticeship and Traineeship courses for all learners to ensure they are prepared for their substantial programme of study

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days. During this financial period, the College paid 87% of its invoices within 30 days compared with the Treasury target of 95%; the College is working to improve this payment performance. The College incurred no interest charges in respect of late payment for this period.

Post Balance Sheet Events

On 9 December 2015, the Corporation of Bromley College resolved to federate with Greenwich Community College as both Colleges work towards a potential merger. The federation will be effective from 1 January 2016, and will provide for Bromley College to assume the executive management responsibilities of Greenwich Community College on the federation date. No assets or liabilities will transfer under the terms of the federation.

Operating and Financial Review (continued)

Future Developments

The five year Strategic Plan which covers 2015 to 2020 incorporates the aspirations and developments for the College during the medium term.

The College recognises the challenges the sector is facing with significant Government changes to the provision of post 16 education, together with significant departmental spending cuts, and the area based reviews of Colleges. The College views the area based reviews as a positive measure for the sector and will be playing a leading an active role in the local area review.

Following a Structures and Prospects Appraisal of Greenwich Community College, the FE Commissioner has recommended Bromley College of Further and Higher Education as the preferred merger partner. At its meeting on 21 July 2015, the Corporation of Greenwich Community College formally resolved to pursue the merger proposal with Bromley College of Further and Higher Education. A detailed financial, legal, and property due diligence exercise will now be completed before the Corporation of Bromley College can formally consider whether the proposed merger should go ahead.

The College also acknowledges the challenges it faces in terms of learner recruitment and is planning to grow its commercial income in order to mitigate this risk. In addition, the College will concentrate delivery in priority areas for funding and plans to increase the number of 14-16 and 16-18 classroom based training places available. In addition, the College plans to grow its employer responsive provision through Traineeship and Apprenticeship training opportunities offered to those learners who are 16-18 and 19-24.

Having undertaken a number of major capital projects and re-developments in recent years, limited capital funds for further investment are available to the College. However, the College plans to complete Phase 2 of its Hospitality and Catering Facilities and improve capacity for 14-16 year old learners when funds are available.

The College will also focus on improving outcomes for learners and the reputation of the College when compared to national benchmarks.

The College is a partner in the Bromley UTC Trust project together with Canterbury Christ Church University and Kings College Hospital. The UTC Trust plans to open the Bromley University Technical College in 2017/18. The UTC is in the early stages of development and will specialise in the field of health, wellbeing and sports sciences.

RESOURCES

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

Financial

The College has £48.2 million of net assets (including £6.2 million pension liability) and long term debt of £6.1 million.

The College has an accumulated income and expenditure account reserve (excluding Pension Reserve) of £13.8m (2013/14 £12.6m) and cash balances of £5.6m (2013/14 £7.1m). The College wishes to continue to accumulate reserves and cash balances in order to help fund future major capital investment.

Operating and Financial Review (continued)

RESOURCES (continued)

People
The College employs 370 people (expressed as full time equivalents) of whom 167 are teaching staff. This is a slight decrease from 2013/14 (380) and reflects efficiencies and a strategic staff reorganisation to build capacity for future developments whilst improving service and quality.

Reputation
The College has a good reputation for responsive high quality education and training. The College attracts students both from the London Borough of Bromley, and many other Local Authorities. Maintaining a quality brand is essential for the College's success at attracting students and developing external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has undertaken further work during the year to develop and embed its systems of internal control, including financial, operational, and risk management in order to ensure the College is best placed to achieve its objectives.

Based on the strategic plan, the College management team undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions is monitored during the year.

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 SFA and EFA. In 2014/15 82% of the College's revenue was ultimately public 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 Government is continuing with its austerity measures in response to the structural budget deficit. Funding changes and reductions for Further Education are expected to continue for at least the medium term, these include the potential extension of FE loans to start at 19 rather than 24, possible cuts to the funding rates for qualifications, reductions in the number of qualifications which are eligible for funding, and changes to learner eligibility requirements. The anticipated change to funding apprenticeships through an employer based voucher scheme rather than the provider also presents a risk. These reductions to funding levels at a time when costs are increasing may have a significant impact of the financial viability of the FE sector, and the College.

This risk is mitigated in a number of ways:-

Operating and Financial Review (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Government Funding (continued)

- 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;
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding;
- Regular dialogue with employers; and
- Through active participation in the area based reviews of College, and consideration of opportunities to work more closely with other local College's.

