



# **Report and Financial Statements for the year ended 31 July 2023**

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## Strategic Report

### NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2023.

#### Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Burton and South Derbyshire College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011. The College was granted consent to change its name to Burton and South Derbyshire College on 1 April 2011 by the Secretary of State, in order to represent the broader population served by the College.

#### Mission

Governors reviewed the College's mission during 2015/16 and in December 2015 adopted a revised mission statement as follows:

*"Inspiring and motivating all to achieve their maximum potential"*

#### Public Benefit

Burton and South Derbyshire College is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 18.

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for learners
- Strong learner support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPS)

#### Strategic Framework

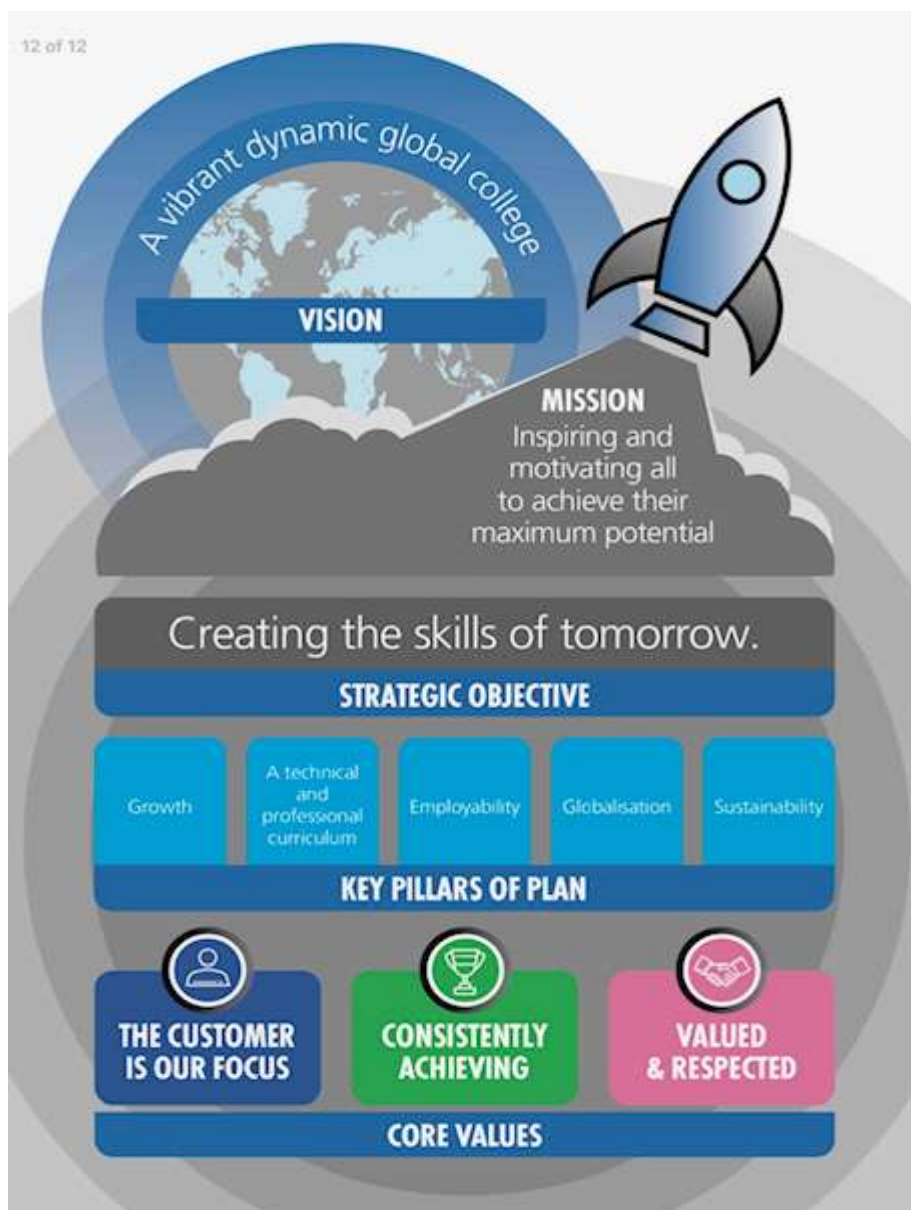
During the 21/22 academic year the Senior Leadership Team (SLT) undertook a review of our adaptive plan supported by a key member of our board. These sessions gave us space to consider the considerable changes to our MACRO/MICRO environment and to build these into our future strategy. Once these sessions resulted in documented outcomes our SLT engaged leaders and managers across the organisation in developing their understanding of these key changes and a engaging them in considering what the world will look like in 2030 so that they could work back from this in designing future strategy. This then created a brief for them to engage their teams in strategic planning for their areas. This resulted in a revised Adaptive Plan covering the period 2022-2030.

The result of this work has been a strategic document that considers the world in 2035 supported by strategies that will help us achieve objectives covering the following areas (over the period of 2022-2030);

5. Secure Opportunities for Growth.
6. A technical and Professional Curriculum that Exceeds Industry Expectations
7. Employability and Work Ready Resilience
8. Globalisation
9. Be sustainable in all we do

The plan also demonstrates the changing nature of our learners (Gen Z) and explores the changing nature of the world from a demographic, technological and cultural perspective. The Corporation approved the new Adaptive Plan at the end of the 21/22 academic year with employee engagement activity in the new plan undertaken over the summer of 2022.

The following diagram sets out the Vision, Mission, Strategic objective, and core values for the Adaptive Framework;



The 2028 Adaptive Framework was approved by the Governing body in 2016/17. The College's position against Critical Success Factors was monitored and measured and this, in essence, acted as a bridge to building the plan collated within this document. The key elements of the Adaptive Plan / Framework are expressed through the following elements:

a) **Vision Statement** – what we aspire to

*A Vibrant Dynamic Global College*

**b) Mission Statement** – what we will deliver

*Inspiring and motivating all to achieve their maximum potential*

**c) Strategic Objective** – what we will achieve

*Creating the skills of tomorrow.*

**d) Critical Success Factors** – Key target metrics

The new framework comprised of four key strands of performance which integrate to support the realisation of Vibrant and Outstanding. These are:

**Cost to Serve:** “Sustaining our financial health position whilst providing value for money”

**Our People:** “Equipping our most valuable resource to capitalise on future opportunities”

**Achieving Outstanding:** “Achieving high levels of recognition for the impact we have on our communities”

**Responsiveness to Market:** “Developing further our strong relationships with employers and partners to develop innovative programmes that create economic, social and cultural impact”

Each area of performance encompasses a range of indicators which measure the progress being made against the aims and objectives set out in the strategy and enable the College to understand the extent to which it is continuously improving through performance trends over time. These Critical Success Factors are monitored through College and Senior Leadership Team meetings and through the appropriate Governor committees and are reviewed annually.

**e) Core Values** – the values and behaviours we have adopted to achieve the above

A set of core college values developed in consultation with staff and learners across the organisation in strategic planning sessions during 2014/15 underpin these strategic elements. The shared values provide a touchstone for how members of the College serve learners, employers and colleagues; how team members are recruited; how managers lead and develop their staff; and how teachers inspire, motivate and develop the College’s learners and prospective students. The core college values are summarised as:

- 1) The customer is our focus
- 2) Consistently achieving
- 3) Valued and respected

From the above the following element of the strategic process provides us with an Adaptive framework in which our accounts summary and context can sit. In detail this is;

**Cost to Serve (Sustaining our financial health position whilst providing value for money)**

The College will strive to deliver outstanding financial health. This will be achieved through the development of financial plans and objectives and strong managerial control. The emphasis on contribution, robust audit systems, risk management and our ability to generate cash for re-investment will be further developed. A constant review of costs and contribution will continue through the developed performance management review process. Clear financial targets will be cascaded throughout the organisation and all income streams will be measured. The clear drive for income diversification will form part of the target setting process, and we will utilise project funding to meet broader strategic objectives and build new capacity.

## Financial objectives

The College's financial objectives are:

- To remain financially sound, so as to protect itself from unforeseen adverse changes in FE/HE/ER enrolments and funding; and generate sufficient income to enable the investment in improving its accommodation and equipment.
- The College wishes to maintain the confidence of funders, suppliers, bankers and auditors.
- The College wishes to raise the awareness of college staff of the financial environment under which it operates.
- To further improve the College's short term liquidity
- To achieve an annual operating surplus

A series of critical success factors and performance indicators have been agreed to monitor the successful implementation of the policies.

## Performance indicators

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

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

Key performance Indicator	Measure/Target	Actual for 2022/23
Operating surplus before FRS102 pension adjustment as % of income	2%	-3.37%
Education specific EBITDA (EBITDA before release of capital grants) as a % of income	1%	1.58%
Staff costs before FRS102 pension adjustment as % of income (excluding subcontract income)	66.26%	59.85%
Operating cash flow	£279,000	£5.9M
Cash days in hand/liquidity (adjusted current ratio)	100	189
Borrowing as % of income	0%	0%
Reliance on ESFA income	78.9%	67.27%
<b>Financial Health Score</b>	<b>Good</b>	<b>Good</b>

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA") The College is assessed by the ESFA as having a "Good" Financial health grading. The current rating of Outstanding is considered a very acceptable outcome when factoring in the FE sectors turbulent financial environment.

