BARNFIELD COLLEGE

Report and Financial Statements

for the year ended 31 July 2015

CONTENTS

Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES:

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

Legal status

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

Mission

Governors reviewed the College's mission during 2014/15 and in May 2015 adopted a revised mission statement as follows:

"Barnfield College will realise the entrepreneurial, skills and educational needs of the community and employers through inclusive, outstanding, innovative programmes of study".

Public Benefit

Barnfield College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 14.

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

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Good employment record for students
- Strong student support systems
- Links with employers, industry and commerce
- Good learning facilities for the local community
- Delivering a curriculum to ensure that the skills needs of local employers are met

The vision of the College is that:-
"We will have created a fair, inclusive and diverse college that provides equality of opportunity for every student. We will be recruiting students from a diverse range of sectors to sustain both the College and future investment. Our programmes will be engaging, and motivate our students to higher levels of attainment than they initially expected. Students needs will be quickly identified and met through exceptional integrated support and outstanding teaching & learning. We will provide facilities, a curriculum, education and training that is the best and meets the needs of our stakeholders. The Barnfield College student experience will exceed expectations and will attract local, regional and national awards for innovation as well as high levels of skill and attainment reached."

BARNFIELD COLLEGE

Implementation of strategic plan

In July 2015 the College adopted a strategic plan for the period 1 August 2015 to 31 July 2018. This strategic plan includes property and financial plans. The Corporation monitors the performance of the College against these plans by the way of strategic Key Performance Indicators (KPI's). The KPI's are reviewed and updated each year but grouped under three distinct headings. The College's strategic priorities objectives are to:

1. To create a fair and diverse college that provides equality of opportunity, celebrates diversity and recruit students to sustain funding
2. To provide a curriculum, education and training that is the best
3. To ensure financial stability to allow continual investment in resources and effective delivery of the College Operating Plan

The College has been making good progress in implementing the strategic plan.

In September 2015 the Minister for Skills, Nick Boles MP, wrote to the College informing us on the positive outcome of the FE Commissioner's visit in July 2015. The FE Commissioner expressed their confidence that the College is able to sustain improvement following the changes to the organisational structure, governance and financial controls put in place.

The third Ofsted monitoring visit took place on 6th and 7th of October 2015. The College has obtained the following grades showing good progress in its transformation:

• Improvement in learner management	significant progress
• Improvement in teaching, learning and assessment	reasonable progress
• Improvement in teaching and learning of English/maths	reasonable progress
• Improvement in quality and accuracy of self-assessment	reasonable progress
• Improving arrangements for work experience	reasonable progress
• Improvement in the collection of destination data	reasonable progress

The Higher Education Review with took place on 19th to 22nd October 2015 provided assurance that the College meets UK expectations in the maintenance of academic standards of the awards offered on behalf of degree-awarding bodies and highlighted two features of good practice.

Financial objectives

The College's financial objectives are:

- to achieve an annual operating surplus
- to pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances
- to generate sufficient levels of income to support the asset base of the College
- to control costs
- to fund continued capital investment.

A series of performance indicators has been agreed to monitor the successful implementation of the policies.

Performance indicators

The College is committed to observing the importance of sector measures and indicators and use the FE Choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Skills Funding Agency (SFA). The Finance Record produces a financial health grading which currently is Outstanding and in the top 25% in the sector.

To provide a curriculum and education and training that is the best	**National Average**	**2013/14 Out-turn**	**2014/15 Out-turn**
Success Rate Percentage 16 - 18	81.2	63.4	77.1
Success Rate Percentage 19+	87.6	92.7	93.2
English and Maths success rates	67.6	61.4	61.4
Apprenticeship Success rates	68.9	26.9	74.8
Retention of 16 to 18's	91.0	81.8	87.4
Retention of 19+	93.4	95.5	96.4
Percentage of teaching observations graded as good or better	n/a	74.3	75
Post 16 Attendance rate (all learners including authorised) %	n/a	83.0	80.5
Post 19 attendance rate (all learners including authorised) %	n/a	81.6	80
Percentage of learners who leave to a valid destination	n/a	64.2	91
To create a fair and diverse college that provides equality of opportunity, celebrates diversity and recruit students to sustain funding	**National or local Average**	**2013/14 Out-turn**	**2014/15 Out-turn**
Numbers of 16-18 year old learners	n/a	1,846	1,500
Numbers of 19- 24 year old learners (classroom based)	n/a	1,693	361
Numbers of Apprenticeships 16 to 18, 19+ and Higher	n/a	422	331
Higher Education learners	n/a	257	296
Conversion percentage of acceptances to enrolments	n/a	n/a	60
Percentage of staff that declare a disability*	3	n/a	11
Percentage of staff from an ethnic minority background	35	n/a	17
Staff absence (lost time percentage)*	3.7	n/a	3.7
Number of applicant 16 - 18	n/a	1,535	1,309
Number of Applicants 19+	n/a	1,156	513
Number of HE Applicants*	n/a	n/a	244