Changes to Funding for Capital Grants

Funding for capital grants is now administered by the Local Enterprise Panel (LEP) rather than the Skills Funding Agency, and the monies available for the sector through such grants are greatly reduced. Rather than benefitting from significant levels of grant support, Colleges are increasingly required to fund two thirds of a project from their own resources unless it can be demonstrated that this is not affordable. Whilst much of the College estate is currently in good condition having benefited from of grant support and capital investment in the past, ensuring the estate is fit for purpose in the long term represents a considerable challenge. In addition, lower levels of grant support will result in a higher net annual depreciation charge, and this will put further pressures on the ability to generate an operating surplus each year.

This risk is mitigated in a number of ways:

- By continuing to generate cash reserves and investing these in the in the College estate;
- By having an annual planned maintenance programme to keep the estate in good repair and decorative order;
- Ensuring sufficient budgets are made available to respond to in year maintenance requirements; and
- Carefully appraising future major capital programmes to ensure resources are deployed where appropriate.

Retention and recruitment of staff

The retention and recruitment of appropriately skilled staff is essential for the successful delivery of the College's Strategic Plan and annual objectives.

This risk is mitigated in a number of ways.

- Commitment to continuing investment in staff development;
- Comprehensive and current Human Resources policies and procedures;
- Strong support to managers from the Human Resources department;
- Regular review of staff turnover analysis;
- Regular review of recruitment strategies;
- Continuing to build on the good reputation of the College; and
- Maintaining the financial strength of the College.

Operating and Financial Review (continued)

Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme (LGPS) deficit on the College's balance sheet in line with the requirements of FRS 17. The College monitors and reviews the pension scheme deficit and implements any change to the employer contribution rate as determined by the periodic actuarial valuation of the pension fund. The College budget for 2015/16 includes a provision for FRS17 costs, but future LGPS pension charges are uncertain due to the volatility in the financial markets.

STAKEHOLDER RELATIONSHIPS

The College has many stakeholders which include:

- Students
- Education sector funding bodies
- Staff
- Local employers (with specific links)
- Local Authorities
- London Enterprise Panel (LEP)
- The local community
- Canterbury Christchurch University (HEI Partner)
- University of Greenwich (HEI Partner)
- Other FE institutions
- Trade unions

The College recognises the importance of stakeholder relationships and engages in regular communication with them.

EQUALITY STATEMENTS

Equality and Diversity

The College is successful in recruiting a very diverse range of students including a relatively high proportion of students from black and minority ethnic backgrounds (in comparison with the immediate local population) and a significant number of students with disabilities.

Employment of Disabled Persons/Disability Statement

The College systematically monitors the diversity of its staff, and reviews its recruitment arrangements to support equality and diversity objectives. Equality and Diversity training continues to feature in the Strategic Professional Development Framework, as part of the College's mandatory training requirements.

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned and, where disabled candidates disclose their disability to the College and meet the minimum selection criteria, an interview will be offered. Where an existing employee becomes disabled every effort is made to ensure that their employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. The College holds the "two ticks" - positive about disabled people - kite mark.

Operating and Financial Review (continued)

Employment of Disabled Persons/Disability Statement (continued)

The College is fully compliant with the provisions as contained in the Equality Act 2010 and the requirements of the Special Education Needs and Disability Act 2001 and continues to work to widen access to all actual and potential learners. A £2m refurbishment programme to provide excellent accommodation for our students with learning disabilities or difficulties was completed in June 2013.

DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the Members of the Corporation on 9 December 2015 and signed on their behalf by:

Mr R Dawe, Chair

Professional Advisers

Financial Statements and Regularity Auditors:
Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Internal Auditors:
Baker Tilly RSM Risk Advisory Services LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

Bankers:
Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Allied Irish Bank (GB)
20/22 Marlborough Place
Brighton
BN1 1UB

Solicitors:
Eversheds
Kett House
Station Road
Cambridge
CB1 2JY

Statement of Corporate Governance and Internal Control

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

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

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

In the opinion of the Corporation, the College complies with all the provisions of the Foundation Code, and it has complied throughout the year ended 31 July 2015. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The English Colleges' Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted in July 2012 and the Audit and Accountability Annex to the Foundation Code that was issued in March 2013 and adopted by the College in July 2014. This also applies to the Code of Good Governance which superseded the foundation Code and was adopted by the Corporation in July 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 below. The Corporation conducts its business through meetings of the full Board and a number of committees: Audit (A), Governance and Search (GS) and Remuneration (R). Each committee has terms of reference, which have been approved by the Corporation. The Clerk to the Corporation maintains minutes of meetings and a register of members' financial and personal interests, which are available for inspection, on request to the Clerk to the Corporation. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website [at www.bromley.ac.uk].