## **FINANCIAL POSITION**

### **Financial results**

The Group generated a deficit before other gains and losses in the year of £843,000 and the College a surplus of £939,000 (2021/22 Group deficit of £75,000, College deficit of £1,997,000) with total comprehensive income of £21,915,000, for the Group and £21,721,000 for the College (2021/22 £25,266,000 for the Group and £19,266,000 for the College). The total comprehensive income is stated after actuarial gain in respect of pension schemes of £89,000 (2021/22 gain of £13,466,000).

### **Financial Health**

In terms of financial health, the College and Group has assessed its financial health as "Good". This is based on the ESFA financial health score, for the three ratios of Adjusted Current Ratio, EBITDA as a % of total income and Borrowing as a % of total income, totalling 210 points. The Adjusted Current Ratio is 5.22 scoring 100 points, EBITDA is 1.58%, scoring 10 points and Borrowing as a percentage of income is 0%, scoring 100 points.

The Group has accumulated available reserves of £27,622k of which £10,853k is cash. The College wishes to continue to accumulate reserves and cash balances in order to create funds for its investment in non-current assets and adaptive plan.

Group Tangible and Intangible fixed asset additions during the year amounted to £1,830k. There were no land additions in the year, with the additions expenditure being on Building Software and Equipment to support LEP and College priorities.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23 the FE funding bodies provided 67% of the College's total income.

As part of the College's income diversification strategy, the College continues to manage and operate its subsidiary company, Highbury Burton Saudi Arabia Limited (HBSA) incorporated in Saudi Arabia for the purpose of delivering education in Saudi Arabia. HBSA is a 100% owned subsidiary company managed by the Governing Body at BSDC and fully complies the managing public money regulations. HBSA continued to generate a surplus for the College for the Year under review as HBSA Ltd had an operating contract to operate a female only College in Jeddah, Saudi Arabia (International Technical Female College at Jeddah). However on 22 June 2023 HBSA and the College of Excellence finalised the termination of the operation and maintenance agreement, which represented the main source of the Company's revenue. In addition, the College did not sign any new contracts to generate revenue, as a result, there is a material uncertainty over the going concern of the subsidiary. HBSA is currently in negotiations to sign a new agreement and therefore is hopeful this operation will continue.

### **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. In April 2021 the College entered into a long term investment with Barclays to maximise the returns of surplus cash and as at 31st July the investment is showing returns of £203k.

The College has a separate treasury management policy in place. In line with the policy the College has invested surplus funds with major institutions on a short-term basis.

Short-term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum/Funding Agreement. The College had no borrowings at 31 July 2023.

## **Cash flows**

The net cash flow from operating activities was £5,913k.

## **Liquidity**

The College has retained cash reserves of £10.8 million with access to an additional £5 million in the Barclays investment portfolio.

## **Reserves Policy**

The Corporation approved a reserves policy in September 2023 that sets out the objectives, level of available reserves for investment opportunities, the target reserve levels, controls over these reserves and frequency of when the policy will be reviewed. As at the balance sheet date the Income and Expenditure reserve stands at £25,888,000 (2022: £26,619,000). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses in the UK and overseas.

## **CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE**

### **Learner numbers**

During 2022/23 the College's overall enrolment cohort was approximately 3,600, producing £14,479,000 total income (2021/22 – £13,916,000), which equates to c73% of total income being via public funded grants and 27% through non-funded activities.

### **Learner Achievements**

The College's headline classroom-based achievement rate for 2022/23 for its technical and vocational curriculum is 89.4% (this excludes literacy and numeracy qualifications). Overall, outcomes for learners are exceptional, +4.2% above the prevailing national rate. Not only are outcomes improving they are now more consistent across the provision with the vast majority of curriculum departments outcomes judged to be at least good and in many instances these are outstanding.

Apprenticeships out turned an achievement rate of 68.0%, significantly (+14.7%) above the low national benchmark. The College recognises the requirement to improve the timeliness of apprentices' achievements and has made significant phased investments and quality improvement measures implemented over the last couple of academic years. As a result, the College now has clear sights and vision for the advancements to these outcomes.

### **Quality of Education & Learner Experience**

A culture of learning permeates throughout the College promoted by leaders, managers, and staff. Learners aspire to do their best and as a result most learners make good progress. The College has taken significant steps to drive forwards innovation within the quality of teaching, learning and assessment. As a result of measures taken, the overall quality of teaching, learning and assessment continues an upward trajectory and is judged to be good.

BSDC prides itself on the behaviour and conduct of its learners with well-established and long-held core values which ensures learners are provided with exceptional welfare and support, enabling them to develop not only the skills and vocational training required for progression, but also develop the wider softer skills required to be effective citizens within a global economy. The College and its staff provide a truly learner centred approach which results in a welcoming, friendly, and purposeful environment for learning, and judges' behaviours and attitudes to be good.

BSDC has truly placed personal development at the centre of its educational goals and judges the personal development of its learners to be good. The College has been innovative in its programme design and approaches, successfully implementing its Skills Promise which is vital to ensuring that learners recognise, understand, and articulate the whole package of skills and attributes and that they are able to demonstrate and evidence them in practice.

As a fundamental part of all BSDC programmes learners develop high levels of maturity and interpersonal skills in their learning which prepare them extremely well for life after college, in addition to vastly improving their social and economic wellbeing through active involvement in an extensive breadth of enrichment opportunities. The College strives to ensure that it is heavily involved with every aspect of its community and, as a result, learners' contributions permeate all aspects of the local Burton and South Derbyshire communities, through a wide and effective range of support, volunteering and competition activities, which alongside exceptional outcomes contributes towards high and improving positive longitudinal destination results (95%).

The College's most recent Ofsted inspection in September 2017 was rated 'Good' in all of the eight key inspection aspects with an overall effectiveness judgement grade of 'Good'.

### **Curriculum Developments**

BSDCs curriculum intentions are judged to be mature, clearly defined and highly effective. BSDC's curriculum offers learners and apprenticeships the knowledge and skills that reflects the needs of the local and regional context, and the curriculum intent considers the needs of learners, employers, and the local, regional, and national economy, as necessary. This is evident in the College's longstanding use of a range of market intelligence to inform its curriculum planning, utilising employment trends to outline areas of skills shortages and replacement demand to ensure the College's curriculum is fit for purpose and helps drive economic growth. Over the past year, BSDC's curriculum intent and analysis has been combined to form its own local skills improvement plan which has been endorsed by its local Chamber.

The College has been successful in its bid to secure funding to develop the College's town centre campus as part of the Government's towns fund initiative in partnership with East Staffordshire Borough Council. The bid sees the realisation of significant aspects of the College's adaptive plan to support the development of higher-level technical skills. The project has funded five main aspects which includes a health and social care realistic working environment, a mechatronics suite, cyber security lab, a creative digital learning hub, and expanding our capacity within games development. The total value of the investment in higher-level technical skills is approximately £3.2 million.

The College's commitment to reviewing and refreshing the curriculum remains a steadfast part of the strategic paradigm with the ultimate aim of providing excellent, research informed, learning opportunities and services, underpinned by best practice, which are efficient, effective, meet employers' needs and are easy to access and provide opportunities for progression to further or higher levels of study or employment.

### **Working with Partners**

The College continues to develop strategic relationships with a number of key local employers. Our Apprenticeship Development Centre is a cornerstone in Toyota Manufacturing UK's approach to ensure they have the requisite skills for their current and future business needs and our relationship with St George's Park provides this nationally renowned centre of excellence with a wide range of Apprenticeships that are enhancing their business capabilities.

Our work with Local Enterprise Partnerships continues in both Stoke and Staffordshire and in D2N2. For instance, the College has worked collaboratively with D2N2 Colleges and the LEP to develop a digital literacy programme for all D2N2 learners that ensures, regardless of area of study, they leave College with the requisite digital skill for a modern career. We work collaboratively with Colleges in both LEP areas and, for example, shared methodologies for Teacher/Centre Assessed Grades for validation purposes, mapped curriculum to support the LEPs understanding of localised skills needs and collaborated in the South of the D2N2 area on new and innovative provision as part of the Government's Strategic Development Fund pilot. We continue to work with a large range of business, patrons and fellows to ensure that our curriculum and wider skills development meets the needs of local partners and industry.

Finally, our partnerships across international markets are returning to a semblance of normality following the global pandemic with the numbers of international learners studying at BSDC beginning to return to pre pandemic levels. The College continues to manage and operate its subsidiary company, Highbury Burton Saudi Arabia Limited (HBSA)

incorporated in Saudi Arabia for the purpose of delivering education in Saudi Arabia. HBSA is a 100% owned subsidiary company managed by the Governing Body at BSDC and fully complies the managing public money regulations. HBSA continues to generate a surplus for the College. HBSA Ltd had an operating contract to operate a female only College in Jeddah, Saudi Arabia. In August 2021 the College (BSDC) acquired the other 50% of shares from Highbury College and now reports as a wholly owned subsidiary and within the group accounts.

We were also delighted in 21/22 to have secured a contract under the Government's Turing Scheme for our domestic learners to undertake work placement opportunities in France, Spain, Italy and Malta. Feedback from this has been excellent with outbound international activity being the part of our Globalisation strategy that will have an increased focus as the benefits to our domestic learners is incredible.

### **Payment Performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2022 to 31 July 2023 the College paid 90 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

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

There are no known events to report.

### **Future Prospects**

The College aims to significantly increase contribution by introducing a number of efficiency schemes across the college site. The College would like to reduce dependency on the funding bodies and is seeking opportunities particularly in the areas where the College currently performs well such as Apprenticeships, HEFCE (now Office for Students), International and Full cost.