To ensure financial stability to allow continual investment in resources and effective delivery of the College Operating Plan	National Average	2013/14 Out-turn	2014/15 Out-turn
Operating Surplus / (Deficit) £'000	-494	351	545
Operating Deficit/Surplus as a percentage of income	-1.7%	1.7%	3.0%
Current ratio	1.23	2.96	3.56
Cash Days in hand	63.3	243.0	282.3
Financial Health Score	n/a	Good	Good
Staffing cost as a percentage of turnover	62.3%	62.5%	58.9%
Percentage of income from non - EFA/SFA sources	19.3%	16.4%	17.5%

FINANCIAL POSITION

Financial results

The College generated an operating surplus in the year of £0.545m (2013/14 surplus of £0.351m).

The College has accumulated reserves of £12.358m and cash balances of £14.001m. The College wishes to continue to accumulate reserves and cash balances in order to support its property strategy and to create a contingency fund.

Tangible fixed asset additions during the year amounted to £1.666m. This was split between land and buildings of £1.268m and equipment purchased of £0.174m. In the main, the land and buildings related to the renewal of Enterprise Way campus roof and the equipment relates to IT hardware and software. Additionally at year end there was £0.224m of assets under construction relating in main to the refurbishment which aims to improve learners engagement and will complete in 2015/16. The refurbishment includes the relocation of learning resource centre, student hub, staff rooms and teaching rooms.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2014/15 the FE funding bodies provided 82.5% of the College's total income.

The College has a number of subsidiary companies which are now inactive and the College is in the process of winding these up.

Treasury policies and objectives

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

The College has a separate treasury management policy in place.

Cash flows and liquidity

At outflow of £0.214m (2013/14 £1.741m outflow), operating cash flow was reasonable as compared to the sector. The net cash flow resulted mainly from the expenditure at Enterprise Way being greater than the inflow from activities.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

In 2014/15 the College has delivered activity that has produced £13.534m in funding body main allocation funding (2013/14 £15.831m). The College had approximately 4,258 funded and 1,002 non-funded students: including subcontracting, the number of funded students is 7,225.

Student Achievements

In the last year there has been significant impact in strategies to halt the decline and turn around student success. Success rates on our main qualification for 16-18 rose in 2014/15 from 2013/14 from 63.4 per cent to 77.1 per cent and, we expect the upwards trend to continue. The success rates for English and maths remained the same in 2014/15 and 2013/14 at 61.4 per cent. New initiatives have been introduced to improve the success rates of English and maths against the national average.

Curriculum Developments

The College has suffered a setback in its reputation for curriculum innovation and change over the past years. It has been graded by Ofsted as inadequate in November 2014.

As a result the College had to review its curriculum offers and curtail courses where the quality of teaching fell below expected standard. During the Summer of 2015 our neighbouring college decided to withdraw from delivery of creative art courses. Barnfield College saw it as an opportunity to grow the creative art curriculum area and enhanced our higher education delivery by absorbing some of their tutors and learners.

The College has also started developing a range of pre-apprenticeship provision to fill a gap in the market. This provides the learners with better confidence in progressing to their apprenticeship programme.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2014 to 31 July 2015, the College paid 66 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Post-balance sheet events

There were no significant post-balance sheet events.

Future Developments

The College is embarking on a new challenging and exciting phase of our development in ensuring that we are able to transform the lives of all our students and improve their economic impact for businesses by providing an accessible innovative and high quality curriculum that generates enthusiasm and facilitates success.

To do this we will:-

- Engage and listen to local employers and the community to develop employability knowledge, skills, understanding and experience of all students so that they are fit for the world of work.
- Work in partnership with all stakeholders to create an outstanding curriculum that is delivered through innovative and engaging practices that help to create outstanding student experiences and opportunities for progression.
- Create and maintain an inclusive skills-based curriculum that is focused on meeting the needs of students, the community and employers.
- Prepare and assist students to progress to the world of work, apprenticeships or higher education so that they can be successful, entrepreneurial, economically active and valued members of society.
- Ensure that students' needs are accurately and promptly identified and that support is available to available to enhance success and progression.
- Support of young students aged 14-18 and in particular full-participation in learning up to age 18.
- Recognise the wider benefits of learning for individuals and communities, supporting re-engagement, addressing disadvantage and narrowing the gap so all in our community might achieve.
- Open local pathways to higher level study and degree education.
- Manage our finances and resources effectively and efficiently so we are able to continually provide outstanding facilities for students.
- Proactively explore proactively opportunities and be ambitious about our vision for the future.

RESOURCES:

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

Tangible resources include two college sites at New Bedford Road and Enterprise Way in Luton.

Financial

The College has £13.879m of net assets (including £10.534m pension liability) and long term creditors of £0.1m.

People

The College employs 320 people (expressed as full time equivalents), of whom 134 are teaching staff.