Members	Type	Role as at December 2015	Dates if not full period	Attendance
P Absalom	Independent		From March 15	100%
P Bance	Independent	Audit	From March 15	100%
N Bennett	Independent		From July 2014	83%
K Clarke	Independent		From March 15	100%
C Cook	Independent		To April 2015	33%
R Coward	Student		From July 15	0%
R Dawe	Independent	Chair of: Corporation Governance and Search Remuneration		100%
D Forty	Independent		To July 2015	69%
A Hands	Independent	Governance and Search		100%
J Hunter	Independent		To Dec 2014	100%
C Jolliff	Independent	Corporation Vice Chair Governance and Search Remuneration		78%
L Judd	Independent			100%
M Michalski	Independent	Audit Committee Vice Chair		100%
S Parrett	Principal			100%
I Simmonds	Student		From Sept 2014 to July 2015	60%
M Stiasny	Independent		To Feb 2015	50%
F Toop	Independent	Audit Committee Chair Governance and Search Remuneration		92%
L Watson	Staff			83%
V Whittle	Independent	E+D / Safeguarding lead governor Remuneration		71%
K Woolcott	Independent		From March 15	67%
C Yates	Independent	Audit	From July 15	100%

Attendance by Committee was as follows:

Corporation	83%
Audit	83%
Governance and Search	90%
Remuneration	100%
Overall	84%

Mr R Dawe was appointed as Chair of the Corporation on 1 August 2013. The Corporation, as at the July 2015 meeting, comprised of 17 members, with no vacancies.

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 performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation normally meets twice per term.

All Corporation members are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring compliance with all applicable procedures and regulations.

The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

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

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

There is a clear division of responsibility in that the roles of the Chair of the Corporation and Accounting Officer (Principal) of the College 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, which comprises four members, with the power of co-option of further members external to the College or College staff with particular expertise when vacancies arise where a person with a certain background may be required. This committee is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding 4 years, although this may be renewed.

Remuneration Committee
Throughout the year ending 31 July 2015, the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Principal and other senior post-holders.

Details of remuneration for the year ended 31 July 2015 are set out in note 7 to these financial statements.

Audit Committee
The Audit Committee comprises four members all of whom were members of the Corporation (but not Chair or College Principal). The Committee operates in accordance with written terms of reference approved by the Corporation.

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

The College's internal auditors review the systems of internal control, risk management 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 recommendations and internal audit undertakes periodic follow up reviews to ensure such recommendations have been implemented. The Audit Committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work and approves the fees to be paid.

The Audit Committee is required to report to the Corporation on the result of its work during the year and that of the internal and external auditors through its annual Audit Committee Report. This report is considered by the Corporation prior to the financial statements being approved.

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

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

The purpose of the system of internal control
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks 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 on-going 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 Bromley College of Further and Higher Education throughout the year ended 31 July 2015 and up to the date of approval of this annual report and financial statements.

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

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation
- regular reviews by the Corporation of periodic and annual financial reports, which indicate financial performance against forecasts

- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

Bromley College of Further and Higher Education has an internal audit service, which operates in accordance with the requirements of the EFA and SFA's *Joint Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At least annually, the Internal Auditor provides the Audit Committee of the Corporation with a report on internal audit activity in the College. The report includes the Auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, control and governance processes.

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

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

The Principal has been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance. 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 Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 9 December 2015 meeting, the Corporation will carry out the annual assessment for the year ended 31 July 2015 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2015.

The Internal Auditors Annual Report, presented to the Audit Committee on the 5 October 2015, and the Audit Committee's Annual Report, approved on 24 November 2015 contain the opinion that '*Bromley College has adequate and effective risk management, control and governance processes to manage the achievement of the College's objectives*'.

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 Members of the Corporation on 9 December 2015 and signed on its behalf by:

Mr R Dawe,
Chair

Mrs S Parrett
Principal & Accounting Officer

Corporation's statement on the College's regularity, proprietary and compliance with funding body terms and conditions of funding

The Corporation has considered its responsibility to notify the Skills Funding Agency (SFA) and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the financial memorandum and funding agreement in place between the College and the funding agencies. As part of its consideration the Corporation has had due regard to the requirements of the financial memorandum and funding agreement.

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 funding agencies terms and conditions of funding under the College's financial memorandum and funding agreement.

We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date. If any instances are identified after the date of this statement, these will be notified to the SFA/EFA.

Mr R Dawe,
Chair

Mrs S Parrett
Principal & 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 Financial Memorandum between the Skills Funding Agency and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and with the Accounts Direction for 2014/15 issued jointly by the SFA and EFA, and which give a true and fair view of the state of affairs of the College and of the result for the year.

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

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

The Corporation is also required to prepare an Operating and Financial Review, which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

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

Approved by Members of the Corporation on 9 December 2015 and signed on its behalf by:

Mr R Dawe, Chair

Independent auditor's report to the Corporation of Bromley College of Further and Higher Education

We have audited the College financial statements ("the financial statements") of Bromley College of Further and Higher Education for the year ended 31 July 2015 set out on pages 27 to 52. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice). This report is made solely to the Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the 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 for the opinions we have formed.