### **Going concern**

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

The College has assumed reductions in ESFA income arising from under performance and further savings, increases in overseas income and full cost activity. The College has produced a forecast cash flow statement through to January 2025, 12-month post audit, modelling the financial effects of these assumptions, which forecasts a closing surplus cash balance of £12m.

### **Level of reserves**

At the 31 July 2023, BSDC Group had general reserves of £27,622k, which is available reserves to total income of 110% compared to a national benchmark of 52%.

Current assets of £12.9m, including cash and cash equivalents at 31 July 2023 of £10.9m, resulting in a current ratio of 5.22 to 1 compared to a national benchmark of 1.16 with cash days in hand of 189 compared to a national benchmark of 25. The College is planning to further improve its performance ratio through the reduction of employee costs and efficiencies stemming from the implementation of improved business/management information systems.

## **Assessment**

In our opinion, the prudent and realistic financial strategy being implemented by the College to reduce its costs, increase its reserves and cash balances based on the foreseeable very challenging operating environment coupled with the sound financial planning, for the next two years, that has contingencies for any potential adverse fluctuations in income and expenditure puts the College in a strong financial position to continue its operation for the foreseeable future as demonstrated in the ESFA financial health assessment which is 'Outstanding'.

Our strategic focus on the preparation of a college with a continued ability to adapt and a long term focus on what the world will look like in 2028 will see us moving our curriculum more to on-line and cloud based content. It will see us continue to expand our global reach and develop a skills offering that is adaptable to the major economies of the future and will see us transform our interaction with future generations of young people who have a radically different view and expectation for their career choices and future aspirations.

We will continually review our estate and infrastructure to meet with these change expectations and will ensure that our people, our most important asset, continue to develop the skills, knowledge and expertise to deliver excellence in this future world.

We will continue to diversify our income and through being commercial in our approach, developing and growing strategic partnerships, product diversification and international collaboration whilst maintaining a strong focus on the bottom line so that we can invest, adapt and invigorate this exciting future offer.

## **RESOURCES:**

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

Tangible resources include the main site, in East Staffordshire including the University Centre and the Engineering Academy and the Stephen Burke Construction Academy in South Derbyshire.

## **Financial**

The College has £27.8m and Group £27.6m m of net assets (including a £0 pension obligation), cash and reserves of £10.8 million and £5 million they can access in long term investments.

## **People**

The College employs 303 people (expressed as full time equivalents) of whom 127 are teaching / delivery staff and 176 support staff. The group totals are 358 of whom 171 are teaching /delivery staff and 187 support staff (expressed as full time equivalents).

## **Reputation**

The College has a good reputation locally, nationally and internationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships. Growth in Apprenticeships, maintaining market share in heavily competitive markets and the diversification of our income are all indicators of the College's healthy reputation locally, regionally and nationally.

## **PRINCIPAL RISKS AND UNCERTAINTIES:**

The College continues to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Senior Leadership 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 mitigation actions. In addition to the termly

reviews, the Senior Leadership team will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at College level which is reviewed termly by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

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.

## **1. Government funding**

The College has considerable reliance on continued government funding through the education sector funding bodies and through OfS. In 2021/22, 67% 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 College is aware of several issues which may impact on future funding, including apprenticeship reforms and the devolution of the adult education budget. The College, in conjunction with its key stakeholders, is developing a strategy for growth in response to the devolution agenda and to the apprenticeships reform. The full impact of the introduction of the Apprenticeship Levy is not yet known as government policy continues to develop.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements.
- 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 funding bodies.

## **2. Tuition fee policy**

In line with the majority of other colleges, Burton and South Derbyshire College will seek to increase tuition fees in accordance with the rising fee assumptions. The risk for the College is that demand falls off as fees increase. This is likely to impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students.
- Close monitoring of the demand for courses as prices change.

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

The College's current financial health grade is classified as "Good" as described above. Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience. This risk is mitigated in a number of ways:

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

### **4. Accommodation strategies**

The College has an accommodation strategy to achieve a vibrant and outstanding campus in a financially challenging environment. The deficits between 2012/13 to 2023/24 have challenged the College's affordability and timescales for the delivery of this strategy whilst ensuring a sound financial health and stability is maintained for the future.

This risk is mitigated in a number of ways:

- By closely monitoring the affordability of capital projects over the life of the project.
- Planning for managed moves into new accommodation in advance and delivering effective communication to learners, staff and stakeholders
- Successfully bidding for Stronger Towns Funds to improve the College estate and equipment
- Successful receipt of ESFA energy efficiency grant towards improving College estate
- Reclassification grant to improve College estate
- FE Capital transformation fund grant
- Bidding for financial support from Salix for carbon reduction initiatives such as LED and sensor lighting units, new boilers, replacement windows and heating system.
- Others include safeguarding, business continuity (IT, Data, fire & theft) and Education quality.

### **5. Safeguarding**

The College has as a number one priority ensuring the learning and working environment at the College is a safe and secure place for both students and staff at all times.

This risk is mitigated in a number of ways:

- Effective safeguarding processes for the recording and investigating all incidents
- All students and new staff are made aware of College safeguarding policies during their induction week in particular preventing radicalisation and terrorism
- Annual refresher training for all staff and Governors on College safeguarding policies
- Installation of access barriers, at all campuses, to prevent intruders entering the College
- Appointment of student liaison officers outside all entrances

### **6. Business continuity**

The College needs to have robust systems, processes and documented plans in place to respond to a major incident such as significant data breach, IT systems failure, health and safety, fire, theft and an act of terrorism that could affect the business operations at the College.

This risk is mitigated in a number of ways:

- A Business Continuity Plan (BCP) covering all functional areas of the College that has been communicated and shared with the key members of the disaster recovery team
- Annual simulation days, involving the disaster recovery team, where the BCP is tested to ensure the robustness of the recovery and response processes within the BCP and where appropriate revision
- Independent review of the BCP by internal audit on a regular basis to provide Governors with reassurance
- Insurance cover for all key areas such as cyber security, fire and theft to ensure swift reinstatement of services
- Back up of all College data is kept secure and there is compliance with statutory and regulatory legislation around security and recovery.

## **7. Education quality**

The quality of teaching and learning is a key strategic priority for the College. It is essential that learners make good progress and reach their full potential and the quality of provision meets all required standards.

This risk is mitigated in a number of ways:

- Significant work is undertaken by a dedicated Quality team overseen by the Vice Principal and Executive Director Curriculum and Quality
- Regular monthly reporting of performance data is undertaken for audiences ranging from academic colleagues to members of governing Body. BSDC was awarded 'Good' status following an Ofsted inspection in 2017.
- By ensuring the College is rigorous in delivering high quality education and training, and the quality of teaching and training is also high.
- By completing a thorough and impartial College self-assessment review (SAR) which highlights strengths and areas for development and explains how the weaknesses will be addressed.
- Assessing where particular improvement needs to be made when national averages are available in 2023.
- The introduction of more support for learners so that they can stay in College for the full year and reach their potential when undergoing assessments.

## **STAKEHOLDER RELATIONSHIPS**

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

- Learners
- Education sector funding bodies
- FE Commissioner
- Staff
- Local employers (with specific links)
- Local Authorities
- Local Enterprise Partnerships
- The local community
- Other FE institutions
- Trade unions
- Professional bodies

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

## **Equality**

Burton and South Derbyshire College believes that all those who shape our community (learners, staff, governors, employers, visitors and wider stakeholders) have a right to be valued and respected equally and to be provided with equality of opportunity in all that they do. The College is fully committed to actively promoting shared values that include equality, diversity and social inclusion, actively involving our community and valuing their contribution to the delivery of our Strategy, demonstrating care and respect for others and applying honesty and fairness in everything we do. The delivery and active promotion of equality of opportunity underpins the College's mission and Strategic Framework. The College's Single Equality Scheme is published on the College's Website.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from people with impairments, bearing in mind the aptitudes of the individuals concerned and the requirements of the role. Where an existing employee becomes impaired, every effort is made to ensure that employment with the College continues and to make all reasonable adjustments to ensure this. 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 has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The College has also implemented an updated Equality & Diversity training programme to Level 2 which all staff are required to complete. Refresher training and training for new starters is carried out on an on-going basis.

## **Disability statement**

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

- a) As part of its accommodation strategy the College updated its access audit. The College makes continual improvements in order to improve access for learners.
- b) The College has an Additional Learning Support (ALS) Co-ordinator, who provides information, advice and arranges support where necessary for learners with disabilities.
- c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by learners and a range of assistive technology is available.
- d) The admissions policy for all learners is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The College has made a significant investment in the appointment of specialist staff to support learners with learning difficulties and/or disabilities. There are a number of learner support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.
- f) Specialist programmes are described in college prospectuses, and achievements and destinations are recorded and published in the standard college format.
- g) Counselling and welfare services are described in the College Learner Guide, which is issued to learners together with the Complaints and Disciplinary Procedure leaflets at induction.

### Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2018 require the College to publish information on facility time arrangements for trade union officials at the College.

Numbers of employees who were relevant union officials during the relevant period	FTE employee number
8	6.31

Percentage of time	Number of employees
0%	0
1-50%	8
51-99%	0
100%	0

Total cost of facility time	£410.19
Total pay bill	£10,604,475
Percentage of total bill spent on facility time	0.004%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
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### 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.