Respective Responsibilities of the Corporation of Bromley College of Further and Higher Education and Auditor

As explained more fully in the Statement of the Corporation's responsibilities set out on page 15, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Matters on which we are required to report by exception

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

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

Buzzacott LLP

Buzzacott LLP
Chartered Accountants
Registered Auditors

Date: 11 December 2015

Reporting Accountant's Assurance Report on Regularity to the Corporation of the College and Secretary of State for Business, Innovation and Skills acting through the Skills Funding Agency

In accordance with the terms of our engagement letter dated 13 May 2014 and further to the requirements of the funding agreement with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by The Bromley College during the period 1 August 2014 to 31 July 2015 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach
We conducted our engagement in accordance with the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of self-assessment questionnaire including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP

11 December 2015

Buzzacott LLP
Chartered Accountants

Date

Income and Expenditure Account

	Notes	2015 £'000	2014 £'000
Income			
Funding body grants	2	24,228	24,395
Tuition fees and education contracts	3	4,736	4,489
Other Income	4	555	351
Investment income	5	167	112
Total income		**29,686**	**29,346**
Expenditure			
Staff costs	6	18,030	17,493
Restructuring costs	6	156	219
Other operating expenses	8	7,479	7,806
Depreciation	11	3,059	3,150
Interest and other finance costs	9	157	164
Total expenditure		**28,881**	**28,832**
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax		**805**	**515**
Loss on disposal of fixed assets		-	(4)
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax		**805**	**511**
Taxation		-	-
Surplus for the year retained within general Reserves		**805**	**511**

The income and expenditure account is in respect of continuing activities.

Statement of Historical Cost Surpluses and Deficits

	Notes	2015 £'000	2014 £'000
Surplus on continuing operations before tax		805	511
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	18	460	493
Historical cost surplus for the year		**1,266**	**1,004**

Statement of Total Recognised Gains and Losses

Surplus on continuing operations after depreciation of assets at valuation and tax		805	511
Unrealised loss on disposal of revalued fixed assets		-	(553)
Actuarial loss in respect of pension scheme	20	(815)	(891)
Actuarial (loss) / gain on early voluntary retirements	19	(14)	9
Total recognised (losses) / gains since last report		**(24)**	**(924)**

Reconciliation

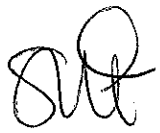
Opening reserves and endowments	17,450	18,374
Total recognised losses for the year	(24)	(924)
Closing reserves and endowments	**17,426**	**17,450**

Balance sheet as at 31 July

	Notes	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	11	59,320	57,838
Total fixed assets		**59,320**	**57,838**
Current assets			
Debtors	12	944	782
Cash at bank and in hand		5,558	7,126
Total current assets		**6,501**	**7,908**
Less: Creditors – amounts falling due within one Year	13	(5,029)	(3,804)
Net current assets		**1,473**	**4,104**
Total assets less current liabilities		**60,793**	**61,942**
Creditors – amounts falling due after more than one year	14	(6,069)	(6,656)
Provisions for liabilities	16	(300)	(378)
Net assets excluding pension liability		**54,424**	**54,908**
Net pension liability	20	(6,189)	(5,432)
NET ASSETS INCLUDING PENSION (LIABILITY)		**48,235**	**49,476**
Deferred capital grants	17	30,809	32,026
Reserves			
Income and expenditure account excluding pension reserve	19	13,772	12,579
Pension reserve	20	(6,189)	(5,432)
Income and expenditure account including pension reserve		7,583	7,147
Revaluation reserve	18	9,835	10,295
Restricted reserve		8	8
Total reserves		**17,426**	**17,450**
TOTAL FUNDS		**48,235**	**49,476**

The financial statements on pages 27 to 52 were approved by the Corporation on 9 December 2015 and were signed on its behalf on that day by:

Roger Dawe
Chair



Sam Parrett
Principal

Cash Flow Statement

	Notes	2015 £'000	2014 £'000
Cash inflow from operating activities	A	**3,481**	**3,004**
Returns on investments and servicing of finance	B	(117)	(129)
Capital expenditure and financial investment	C	(4,337)	(2,354)
Financing	D	(595)	(610)
Decrease in cash in the year	E	**(1,568)**	**(89)**

Reconciliation of net cash flow to movement in net debt

Decrease in cash in the period	E	(1,568)	(89)
Cash outflow from debt financing	D	595	610
Movement in net funds in the period		(973)	521
Net debt at 1 August		(141)	(662)
Net debt at 31 July	E	**(1,113)**	**(141)**

Notes to the Financial Statements

A Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

	2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of assets at valuation	805	511
Depreciation (notes 1 and 11)	3,059	3,150
Deferred capital grants released to income (note 17)	(1,422)	(1,638)
Interest payable (note 9)	145	150
FRS 17 pension cost less contributions payable (notes 6 and 20)	81	166
FRS 17 pension finance cost (note 5 and 9)	(139)	(76)
Increase in debtors (note 12)	(192)	(480)
Increase in creditors (note 13)	1,234	1,084
Provisions and write offs	(62)	155
Interest receivable (note 5)	(28)	(22)
Loss on disposal of tangible fixed assets (Note 11)	-	4
Net cash inflow from operating activities	**3,481**	**3,004**

B Returns on Investments and Servicing of Finance

	2015 £'000	2014 £'000
Interest received (note 5)	28	22
Interest paid (note 9)	(145)	(150)
Net cash outflow from returns on investment and Servicing of finance	**(117)**	**(129)**

C Capital Expenditure and Financial Investment

	2015 £'000	2014 £'000
Purchase of tangible fixed assets (note 11)	(4,542)	(3,503)
Deferred capital grants received (note 17)	205	1,149
Net cash outflow from capital expenditure and financial investment	**(4,337)**	**(2,354)**

Notes to the Financial Statements (continued)

D Financing

	2015 £'000	2014 £'000
Debt due beyond a year:		
Lennartz VAT repayments	(100)	(117)
Repayment of amounts borrowed	(495)	(493)
Net cash outflow from financing	**(595)**	**(610)**

E Analysis of Changes in Net Debt

	At 1 August 2014	Cash flows	At 31 July 2015
Cash in hand, and at bank	7,126	(1,568)	5,558
Debt due within 1 year	(610)	8	(602)
Debt due after 1 year	(6,656)	587	(6,069)
Total	**(141)**	**(972)**	**(1,113)**

Notes to the Financial Statements (continued)

1. Accounting policies

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

Basis of preparation
These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP), the Accounts Direction for 2014/15 financial statements and in accordance with applicable Accounting Standards.

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

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

The College currently has £6.4m of loans outstanding with bankers on terms negotiated in between 2006 and 2008. Additionally there is £1m of uncommitted facility available for unconditional drawdown with all being secured by a fixed charge on College assets. The terms of the existing agreement are for up to another 11 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. The College is also required to provide the SFA with copies of three year financial forecasts in July of each year for review and the SFA have not raised any going concern issues.

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
The recurrent grant from the funding bodies is that receivable as informed by the results of the funding audit undertaken. The recurrent grant from HEFCE represents the funding allocation attributable to the current financial year and is credited direct to the income and expenditure account.

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

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors. Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

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

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

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 20, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

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

Tangible fixed assets

Land and buildings
Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 15 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

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

When the College merged with Orpington College on 1st August 2011 the College revalued its land and buildings. The revalued amounts are included in these accounts. These assets will be revalued every five years in future.

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

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

Equipment
Equipment costing less than £5,000 per individual item is written off to the income and expenditure account in the period of acquisition with the exception of the annual IT equipment upgrade which may include individual items below this level but is capitalised at cost. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at valuation. Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the College of between one and three years from incorporation and is now fully depreciated. All other equipment is depreciated over its useful economic life as follows:

- Computer equipment – 5 years on a straight -line basis
- Smartboards – 10 years on a straight -line basis
- Office equipment – 3 to 5 Years (see note below)
- Furniture, fixtures and fittings – 10 years on a straight-line basis.

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

Leased assets
Costs in respect of operating leases are charged on a straight -line basis over the lease term. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant -funded assets.

Investments and endowment assets
Listed investments held as fixed assets or endowment assets are stated at market value. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

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

Taxation
The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

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

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

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 account and are shown separately in Note 26, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

Notes to the Financial Statements (continued)

2 Funding Council Grants

	2015 £'000	2014 £'000
Education Funding Agency recurrent grant	15,055	14,851
Skills Funding Agency recurrent grant	6,588	7,263
Local Authority 19-24 high needs income	1,004	547
HEFCE Recurrent Grant	165	103
Releases of deferred capital grants (note 17)	1,416	1,631
Total	**24,228**	**24,395**

3 Tuition fees and education contracts

	2015 £'000	2014 £'000
Tuition fees	3,252	2,783
Education contracts	1,484	1,706
Total	**4,736**	**4,489**

4 Other income

	2015 £'000	2014 £'000
Deferred capital grants (non-funding council – Note 17)	5	6
Other income	550	345
Total	**555**	**351**

Notes to the Financial Statements (continued)