### 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 the information.

Approved by order of the members of the Corporation on 28 February 2024 and signed on its behalf by:



**Everton Burke OBE**  
**Chair**

**Professional advisers**

**Financial statements auditor and regularity independent reporting accountant :**

MHA  
Rutland House  
148 Edmund Street  
Birmingham  
B3 2FD

**Internal auditors:**

Validera  
30 Camp Road  
Farnborough  
GU14 6EW

**Bankers:**

Barclays Bank plc  
22-23 High Street  
Burton on Trent  
Staffordshire  
DE14 1HU

**Solicitors:**

Browne Jacobson LLP  
Mowbray House  
Castle Meadow Road  
Nottingham  
NG2 1BJ

## **Statement of Corporate Governance and Internal Control**

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in 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.

In the opinion of the Governors, the College complies with the provisions of the Code, and it has complied throughout the year ended 31 July 2023. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 28 April 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 signing this report were as listed in the table below.

**BURTON AND SOUTH DERBYSHIRE COLLEGE**  
**Financial Statements for the Year Ended 31 July 2023**

**Governors serving on the College Corporation and its Committees during 2022/2023 (this information includes attendance at two Governors' Development Days)**

Name	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Corporation Attendance	Audit Attendance
Mr E Burke	6 July 2011; reappointed 9 July 2015 8 July 2019 7 July 2023	4 years		Independent member	Chair: Corporation; Remuneration; Search	12/13 (92%)	
Mrs D Ward	1 Nov 2008			Principal	Remuneration; Search	11/11 (100%)	
Ms K Broomfield	9 June 2021	2 Years		Staff member		9/10 (90%)	
Mr D K Buckley	Sept 1995; reappointed 9 July 2015 8 July 2019 7 July 2023	4 years		Independent member	Chair: Audit; Remuneration; Search	15/17 (88%)	3/4 (75%)
Mr F McArdle	8 June 2022	4 years		Independent member		7/10 (70%)	
Mr D Janes	7 July 2021	4 years		Independent member		8/10 (80%)	
Miss I Smith	22 September 2022	1 year		Student representative		1/4 (25%)	
Ms R Mann	15 Oct 2009; reappointed 15 Oct 2013 reappointed 5 July 2017 7 July 2021	4 years		Independent member	Chair: Remuneration	11/12 (92%)	
Ms S Marshall	9 December 2020	4 years		Independent member		8/10 (80%)	
Mr C Prosser	20 Sept 2017 reappointed 7 July 2021	4 years		Independent member	Search: Audit	13/15 (87%)	4/4 (100%)
Ms S Sandle	29 April 2020	4 years		Independent member		13/14 (93%)	4/4 (100%)
Miss I Mansell	22 September 2022	1 year		Student Representative		3/6 (50%)	
Ms L Gouldthorp served as co-opted member of the Audit Committee 4/4 (100%) Mr K Scribbins served as Clerk to the Corporation and Mrs Y Orton as Deputy Clerk							

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

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

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

Burton and South Derbyshire College  
Lichfield Street  
Burton upon Trent  
Staffordshire  
DE14 3RL

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

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

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

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

There is a clear division of responsibility in that the roles of the Chairman and Chief Executive/Principal are separate.

### **Appointments to the Corporation**

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

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

### **Corporation performance**

The Corporation met eight times during the year and have overseen a variety of complex issues such as the approval of the Stronger Towns Fund agreements and extension of the HBSA contract in Saudi Arabia. In addition to the Corporation meetings the Governors also met for two development days where they discussed future strategy and policy for the College. The Corporation has contributed to the strategy document that will take the College forward to 2030. As part of this, the Corporation regularly review a set of agreed Critical Success Factors (CSF's) and KPIs to assess the performance of the College.

The Corporation has considered the Post-16 Audit Code of Practice, a document that allows the Corporation to annually self-assess its performance against key requirements. Completion of this self-assessment has not identified any areas for which the Corporation has not met the requirements of the code.

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2023 and graded itself as “Good” on the Ofsted scale. This was confirmed as accurate by Ofsted at their last inspection in September 2017. The Corporation has had an external board review carried out by Rob Lawson at the Association of Colleges that commenced in August 2023 for which we are still awaiting the final report.

### **Remuneration Committee**

Throughout the year ending 31 July 2023, the College’s Remuneration Committee comprised four members of the Corporation. The Committee’s responsibilities are to make recommendations to the Board on the remuneration and benefits of the Chief Executive / Principal and other senior post-holders.

Details of remuneration for the year ended 31 July 2023 are set out in note 7 to the financial statements.

### **Audit committee**

The Audit Committee comprises three members of the Corporation (excluding the Chief Executive / Principal) and one co-opted member. 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 funding bodies as they affect the College’s business.

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

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

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

### **Internal control**

#### **Scope of responsibility**

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

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

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Burton and South Derbyshire College for the year ended 31 July 2023 and up to the date of approval of the annual reports and accounts.

### Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2023 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 control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

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

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

### Risks Faced by the Corporation

Validera provided the Internal Audit Service for the College. During 2022/23 it was judged to have overall adequacy and effectiveness of the organisation's risk management, control and governance processes

### Responsibilities under funding agreements

The College governors confirm that they have met all conditions under the funding agreement. The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

## Statement from the Audit Committee

The audit committee must advise the Corporation on the adequacy and effectiveness of the Corporation's assurance framework. The audit committee must play a robust role in good stewardship and risk management and may refer to the ESFA's guidance on the scope of work of audit committees and internal auditors in college Corporations. In addition, the Audit Committee advises and supports the Corporation in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities. The College

Accounts Direction sets out the ESFA's specific requirements including the required format of the corporation's statement of corporate governance and internal control.

The Audit Committee has increased flexibilities and freedoms as to how it can obtain the assurances required to prepare and advise the Corporation on the adequacy and effectiveness of the College's framework of governance, risk management and internal controls. The Audit Committee Annual Report draws together a range of assurances from several key assurance providers in order to form and provide an opinion as outlined above. Its annual report is set out by initially providing the Annual Opinion of the Audit Committee, with subsequent

sections documenting the sources and strength of assurances provided during the year. The sections are broken down as follows:

- 1. Corporate Governance;
- 2. Value for Money Statement;
- 3. Risk Management, and;
- 4. Internal Control.

On the basis of the independent audit reports received and the assurances provided throughout the academic year by management, the Committee's opinion is that the College does have in place an adequate and effective assurance framework. As a result of the assurances received throughout the academic year, the Committee can confirm that the College has in place adequate and effective audit arrangements. It is the Committee's opinion that the framework of governance, risk management and control, and processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of its assets are sufficiently robust to provide a reasonable opinion.

## Review of effectiveness

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

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

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

The Chief Executive and Principal and senior leadership team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Chief Executive and Principal and senior leadership 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 leadership team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 6 December 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the senior leadership team and internal audit, and taking account of events since 31 July 2023.


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

### **Assessment**

In our opinion, the prudent and realistic financial strategy to reduce costs, increase reserves and cash balances has been successful. Our approach is based on the very challenging operating environment coupled with sound financial planning, for the next two years, that has contingencies for any potential adverse fluctuations in income and expenditure which puts the College in a strong financial position to continue its operation for the foreseeable future as demonstrated in the ESFA financial health assessment which is 'Outstanding'.

**Approved by order of the members of the Corporation on 28th February 2024 and signed on its behalf by:**

Signed   
\_\_\_\_\_  
Everton Burke OBE, Chair

Signed   
\_\_\_\_\_  
Dawn Ward CBE DL, Chief Executive and Principal

**Statement of regularity, propriety and compliance**

As Accounting Officer I confirm that the corporation has had due regard to the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the terms and conditions of funding, under the corporation's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides

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

Signed  28th February 2024

Dawn Ward CBE DL, Chief Executive / Principal & Accounting Officer

**Statement of the Chair of Governors**

On behalf of the corporation, I confirm that the Accounting Officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.

Signed  28th February 2024  
Everton Burke OBE, Chair

## Statement of Responsibilities of the Members of the Corporation

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

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

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

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

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

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

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient, and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 28th February 2024 and signed on its behalf by:



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Everton Burke OBE  
Chair

**Independent auditor's report to the Members of the Corporation of Burton and South Derbyshire College**

**Opinion**

We have audited the financial statements of the Corporation of Burton and South Derbyshire College (the 'College') and its subsidiary (the 'Group') for the year ended 31 July 2023 which comprise the Consolidated and College Statement of comprehensive income, the Consolidated and College Statement of changes in reserves, the Consolidated and College Balance sheet, the Consolidated Statement of cash flows, and the related notes, including principal accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- give a true and fair view of the state of the Group and College's affairs as at 31 July 2023 and of the Group's surplus and College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

**Basis for opinion**

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

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

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

We have nothing to report in this regard.

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

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

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

**Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)**

In our opinion, in all material respects

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

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matter:

- The College's grant and fee income, as disclosed in note number 2 to the financial statements, has been materially misstated

We have no matters to report arising from this responsibility.

**Responsibilities of the Corporation of Burton and South Derbyshire College**

As explained more fully in the Statement of Corporation Responsibilities on page 18, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management, and those charged with governance around actual and potential litigation and claims;
- Enquiry of Corporation staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

### **Use of our report**

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



**MHA**  
Chartered Accountants and Registered Auditor  
Birmingham, United Kingdom

04 March 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

**Independent Reporting Accountant's Report on Regularity to The corporation of Burton and South Derbyshire College and Secretary of State for Education, acting through Education and Skills Funding Agency (ESFA)**

In accordance with the terms of our engagement letter dated 10 November 2022 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Burton and South Derbyshire College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

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

**Respective responsibilities of Burton and South Derbyshire College and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the corporation'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 2022 to 31 July 2023 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities that govern them nor have been improper.