5 Investment income

	2015 £'000	2014 £'000
Interest receivable	28	22
Pension finance income	139	90
Total	**167**	**112**

6 Staff costs

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

	2015 No.	2014 No.
Teaching staff	167	164
Non teaching staff	203	216
Staff costs for the above persons	**370**	**380**

	2015 £'000	2014 £'000
Wages and salaries	14,988	14,266
Social security costs	1,022	980
Other pension costs (including FRS 17 adjustments of £81k, 2013/14 £166k)	1,817	1,748
Payroll Sub Total	**17,827**	**16,994**
Contracted out staffing services	203	498
	18,030	17,493
Exceptional staff restructuring costs	156	219
Total Staff Costs	**18,186**	**17,712**

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

	2015		2014	
	Senior post-holders	Other staff	Senior post-holders	Other staff
£ 60,001 to £ 70,000	-	1	-	2
£ 70,001 to £ 80,000	-	2	-	4
£ 80,001 to £ 90,000	-	-	-	-
£ 90,001 to £100,000	-	-	2	-
£100,001 to £110,000	2	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	-	-	-	-
£130,001 to 140,0000	-	-	-	-
£140,001 to £150,000	-	-	1	-
£160,001 to £170,000	1	-	-	-
	3	3	3	6

Notes to the Financial Statements (continued)

7 Senior post-holder's emoluments

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

	2015 No.	2014 No.
The number of senior post-holders including the Principal was:	4	4

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

	2015 £'000	2014 £'000
Salaries	427	356
Benefits in kind	3	1
Pension contributions	63	47
Total emoluments	**493**	**404**

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

	2015 £'000	2014 £'000
Salaries	152	142
Benefits in kind	1	1
Payment for untaken annual leave	12	6
	165	**149**
Pension contributions	21	20

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and the London Borough of Bromley Superannuation Fund and are paid at the same rate as for other employees. The Members of the Corporation, other than the Principal and the staff members, did not receive any payment from the College, other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

8 Other operating expenses

	2015 £'000	2014 £'000
Teaching costs	2,809	3,168
Non teaching costs	2,864	2,772
Premises costs	1,806	1,866
Total	**7,479**	**7,806**

Notes to the Financial Statements (continued)

8 Other operating expenses (continued)

Other operating expenses include:	2015 £'000	2014 £'000
Auditors' remuneration:		
Financial statements audit	27	26
Internal audit	36	38
Hire of plant and machinery – operating leases	185	49
Hire of other assets – operating leases	13	5

9 Interest payable

	2015 £'000	2014 £'000
On bank loans, overdrafts and other loans:		
Repayable within five years, by instalments	86	88
Repayable wholly or partly in more than five years	59	62
	145	150
Pension finance costs (note 20)	12	14
Total	**157**	**164**

10 Taxation

The College was not liable for any corporation tax arising out of its activities during this year.

Notes to the Financial Statements (continued)

11 Tangible fixed assets

Cost/Valuation

	Assets Under Construction	Land and Buildings	Equipment	Total
	£'000	£'000	£'000	£'000
At 1 August 2014	2,920	59,955	11,111	73,986
Additions	-	3,585	956	4,542
Transferred to Land & Buildings	(2,920)	2,920	-	-
Disposals	-	-	(1,830)	(1,830)
At 31 July 2015	-	66,461	10,237	76,698
Depreciation				
At 1 August 2014	-	6,167	9,982	16,149
Charge for the year	-	2,438	621	3,059
Elimination in respect of disposals	-	-	(1,830)	(1,830)
At 31 July 2015	-	8,605	8,773	17,378
NBV at 31 July 2015	-	57,856	1,464	59,320
NBV at 31 July 2014	2,920	53,788	1,130	57,838

Land and buildings were revalued in 2011 at depreciated replacement cost by a firm of independent chartered surveyors.

12 Debtors

	2015 £'000	2014 £'000
Amounts falling due within one year		
Trade debtors	617	390
Prepayments and accrued income	327	372
Amounts owed by the Skills Funding Agency	-	20
Total	**944**	**782**

13 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Bank loans and overdrafts	498	495
VAT Lennartz liability	104	115
Payments received in advance	1,140	752
Trade creditors	225	113
Other taxation and social security	538	529
Accruals	2,039	1,385
Other creditors	484	415
Total	**5,029**	**3,804**

14 Creditors: amounts falling due after one year

	2015 £'000	2014 £'000
Bank loans	5,931	6,429
VAT Lennartz liability	139	227
Total	**6,069**	**6,656**

The College has taken advantage of the Government Scheme to support the development of large public sector capital projects whereby VAT is claimed from HM Revenue & Customs and repaid over ten years following completion of the project. During the year ended 31 July 2015, £100,000 was repaid by the College.