### MHA

Chartered Accountants and Registered Auditor  
Birmingham, United Kingdom  
Date: 04/03/2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number: OC312313)

Consolidated Statement of Comprehensive  
Income

		Year Ended July 2023		Year Ended July 2022	
		Group	College	Restated Group	College
	Notes	£'000	£'000	£'000	£'000
<b>INCOME</b>					
Funding body grants	2	14,851	14,851	14,250	14,250
Tuition fees and education contracts	3	3,110	3,110	2,757	2,757
Grants and other contracts	4	-	-	-	-
Other income	5	3,828	1,618	8,248	1,264
Investment income	6	126	2,142	10	994
<b>Total income</b>		<b>21,915</b>	<b>21,721</b>	<b>25,266</b>	<b>19,266</b>
<b>EXPENDITURE</b>					
Staff costs	7	12,916	12,615	14,973	13,806
Other operating expenditure	8	8,197	6,689	8,484	5,793
Depreciation	11	1,655	1,613	1,521	1,463
Interest payable and other finance costs	9	(85)	(135)	363	201
<b>Total expenditure</b>		<b>22,732</b>	<b>20,782</b>	<b>25,341</b>	<b>21,263</b>
<b>(Deficit)/ Surplus before other gains and losses</b>		<b>(817)</b>	<b>939</b>	<b>(75)</b>	<b>(1,997)</b>
(Deficit)/surplus on disposal of assets		-	-	1	1
<b>Share of operating surplus in joint venture</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(Deficit)/surplus before tax</b>		<b>(817)</b>	<b>939</b>	<b>(74)</b>	<b>(1,996)</b>
Taxation	10	(26)	-	(621)	-
<b>(Deficit)/surplus for the year</b>		<b>(843)</b>	<b>939</b>	<b>(695)</b>	<b>(1,996)</b>
Revaluation of investment to fair value		-	-	-	-
Actuarial gains/(loss) in respect of pensions schemes	23	89	89	13,466	13,466
Gain/(Loss) on Fixed asset investments		(14)	(14)	(220)	(220)
Gain on retranslation of subsidiary		(336)	-	941	-
<b>Total Comprehensive Income for the year</b>		<b>(1,104)</b>	<b>1,014</b>	<b>13,492</b>	<b>11,250</b>

Prior year adjustments are disclosed in note 27 to the financial statements

College Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Total
	£000	£000	£000
<b>College Balance at 31 July 2021</b>	13,548	2,082	15,630
Surplus/(deficit) from the income and expenditure account	(1,996)	-	(1,996)
Other comprehensive income	13,246	-	13,246
Total comprehensive income for the year	11,250	-	11,250
Transfer between revaluation and income and expenditure reserves	174	(174)	-
<b>Balance at 31 July 2022</b>	<b>24,972</b>	<b>1,908</b>	<b>26,880</b>
Surplus/(deficit) from the income and expenditure account	939	-	939
Other comprehensive income	75	-	75
Total comprehensive income for the year	1,104	-	1,104
Transfer between revaluation and income and expenditure reserves	174	(174)	-
<b>Balance at 31 July 2023</b>	<b>26,160</b>	<b>1,734</b>	<b>27,894</b>

Consolidated Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Total
	£000	£000	£000
<b>Group Balance at 31 July 2021, as presented previously</b>	13,152	2,082	15,234
Surplus/(deficit) from the income and expenditure account	(894)	-	(894)
Impact of prior year adjustment	199	-	199
Other comprehensive income	14,187	-	14,187
Total comprehensive income for the year	13,492	-	13,492
Transfer between revaluation and income and expenditure reserves	174	(174)	-
<b>Balance at 31 July 2022 restated</b>	<b>26,818</b>	<b>1,908</b>	<b>28,726</b>
Surplus/(deficit) from the income and expenditure account	(843)	-	(843)
Other comprehensive income	(261)	-	(261)
Total comprehensive income for the year	(1,104)	-	(1,104)
Transfer between revaluation and income and expenditure reserves	174	(174)	-
<b>Balance at 31 July 2023</b>	<b>25,888</b>	<b>1,734</b>	<b>27,622</b>

Prior year adjustments are disclosed in note 27 to the financial statements.

Consolidated Balance sheets as at 31 July  
2023

		Year Ended July 2023		Year Ended July 2022 Restated	
	Notes	Group £'000	College £'000	Group £'000	College £'000
<b>Non-Current Assets</b>					
Tangible fixed assets	11	19,681	19,626	19,545	19,442
Intangible Assets	12	59	59	5	5
Investments in Subsidiary	13	-	4,324	-	4,324
Other Fixed Asset Investments	14	5,202	5,202	5,188	5,188
Deferred Tax		111	-	117	-
<b>Total non-current assets</b>		<b>25,053</b>	<b>29,211</b>	<b>24,855</b>	<b>28,959</b>
Stocks		34	34	30	30
Trade and other receivables	15	2,104	1,548	7,963	2,712
Cash and cash equivalents	19	10,853	7,330	6,691	4,307
<b>Total current assets</b>		<b>12,991</b>	<b>8,912</b>	<b>14,684</b>	<b>7,049</b>
Less: Creditors – amounts falling due within one year	16	(3,516)	(3,428)	(4,729)	(3,044)
<b>Net current assets</b>		<b>9,475</b>	<b>5,484</b>	<b>9,955</b>	<b>4,005</b>
<b>Total assets less current liabilities</b>		<b>34,527</b>	<b>34,694</b>	<b>34,810</b>	<b>32,964</b>
Less: Creditors – amounts falling due after more than one year	17	(6,905)	(6,798)	(6,084)	(6,084)
<b>Provisions</b>					
Defined benefit obligations	18	-	-	-	-
<b>Total net assets</b>		<b>27,622</b>	<b>27,894</b>	<b>28,726</b>	<b>26,880</b>
<b>Restricted reserves</b>		-	-	-	-
<b>Unrestricted reserves</b>					
Income and expenditure account		25,888	26,160	26,619	24,972
Revaluation reserve		1,734	1,734	1,908	1,908
<b>Total unrestricted reserves</b>		<b>27,622</b>	<b>27,894</b>	<b>28,726</b>	<b>26,880</b>
<b>Total reserves</b>		<b>27,622</b>	<b>27,894</b>	<b>28,726</b>	<b>26,880</b>

The financial statements on pages 30 to 57 were approved and authorised for issue by the Corporation on 28 February 2024 and were signed on its behalf on that date by:



Everton Burke OBE  
Chair



Dawn Ward CBE DL  
Chief Executive & Principal

Consolidated Statement of Cash Flows as at 31  
July 2023

	Notes	Year Ended July 2023		Year Ended July 2022 Restated	
		Group £'000	College £'000	Group £'000	College £'000
<b>Cash inflow from operating activities</b>					
Surplus/(deficit) for the year		(843)	939	(695)	(1996)
<b>Adjustment for non cash items</b>					
Depreciation	11	1,636	1,594	1,521	1,463
(Increase)/decrease in stocks		(4)	(4)	(6)	(6)
(Increase)/decrease in debtors		5,700	1,164	(5,294)	(222)
(Increase)/decrease in creditors due within one year		(438)	380	801	431
(Increase)/decrease in creditors due after one year		825	718	(356)	(356)
Pensions costs less contributions payable	23	89	89	1,543	1,543
Taxation charge		26	-	621	-
Exchange gain on operating items		(230)	-	477	-
<b>Adjustment for investing or financing activities</b>					
Share of operating surplus/(deficit) in joint venture		-	-	-	-
Investment return		(14)	-	(36)	(36)
Dividend paid		-	-	-	-
Dividend receivable from subsidiary		-	3,000	-	(984)
Investment income	6	(126)	(126)	(10)	(10)
Interest payable		51	-	74	-
Loss (Gain) on sale of fixed assets		-	-	(4)	-
<b>Net cash flow from operating activities</b>		<b>6,672</b>	<b>7,755</b>	<b>(1,364)</b>	<b>(173)</b>
<b>Cash flows from investing activities</b>					
Tax paid		(641)	-	(33)	-
Investment income		126	99	10	10
Dividends		-	3,000	-	-
Payments made to acquire fixed assets	11	(1,826)	(1,830)	(590)	(498)
Withdrawal of deposits					
<b>Net cash from investing activities</b>		<b>(2,341)</b>	<b>(4,731)</b>	<b>(613)</b>	<b>(488)</b>
<b>Cash flows from financing activities</b>					
Interest paid		(51)	-	(74)	-
<b>Net Cash Flows from financing activities</b>		<b>(51)</b>	<b>-</b>	<b>(74)</b>	<b>-</b>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>		<b>4,280</b>	<b>3,024</b>	<b>(2,051)</b>	<b>(661)</b>

Consolidated Statement of Cash Flows as at 31  
July 2023 (continued)

Cash and cash equivalents at beginning of the year	19	6,691	4,307	8,278	4,968
Exchange gains on cash and cash equivalents		(118)	-	464	-
Cash and cash equivalents at the end of year	19	10,853	7,330	6,691	4,307

## Notes to the Accounts

### 1. 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 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2022 to 2023* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

In preparing these consolidated financial statements, a prior year adjustment was identified in the subsidiary accounts, which therefore impacts the consolidated group figures. See note 27 for further detail.

#### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

#### Basis of consolidation

The consolidated financial statements include the college and its subsidiary, Highbury & Burton Saudi Arabia Limited, controlled by the group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation.

#### Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Member's Report. The College has considered the consequences other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

The financial position of the College, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes. As noted in the members report, a subsidiary of the group Highbury Burton Saudi Arabia Limited (HBSA) incorporated in Saudi Arabia had an operating contract to operate a female only College in Jeddah, Saudi Arabia (International Technical Female College at Jeddah). However on 22 June 2023 HBSA and the College of Excellence finalised the termination of the operation and maintenance agreement, which represented the main source of the Company's revenue. In addition, the College did not sign any new contracts to generate revenue, as a result, there is a material uncertainty over the going concern of the subsidiary. HBSA is currently in negotiations to sign a new agreement and therefore is hopeful this operation will continue, the outcome of these negotiations will not have an impact on the wider going concern assumption of the College group.

Accordingly, the College has a reasonable expectation that it has more than 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.

Following prudent and robust financial projections the Corporation have determined the College has adequate and sufficient resources to continue in operation for the foreseeable future being a period not less than 12 months from the date of approval of these financial statements.

### **Recognition of income**

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and

creditors due after one year. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and

expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from OfS represents the funding allocations attributable to the current financial year and is credited direct to the statement of comprehensive income.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

### **Capital grant funding**

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met. Recognition of income - it should also include 'Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate'.

### **Fee income**

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

### **Investment income**

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

### **Accounting for post-employment benefits**

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

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

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

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the statement of comprehensive income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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

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

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

#### **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the college's income 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.

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

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of transition.

##### *Land and buildings*

Freehold Land is not depreciated as it is considered to have an infinite useful life.

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- Main campus sites - 50 years
- Refurbishments – 15 years

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2023. They are not depreciated until they are brought into use.

Freehold buildings are depreciated over their expected useful economic life to the College of between 10 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 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 income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

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

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

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

#### *Equipment*

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

Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the College from incorporation and is now fully depreciated.

All other equipment is depreciated over its useful economic life as follows:

- general equipment – 5 years on a straight-line basis
- motor vehicles – 5 years on a straight-line basis
- computer equipment – 3 years on a straight-line basis
- furniture, fixtures and fittings – 5 years on a straight-line basis
- long life computer equipment – 10 years on a straight-line basis

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of comprehensive income and expenditure.

Where equipment is acquired with the aid of specific grants, it is depreciated in accordance with depreciation policy, the grant being held in deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102.

**BURTON AND SOUTH DERBYSHIRE COLLEGE**  
**Financial Statements for the Year Ended 31 July 2023**

Where equipment is included within a contract sum, when new buildings are added or constructed, the cost will be capitalised under land and buildings unless separately identifiable through architects' certificates.

**Intangible Assets**

Intangible assets acquired are stated at their historical cost and depreciated on a straight-line basis over their expected useful life of 3 years. Any impairment is written off in the year in which it arises. These assets arise from contractual or other legal rights, and their fair value can be measured reliably.

***Borrowing costs***

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

**Leased assets**

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

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

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

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

**Investments**

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

**Business combinations and Goodwill**

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed, and the equity instruments issued plus the costs directly attributed to the business combination. On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liability unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

Goodwill recognised represents the excess of the fair value and directly attributed costs of the purchase consideration over the fair value to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Burton and South Derbyshire College previously partnered in a joint venture with Highbury College which operated under joint control with each college having a 50% share. The nature of the joint venture was to deliver a contract for education in an exclusively female college in Jeddah. The joint venture was accounted for using Fair Value as the annual profits generated are then recognised in the year in which they are earned under the contract and matched to the costs incurred in generating them. The College premises did not form part of the joint venture. In August 2020, the College acquired the other 50% of the shares of Highbury College, which is now accounted for as a subsidiary.

### **Other investments**

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

### **Inventories**

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

### **Cash and cash equivalents**

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

### **Financial liabilities and equity**

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

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

### **Foreign currency translation**

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

Subsidiaries denominated in a foreign currency are translated into sterling using the average rate for items in the statement of financial activities, and the closing rate for items included in the balance sheet. Differences on retranslation of opening net assets and the statement of financial activities of the subsidiaries to the period end closing rate are included as other comprehensive income.

### **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.

## Provisions and contingent liabilities

Provisions are recognised when

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

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

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

## Agency arrangements

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

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

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

### *Other key sources of estimation uncertainty*

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Staffordshire Pension Fund uses valuation techniques to determine the carrying amount of property investments of which the College has a share. As required under the Accounting Standard they have used the projected unit credit method of valuation. The Accounting standard requires the assumptions to be determined on a 'best estimate' basis. For the purpose of setting the standard assumptions, they have interpreted best estimate to mean that the proposed assumptions are 'neutral': there is equal chance of actual experience being better or worse than then assumptions proposed.

## 2 Funding body grant

	Year Ended July 2023		Year Ended July 2022	
	Group £'000	College £'000	Group £'000	College £'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency - Adult	1,796	1,796	1,812	1,812
Education and Skills Funding Agency – 16 -18	10,476	10,476	10,069	10,069
Education and Skills Funding Agency – Apprenticeships	2,203	2,203	2,034	2,034
Higher Education Funding Council	42	42	44	44
<b>Specific Grants</b>				
Releases of government capital grants	333	333	291	291
<b>Total</b>	<b>14,851</b>	<b>14,851</b>	<b>14,250</b>	<b>14,250</b>

## 3 Tuition fees and education contracts

	Year Ended July 2023		Year Ended July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Adult education fees	130	130	165	165
Apprenticeship fees and contracts	15	15	14	14
Fees for FE loan supported courses	233	233	301	301
Fees for HE loan supported courses	845	845	852	852
International students fees	604	604	411	411
Total tuition fees	1,827	1,827	1,743	1,743
Education contracts	1,283	1,283	1,015	1,015
<b>Total</b>	<b>3,110</b>	<b>3,110</b>	<b>2,758</b>	<b>2,758</b>

## 4 Other grants and contracts

	Year Ended July 2023		Year Ended July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Other grants and contracts	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 5 Other income

	Year Ended July 2023		Year Ended July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Catering and residences	329	329	238	238
Other income generating activities	483	483	399	399
Other grant income	0	0	0	0
Non government capital grants	0	0	0	0
Miscellaneous income	806	806	627	627
Overseas income	2,379	0	6,984	0
<b>Total</b>	<b>3,997</b>	<b>1,618</b>	<b>8,248</b>	<b>1,264</b>

## 6 Investment income

	Year Ended July 2023		Year Ended July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Dividends receivable from subsidiary	0	0	0	984
Other interest receivable	126	2,142	10	10
	<b>126</b>	<b>2,142</b>	<b>6</b>	<b>6</b>

## 7 Staff costs – Group and College

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

	2023 Group No.	2023 College No.	2022 Group No.	2022 College No.
Teaching staff	218	168	210	160
Non teaching staff	257	255	262	260
	<b>475</b>	<b>423</b>	<b>472</b>	<b>420</b>

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

	2023 Group No.	2023 College No.	2022 Group No.	2022 College No.
Teaching staff	171	127	171	121
Non teaching staff	187	176	187	185
	<b>358</b>	<b>303</b>	<b>358</b>	<b>306</b>

## Staff costs for the above persons

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Wages and salaries	10,083	9,613	10,955	9,788
Social security costs	774	774	745	745
Other pension costs	2,228	2,228	3,273	3,273
<b>Payroll sub total</b>	<b>13,085</b>	<b>12,615</b>	<b>14,973</b>	<b>13,806</b>
Contracted out staffing services	-	-	-	-

13,085	12,615	14,973	13,806
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## Key management personnel

Our key management personnel are remunerated in the context of their experience, requisite qualifications and their achievement of annual objectives for our College (including, where applicable, our Saudi company). Senior post holders pay is the responsibility of the remuneration committee who follow the Association of College's guidance and best practice on executive pay and other sector related benchmarks. The CEO and Principal personally brings over £60,000 per annum of additional income for her time to the College for additional roles undertaken.

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

	2023 Group No.	2023 College No.	2022 Group No.	2022 College No.
The number of key management personnel including the Accounting Officer was:	4	4	4	4

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

	Senior post-holders		Other Staff	
	2023 No.	2023 No.	2022 No.	2022 No.
£60,001 to £65,000	0	0	0	3
£65,001 to £70,000	0	0	3	0
£95,001 to £100,000	0	0	1	1
£110,001 to £115,000	0	0	*1	*1
£140,001 to £145,000	**1	**1	0	0
£230,001 to £235,000	**1	**1	0	0
	2	2	5	5

\* Value includes VAT at the standard rate

\*\* Remuneration relates to both college and International business

## Staff costs – Group and College

Key management personnel compensation is made up as follows:

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Salaries – gross of salary sacrifice and waived emoluments	579	579	582	582
Benefits in kind	-	-	-	-
	579	579	582	582
Pension contributions	50	50	50	50
<b>Total emoluments</b>	<b>628</b>	<b>628</b>	<b>632</b>	<b>632</b>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place. The above totals include fees paid to a non-salaried key management personnel as per note 24.

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

	<b>2023 Group £'000</b>	<b>2023 College £'000</b>	<b>2022 Group £'000</b>	<b>2022 College £'000</b>
Basic Salary	191	191	191	191
Performance related pay and bonus	40	40	42	42
	<u>231</u>	<u>231</u>	<u>233</u>	<u>233</u>
Pension contributions	0	0	0	0
	<u>231</u>	<u>231</u>	<u>233</u>	<u>233</u>

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles in future.