15 Borrowings

Bank loans and overdrafts are repayable as follows:

	2015 £'000	2014 £'000
In one year or less	498	495
Between one and two years	500	497
Between two and five years	1,507	1,503
In five years or more	3,924	4,428
Total	**6,429**	**6,924**

Bank loans at interest rates of 1.5% and 5.3% repayable by instalments falling due between 1 August 2013 and 31 March 2018, totalling £6,429,000 are secured on a portion of the freehold land and buildings of the College.

16 Provisions for liabilities and charges

	Enhanced Pensions £'000
At 1 August 2014	298
Expenditure in the period	(24)
Transferred from income and expenditure	26
At 31 July 2015	**300**

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

The principal assumptions for this calculation are:

	2015	2014
Interest Rate	3.46%	4.06%
Net Interest Rate	1.75%	2.25%

17 Deferred capital grants

	SFA grants £'000	Other grants £'000	Total £'000
At 1 August 2014	31,984	42	32,026
Cash received	192	13	205
Released to income and expenditure account	(1,416)	(5)	(1,422)
At 31 July 2015	**30,760**	**49**	**30,809**

Of the grants received during the year £0.2m is an SFA grant and £0.01m was received from HEFCE.

Notes to the Financial Statements (Continued)

18 Revaluation reserve

	2015 £'000	2014 £'000
At 1 August	10,295	11,340
Disposal of revalued assets	-	(553)
Depreciation on revalued assets	(460)	(492)
At 31 July	**9,835**	**10,295**

19 Movement on general reserves

	2015 £' 000	2014 £'000
Income and expenditure account reserve		
At 1 August	7,147	7,025
Surplus retained for the year	805	511
Transfer from revaluation reserve	460	493
Actuarial (loss) in respect of pension scheme	(815)	(891)
Actuarial (loss) in respect of early voluntary retirements valuation	(14)	9
At 31 July	**7,583**	**7,147**
Balance represented by:		
Pension reserve	(6,189)	(5,432)
Income and expenditure account reserve excluding pension reserve	13,772	12,579
At 31 July	**7,583**	**7,147**

20 Pension and similar obligations

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

Total Pension cost for the year		**2015**		**2014**
		£000		**£000**
Pension Costs				
Teachers' Pension Scheme: contributions paid		960		922
Local Government Pension Scheme				
Contributions paid	776		660	
FRS 17 Charge	81		166	
Total operating charge to the income and expenditure account under staff costs		857		826
Enhanced Pension charge to the income and expenditure account under staff costs		-		-
Total Pension Cost for Year		**1,817**		**1,748**

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

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

20 Pension and similar obligations (continued)

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. 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.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates were set at 16.4% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

The new employer contribution rate for the TPS was implemented in September 2015.

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

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

Scheme Changes

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

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

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire.

20 Pension and similar obligations (continued)

Scheme Changes (continued)

There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

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

The pension costs paid to TPS in the year amounted to £1,605,362 (2013/14: £1,519,333), of which employer's contributions totalled £959,788 (2013/14: £922,107k) and employees' contributions totalled £645,574 (2013/14: £597,226k).

FRS 17

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

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

Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a funded defined-benefit scheme, with the assets held in separate funds administered by the London Borough of Bromley. The total contribution made for the year ended 31 July 2015 was £1,050,860 (2013/14: £906,582), of which employer's contributions totalled £779,472 (2013/14: £660,450) and employees' contributions totalled £271,388 (2013/14: £246,131). The agreed contribution rates for future years are 19.3% for employers and range from 5.5% to 12.5% for employees, depending upon salary.

FRS 17

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

Principal Actuarial Assumptions	**At 31 July 2015**	**At 31 July 2014**
Rate of increase in salaries	3.7%	3.8%
Rate of increase for pension in payment/inflation	2.2%	2.3%
Discount rate for scheme liabilities	3.8%	4.3%
Inflation assumption (CPI)	2.2%	2.3%
Commutation of pensions to lump sums	50%	50%

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

Notes to the Financial Statements (continued)

20 Pension and similar obligations (continued)

Principal Actuarial Assumptions (continued)

	At 31 July 2015	At 31 July 2014
Retiring today		
Males	23.1	23.0
Females	25.5	25.4
Retiring in 20 years		
Males	25.4	25.3
Females	28.4	28.3

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

	Long term rate of return expected at 31 July 2015	Value at 31 July 2015	Long term rate of return expected at 31 July 2014	Value at 31 July 2014
	%	£000	%	£000
Equities	6.5	17,711	7.0	15,060
Other Bonds	3.6	3,908	4.1	3,518
Cash	0.5	244	0.5	147
Other	6.5	2,565	7.0	2,338
Total market value of assets		**24,428**		**21,063**
Present value of scheme				
- Funded		(30,617)		(26,495)
- Unfunded		-		-
Deficit in the scheme		**(6,189)**		**(5,432)**