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

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

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

	<b>2023</b>	<b>2022</b>
Principal and CEO's basic salary as a multiple of the median of all staff	8.13	8.32
Principal and CEO's total remuneration as a multiple of the median of all staff	9.51	9.81

#### Comparator of Chief Executive Officer to BSDC median pay

NB: At BSDC we do not outsource functions such as cleaning, facilities management and catering. Due consideration should be given to the impact this has on median pay when comparing this ratio to that of other Colleges.

#### **Compensation for loss of office paid to former key management personnel**

There was no compensation paid to key management personnel in 2022-23 (nil 2021-22).

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

#### **Severance payments**

The college/college group had paid a total of £0 severance payments in the year.

## 8 Other operating expenses

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Teaching costs	2,284	1,432	3,259	1,680
Non teaching costs	3,539	3,256	3,150	2,688
Premises costs	2,373	2,000	2,074	1,425
<b>Total</b>	<b>8,197</b>	<b>6,689</b>	<b>8,484</b>	<b>5,793</b>

### Other operating expenses included:

	Group £'000	College £'000	Group £'000	College £'000
Auditors' remuneration:				
Financial statements audit	36	36	48	30
Internal audit	17	17	19	19
Other services provided by the financial statement auditors	2	2	2	2
Other services provided by the internal auditors	-	-	-	-
Loss on disposal of non current assets (where not material)	-	-	-	-
Hire of other assets - operating leases	281	281	254	254

## 9 Interest payable – Group and College

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
On bank loans, overdrafts and other loans:	51	-	74	-
On finance leases				
Net interest on defined pension liability (note 23)	(135)	(135)	201	201
<b>Total</b>	<b>(85)</b>	<b>(135)</b>	<b>275</b>	<b>201</b>

## 10 Taxation – Group only

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
United Kingdom corporation tax at 19%	-	-	-	-
Saudi corporate tax	-	-	553	-
Saudi withholding tax	26	-	69	-
<b>Total</b>	<b>26</b>	<b>-</b>	<b>621</b>	<b>-</b>

The members do not believe that the College was liable for any corporation tax arising out of its activities during either year. The tax charge above relates to its trading subsidiary company.

### Write off & losses.

The College/college group has included in non teaching costs a total of £0 for debts written off. No transactions totalled £5,000.

**Compensation and ex-gratia payments.**

The College/college group has included in costs a total of £16,132 for compensation and ex gratia payments. This payment was made to 1 individual and based on a compromise agreement in place prior to the new declaration requirements in November 2022. The payment was processed in December 2022.

11 Tangible fixed assets College	Land and buildings		Equipment	Assets under construc- tion	Total
	Freehold	Long leasehold			
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2022	29,530	2,523	2,999	-	35,053
Reclassified in Year	-	-	(142)		(142)
Additions	-	-	1,050	780	1,830
Disposals	-	-	(87)	-	(87)
<b>At 31 July 2023</b>	<b>29,530</b>	<b>2,523</b>	<b>3,820</b>	<b>780</b>	<b>36,654</b>
<b>Depreciation</b>					
At 1 August 2022	12,275	1,647	1,689	-	15,611
Charge for the year	697	140	757	-	1,594
Reclassified in Year	-	-	(83)	-	(83)
Elimination in respect of disposals	-	-	(87)	-	(87)
<b>At 31 July 2022</b>	<b>12,972</b>	<b>1,787</b>	<b>2,276</b>	<b>-</b>	<b>17,035</b>
<b>Net book value at 31 July 2023</b>	<b>16,559</b>	<b>736</b>	<b>1,544</b>	<b>780</b>	<b>19,619</b>
<b>Net book value at 31 July 2022</b>	<b>17,256</b>	<b>876</b>	<b>1,310</b>	<b>-</b>	<b>19,442</b>

**11 Tangible fixed assets (Continued)**  
**Group**

	Land and buildings		Equipment	Assets under construction	Total
	Freehold	Long leasehold			
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>	29,530	2,523	4,607	-	36,661
At 1 August 2022	-	-	-	-	-
Reclassified in Year	-	-	(142)	-	(142)
Additions	-	-	1,050	780	1,830
Disposals	-	-	(87)	-	(87)
<b>At 31 July 2023</b>	<b>29,530</b>	<b>2,523</b>	<b>5,428</b>	<b>780</b>	<b>38,262</b>
<b>Depreciation</b>					
At 1 August 2022	12,275	1,647	3,200	-	17,122
Charge for the year	697	140	799	-	1,636
Reclassified in Year	-	-	(83)	-	(83)
Elimination in respect of disposals	-	-	(87)	-	(87)
<b>At 31 July 2023</b>	<b>12,972</b>	<b>1,787</b>	<b>3,829</b>	<b>780</b>	<b>18,588</b>
<b>Net book value at 31 July 2023</b>	<b>16,559</b>	<b>736</b>	<b>1,599</b>	<b>835</b>	<b>19,674</b>
<b>Net book value at 31 July 2022</b>	<b>17,256</b>	<b>876</b>	<b>1,413</b>	<b>-</b>	<b>19,545</b>

On 31 July 1996 all Land and buildings were revalued to assist members of the Corporation in reviewing the accommodation strategy. The revaluations in the sum of £9,467,500 were carried out by commercial property consultants and valuers (J Andrew Nichols BSC, ARICS of Salloway & Associates Burton).

The College has taken advantage of the transitional exemptions within FRS102 and has included the revalued amounts of land and buildings as deemed cost upon transition.

Within Freehold land and building is a Sports Hall with a net book value of £739,557 built on land owned by Carlsberg Tetley. The land is leased by East Staffordshire Borough Council who has a licence with the College.

Land and Buildings with a net book value of £6,138,848 have been financed by exchequer funds; through for example the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Council to surrender the proceeds. Land to the value £1,235,000 is included as part of total fixed assets and therefore not depreciated

**12 Intangible Assets**

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Software Licences	59	59	5	5

Intangible assets of Software licences arising from contractual liability where fair value can be measured reliably.

### **13 Non current Investments**

#### **Investments in Subsidiary**

As part of the College's income diversification strategy, the College continues to invest in its subsidiary company, Highbury incorporated in Saudi Arabia for the purpose of delivering education in Saudi Arabia. The College previously had a 50% share to generate a surplus for the College. HBSA Ltd had an operating contract to operate a female only College in Jeddah, Saudi Arabia. In August 2020 the College (BSDC) acquired the other 50% of shares from Highbury College for £5000, (the net value of the assets at that point was £3,793,447), and now reports as a subsidiary and within the group accounts. On 22 June 2023 HBSA and the College of Excellence finalised the termination of the operation and maintenance agreement, which represented the main source of the Company's revenue. In addition, the College did not sign any new contracts to generate revenue, as a result, there is a material uncertainty over the going concern of the subsidiary. HBSA is currently in negotiations to sign a new agreement and therefore is hopeful this operation will continue. The board recognised the risk in exiting the country as this would make securing future contracts impossible due to the high level of investment and the lengthy duration it would take to set up a company again in Saudi Arabia.

### **14 Other Fixed Asset Investments**

#### **Cash, equities and other listed investments**

Equities, cash and other listed investments are hold as long-term investments as part of a managed portfolio with Barclays. The investments consist of listed investments of £4,280k (2022 - £4,141k) and cash held on deposit of £922k (2022 - £1,047k).

**BURTON AND SOUTH DERBYSHIRE COLLEGE**  
**Financial Statements for the Year Ended 31 July 2023**

**15 Trade and other receivables**

	<b>2023 Group £'000</b>	<b>2023 College £'000</b>	<b>2022 Group £'000</b>	<b>2022 College £'000</b>
Trade receivables	1,050	462	4,554	424
Amounts owed by subsidiary	-	243	-	557
Dividend receivable from subsidiary	-	-	-	984
Prepayments and accrued income	612	400	3,051	389
Amounts owed by the ESFA	443	443	358	358
<b>Total</b>	<b>2,104</b>	<b>1,548</b>	<b>7,963</b>	<b>2,712</b>

**16 Creditors**

	<b>2023 Group £'000</b>	<b>2023 College £'000</b>	<b>2022 Group £'000</b>	<b>2022 College £'000</b>
Trade payables	1,298	1,298	1,098	1,098
Other taxation and social security	367	435	1,023	408
Accruals and deferred Income	335	201	1,660	649
Other Creditors	168	146	337	282
Deferred Income – government capital grants	1,025	1,025	291	291
Amounts owed to the ESFA	323	323	320	320
<b>Total</b>	<b>3,516</b>	<b>3,428</b>	<b>4,729</b>	<b>3,048</b>

**17 Trade and other receivables**

	<b>2023 Group £'000</b>	<b>2023 College £'000</b>	<b>2022 Group £'000</b>	<b>2022 College £'000</b>
Deferred income – government capital grants	6,802	6,802	6,084	6,084
Other creditors	107	-	-	-
<b>Total</b>	<b>6,802</b>	<b>6,802</b>	<b>6,084</b>	<b>6,084</b>

**18 Provisions – College and Group**

	Defined benefit Obligations £'000	Total £'000
At 1 August 2022	-	-
Expenditure in the period	89	89
Transferred from income and expenditure account	(89)	(89)
<b>At 31 July 2023</b>	<b>-</b>	<b>-</b>

**19 Cash and cash equivalents  
College**

	At 1 August 2022 £'000	Cashflows £'000	Other changes £'000	At 31 July 2023 £'000
Cash and cash equivalents	4,307	3,024	-	7,330
Overdrafts	-	-	-	-
<b>Total</b>	<b>4,307</b>	<b>3,024</b>	<b>-</b>	<b>7,330</b>

**Cash and cash equivalents  
HBSA**

	At 1 August 2022 £'000	Cashflows £'000	Other changes £'000	At 31 July 2023 £'000
Cash and cash equivalents	2,385	1,138	-	3,523
Overdrafts	-	-	-	-
<b>Total</b>	<b>2,385</b>	<b>1,138</b>	<b>-</b>	<b>3,523</b>

**Cash and cash equivalents  
Group**

	At 1 August 2022 £'000	Cashflows £'000	Other changes £'000	At 31 July 2023 £'000
Cash and cash equivalents	6,691	4,162	-	10,853
Overdrafts	-	-	-	-
<b>Total</b>	<b>6,691</b>	<b>4,162</b>	<b>-</b>	<b>10,853</b>

Other changes relates to exchange differences on retranslation of cash held in subsidiary denominated in foreign currency

## 20 Lease Obligations

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

	Group and College	
	2023 £'000	2022 £'000
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	278	281
Later than one year and not later than five years	1,114	1,125
Later than five years	720	1,008
	<u>2,112</u>	<u>2,414</u>
<b>Other</b>		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>
<b>Total lease payments due</b>	<u>2,112</u>	<u>2,414</u>

## 21 Contingent liabilities

The College has provided a bond to the Colleges of Excellence in Saudi Arabia in respect of its relative share of the Operating contract of HBSA. Details are:

	2023	2022
Performance Bond – Colleges of Excellence Saudi Arabia	£2,674,568	£2,819,475

## 22 Events after the reporting period

No events to report.

## 23 Defined benefit obligations

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

<b>Total pension cost for the year – College and Group</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Teachers Pension Scheme: contributions paid	917	862
Local Government Pension Scheme:		
Contributions paid	1,055	1,071
FRS 102 (28) charge	224	1,342
	<u>1,279</u>	<u>2,413</u>
Charge to the Statement of Comprehensive Income	<u>2,196</u>	<u>3,275</u>
<b>Total Pension Cost for Year</b>	<u>2,196</u>	<u>3,275</u>

The Pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was carried out as at 31 March 2019 and of the LGPS 31 March 2019.

Contributions amounting to £1,036,000 (2022 £1,052,000) were payable to the scheme at 31 July 2023 and are included within creditors.

### **Teachers' Pension Scheme**

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

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

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

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

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. The latest actuarial review of the TPS was carried out as at 31 March 2019. The valuation report was published by the Department for Education (the Department in April 2019). The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay (compared to 16.48% from Sept 2019). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year.

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

The pension costs paid to TPS in the year amounted to £916,533 (2022: £862,155).

### **23 Defined benefit obligations (continued)**

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

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

The pension costs paid to TPS in the year amounted to £916,533 (2022: £862,155).

### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by Staffordshire Local Authority. The total contribution made for the year ended 31 July 2022 was £1,314,000 of which employer's contributions totalled £1,055,000 and employee's contributions totalled £259,000. The agreed contribution rates for future years are 23.6% for employers and range from 5.5% to 8.5% for employees, depending on salary.

### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2023 by a qualified independent actuary

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	3.50%	3.10%
Pension Increase Rate (CPI)	3.00%	2.70%
Discount Rate	5.05%	3.50%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2023 Years	At 31 July 2022 Years
<i>Retiring today</i>		
Males	20.30	21.20
Females	23.70	23.80
<i>Retiring in 20 years</i>		
Males	21.00	22.20
Females	25.30	25.50

### 23 Defined benefit obligations (continued)

#### Local Government Pension Scheme (continued)

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

	Fair Value at 31 July 2023 £'000	Fair Value at 31 July 2022 £'000
Equities	21,796	23,296
Bonds	7,372	5,500
Property	2,244	2,588
Cash	641	971
<b>Total market value of assets</b>	<b>32,053</b>	<b>32,355</b>
<b>Actual return on plan assets</b>	<b>(467)</b>	<b>423</b>

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

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Fair value of plan assets	28,099	32,355
Present value of plan liabilities	(25,290)	(28,401)
Derecognition of asset	(2,809)	(3,954)
<b>Net pensions (liability)/asset (Note 18)</b>	<u><u>-</u></u>	<u><u>-</u></u>

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

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	(1,279)	(2,413)
Past service cost	-	-
<b>Total</b>	<u><u>(1,279)</u></u>	<u><u>(2,413)</u></u>

**Amounts included in Interest Cost**

Net interest Cost	135	(201)
	<u><u>135</u></u>	<u><u>(201)</u></u>

**Amounts recognised in Other Comprehensive Income**

Return on pension plan assets	(467)	423
Changes in assumptions underlying the present value of plan liabilities	3,365	16,997
Derecognition of asset	(2,809)	(3,954)
<b>Amount recognised in Other Comprehensive Income</b>	<u><u>89</u></u>	<u><u>13,466</u></u>

## 23 Defined benefit obligations (continued)

### Local Government Pension Scheme (continued)

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

	2023 £'000	2022 £'000
Surplus/(deficit) in scheme at 1 August	-	(11,923)
Movement in year:		
Current service cost	(1,279)	(2,413)
Employer contributions	1,055	1,071
Past service cost	-	-
Net interest on the defined (liability)/asset	135	(201)
Actuarial gain or loss	2,898	17,420
Derecognition of asset	(2,809)	(3,954)
<b>Net defined benefit (liability)/asset at 31 July</b>	<b>-</b>	<b>-</b>

#### Asset and Liability Reconciliation

	2023 £'000	2022 £'000
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>28,401</b>	<b>42,612</b>
Current Service cost	1,279	2,413
Interest cost	1,008	698
Contributions by Scheme participants	259	255
Changes In Demographic Assumptions	(167)	(145)
Changes in Financial Assumptions	(7,785)	(16,967)
Employee benefits paid	(668)	(580)
Other experience gains and losses	2,963	115
<b>Defined benefit obligations at end of period</b>	<b>25,290</b>	<b>28,401</b>

#### Reconciliation of Assets

<b>Fair value of plan assets at start of period</b>	<b>32,355</b>	<b>30,689</b>
Interest on plan assets	1,143	497
Return on plan assets	(467)	423
Employer contributions	1,055	1,071
Contributions by Scheme participants	259	255
Employee benefits paid	(668)	(580)
Other experience	(1,624)	
<b>Fair value of plan assets at end of period</b>	<b>32,053</b>	<b>32,355</b>

## 23 Defined benefit obligations (continued)

### Sensitivity analysis

Changes in assumptions at 31 July 2023	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	534
1 year increase in member life expectancy	4%	1,012
0.1% increase in Salary Increase Rate	0%	32
0.1% increase in the Pension Increase Rate (CPI)	2%	512

### Communication

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre April 2008 Service and 65% of the maximum tax-free cash for post April 2008 service.

## 24 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £4,164; 3 governors (2022: £4597). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2022: £0).

The College received £0 from Burton & South Derbyshire Education Trust in relation to Shared Service charges (2022: £0). The College was the Trust Sponsor and Mr J Beaty, Deputy Principal Corporate Relationships was Chair of Governors of the Trust. Dawn Ward CBE Chief Executive and Principal of Burton and South Derbyshire College was also a member of and Chief Accounting Officer to the Trust.

Dawn Ward CBE is also a Director of EAL, a specialist Skills Partner and awarding organisation for industry. EAL was paid £30,598 for examination fees during the year ended 31st July 2022 (2022 £31,245) Dawn Ward is also a member of City and Guilds London Institute to which payments of £149,783 (2022 £143,697) were made in the year.

Mr C Prosser is an employee of St Modwens PLC a company which supports the work of the College in particular the Stephen Burke Construction Academy in South Derbyshire. The College received sponsorship from St Modwens during the year £138,993 (2022 £112,997)

GAC & SJC consultants charged £100,200 including VAT for services provided during the year (2022 £117,600 including VAT). Mr G Chin, Vice Principal Corporate Services is a Director of GAC & SJC Consultants and this value has been disclosed in note 7 Key Management Personnel.

Highbury Burton Saudi Arabia (HBSA) Limited subsidiary company was charged £168,979 (2022 £193,745) for commercial services during the year ended 31st July 2022 and also reimbursed expenses incurred on relating to bond charges of £57,949 (2022 £71,831). The College is owed £243,319 by HBSA Limited as at 31 July 2022.

## 25 Capital commitments

	2023 £'000 Group	2023 £'000 College	2022 £'000 Group	2022 £'000 College
Commitments contracted for at 31 July	2,798	2,798	406	406

In line with the College's 2028 Adaptive plan to be vibrant and outstanding in its curriculum, the College is undertaking a significant upgrading of its IT infrastructure, systems and processes to ensure this is realised.

## 26 Amounts disbursed as agent

### Learner support funds

	2023 £'000 Group	2023 £'000 College	2022 £'000 Group	2022 £'000 College
16-18 Student Bursary	217	217	206	206
24+ Bursary	34	34	56	56
Vulnerable bursary	30	30	20	20
	281	281	282	282
Disbursed to students				
Underspend from previous years	-	-	(100)	(100)
16-18 – current year	(217)	(217)	(206)	(206)
24+ – current year	(44)	(64)	(76)	(76)
Administration costs	(13)	(13)	(12)	(12)
Balance unspent as at 31 July, included in creditors	31	31	44	44

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

## 27 Prior year adjustment

In preparing these consolidation financial statements, the following misstatement was identified in the subsidiary accounts, which therefore impacts the consolidated group figures. In the prior year, accruals were overstated by £199,352, as were other operating expenses by £199,352. The 2022 comparatives have been restated to correct this error. This has increased bought forward reserves by £199,352.