Analysis of the amount charged to income and expenditure account

	2015 £'000	2014 £'000
Employer service cost (net of employee contributions)	857	826
Total Operating charge	857	826

Notes to the Financial Statements (continued)

20 Pension and similar obligations (continued)

Analysis of pension finance income / (costs)

	2015 £'000	2014 £'000
Expected return on pension scheme assets	1,295	1,220
Interest on pension liabilities	(1,156)	(1,130)
Pension finance income / (cost)	139	90

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

	2015 £'000	2014 £'000
Actuarial (losses) / gains on pension scheme assets	1,456	(415)
Actuarial losses on scheme liabilities	(2,271)	(476)
Actuarial gain / (loss) recognised in STRGL	**(815)**	**(891)**

Movement in deficit during the year

	2015 £'000	2014 £'000
Deficit in scheme at 1 August	(5,432)	(4,465)
Movement in year:		
Employer service cost (net of employee contributions)	(857)	(826)
Employer contributions	776	660
Net interest return / (cost) on assets	139	90
Actuarial gains / (losses)	(815)	(891)
Deficit in scheme at 31 July	**(6,189)**	**(5,432)**

Asset and Liability Reconciliation

	2015 £'000	2014 £'000
Reconciliation of Liabilities	26,495	24,245
Service Cost	857	826
Interest cost	1,156	1,130
Employee contributions	265	239
Actuarial losses	2,271	476
Benefits paid	(427)	(421)
Liabilities at end of period	**30,617**	**26,495**

Notes to the Financial Statements (continued)

20 Pension and similar obligations (continued)

Reconciliation of Assets

	2015 £'000	2014 £'000
Assets at start of period	21,063	19,780
Expected return on assets	1,295	1,220
Actuarial (losses) / gains	1,456	(415)
Employer contributions	776	660
Employee contributions	265	239
Benefits paid	(427)	(421)
Assets at end of period	**24,428**	**21,063**

The estimated value of employer contributions for the year ended 31 July 2015 is £769,000

History of experience gains and losses

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Difference between the expected and actual return on assets	1,456	(415)	2,950	(653)	22
Experience gains and (losses) on scheme liabilities	(2,271)	(476)	(184)	(2,036)	541
Total amount recognised in STRGL	(815)	(891)	2,766	(2,689)	563

21 Post-balance sheet events

On 9 December 2015, the Corporation of Bromley College resolved to federate with Greenwich Community College as both Colleges work towards a potential merger. The federation will be effective from 1 January 2016, and will provide for Bromley College to assume the executive management responsibilities of Greenwich Community College on the federation date. No assets or liabilities will transfer under the terms of the federation.

22 Capital Commitments

	2015 £'000	2014 £'000
Commitments contracted for at 31 July	0	3,587
Authorised but not contracted at 31 July	Nil	Nil

23 Financial commitments

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

	2015 £'000	2014 £'000
Land and buildings		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	87	174
	87	**174**
Other		
Expiring within one year	225	35
Expiring within two and five years inclusive	728	2
Expiring in over five years	-	-
	953	**37**

The increase in financial commitments relates to a new five year lease in respect of printers and multi function devices.

24 Contingent liability

There are no contingent liabilities.

25 Related party transactions

Owing to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is possible 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.

Transactions with funding bodies and HEFCE are detailed in note 2.

Although distinct organisations, the College does act as the sponsor to Bromley Educational Trust. Although the sponsorship means various Members of the Corporation and College Leadership are also members, governors and trustees of the Academy Trust, in accordance with the Academies' Financial Handbook, the level of involvement with the Academy Trust does not warrant the consolidation of the Academy Trust's financial statements with the College's financial statements. The College's control over the Academy Trust is therefore restricted.

The College provided services to Bromley Trust Academy for ICT support, Estate, Facilities, Governance, HR and Finance support during the year but no charges have been included in the accounts except procurement charges of £8,701 on purchases made by the College's Estates department on behalf of Bromley Educational Trust.

At 31 July 2015 the balance owed to the College by the Academy Trust was £nil.

26 Amounts disbursed as agent

	2015 £'000	2014 £'000
Funding body grants - SFA - hardship support	305	388
Funding body grants - SFA - childcare	304	214
Funding body grants - EFA	521	498
Funding body grants - EFA Free School Meals	228	0
Funding body grants - residential bursaries	8	12
Other Funding bodies grants	32	28
	1,398	1,139
Disbursed to students	(976)	(971)
Administration costs	(184)	(126)
Balance unspent as at 31 July, included in creditors	238	42

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