Reputation

The College's reputation, locally and nationally, has been tarnished as a result of the investigations by the SFA and EFA into the ex-Barnfield Federation, following a whistleblowing allegation in October 2013, and the recent Ofsted inspection judgement of the College. The new management team has embarked on a new mission to restore the quality brand that the College had in the past. Maintaining a quality brand is essential for the College's success in attracting students and external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES:

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

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

A risk register is maintained at the College level which is reviewed at least annually 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.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

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 further education sector funding bodies and through HEFCE. In 2014/15, 82.5% of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue. There are 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.

Under the SFA funding regulations, colleges graded 4 are not allowed to engage in new contracts under subcontracting arrangement or to apply for growth in apprenticeship funding. As such an organisation currently, Barnfield College is subject to these limitations. However, the College anticipates being at least grade 3 in its next Ofsted inspection thereby no longer subject to these limitations.

There are continuing risks in the reduction of both SFA and EFA funding. The College has built these risks into its sensitivity analysis. The College has taken further actions to identify / expand alternative funding source and to seek efficiency gains in its operations.

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

Ministers have confirmed that the fee assumption remains at 50% of the funding rates. In line with the majority of other colleges, Barnfield College will seek to increase tuition fees in accordance with the fee assumptions. The risk for the College is that demand falls off as fees increase. This will 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
- Creating engaging study programmes

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 17.

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Education sector funding bodies;
- Sixth Form;
- FE Commissioner;
- Staff;
- Local employers (with specific links);
- Local authorities;
- Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE institutions;
- Trade unions; and
- Professional bodies.

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

Equal opportunities

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy is published on the College's Intranet site.

The College presents an Annual Equality Report to Board and Equality Objectives 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 pays due regard to the Public Sector Equality Duty and therefore works to

a) Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.

b) Advance equality of opportunity between people who share a protected characteristic and those who do not.

c) Foster good relations between people who share a protected characteristic and those who do not.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

a) The College has updated its access audit and made appropriate adjustment in its buildings.

b) The College will provide information, advice and arrange support where necessary for students with disabilities.

c) There is a list of specialist equipment which the College can make available for use by students and a range of assistive technology is available in the learning centre.

d) The admissions policy for all students 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 appointed a number of student 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 students 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 Student Handbook, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 14 December 2015 and signed on its behalf by:

....

Robin Somerville

Chair

Professional advisers

Financial statement and regularity auditors:

PricewaterhouseCoopers LLP
10 Bricket Road
St. Albans
Herts
AL1 3JX

Internal auditors:

RSM UK
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

Bankers:

Lloyds Bank
60 George Street
Luton
Bedfordshire
LU1 2BB

Solicitors:

Eversheds LLP
One Wood Street
London
EC2V 7WS

BARNFIELD COLLEGE

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
ii. having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College/Board has paid due regard to the UK Corporate Governance Code insofar as it applies to the Further Education sector. In July 2015 the Board adopted the new Good Governance Code for English Colleges and this Code will apply from August 2015. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

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 to the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

**The Corporation - ** The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below.

Name	Date of first Appointment	Term of Office	End of Term/Date of Resignation	Status of Appointment	FEC Board	Audit	Search & Remuneration	Curriculum, Quality and Performance	TOTAL
Bailey, Helen	23 July 2014	4 years	23 July 2015	Independent Governor	1 of 9	1 of 4			2 of 13 15%
Bain-Stewart, Alex - Chair Search and Remuneration	23 June 2014	4 years		Independent Governor	8 of 9	1 of 1	2 of 2		11 of 12 92%
Battams, Elaine	23 July 2014	4 years		Staff Governor	9 of 9				9 of 9 100%
Blaine, Peter - Chair Curriculum, Quality & Performance	August 1999; Re-appointed August 2003, August 2007, August 2011	4 years	23 July 2015	Independent Governor	8 of 9			2 of 2	10 of 11 91%
Box, Monica	01 November 2014	ex officio	29 January 2015	Interim Chief Executive	2 of 2		1 of 1	1 of 1	4 of 4 100%
Ellis, Louise	23 June 2014	4 years		Independent Governor	5 of 9			2 of 2	7 of 11 64%
Eyton-Jones, Tim	02 February 2015	ex officio		Principal and Chief Executive	5 of 5		1 of 1		6 of 6 100%
Fisher, Dame Jackie	10 February 2014	ex officio	31 October 2014	Interim Chief Executive	2 of 2			1 of 1	3 of 3 100%
Garner, Caroline	11 March 2011 and 23 July 2014	4 years	26 February 2014 and 1 October 2014	Independent Governor	0 of 1				0 of 1 0%

Hill, Peter	20 December 2007, Re-appointed 21 December 2011	4 years		Independent Governor	7 of 9			1 of 2	8 of 11 73%
Holden, Trevor	23 June 2014	4 years		Independent Governor	4 of 9	1 of 4			5 of 13 38%
Kashef, E R	30 April 2014			Student Governor	2 of 3				2 of 3 67%
Martin, Paula	15 October 2013	4 years	11 December 2014	Independent Governor	3 of 3				3 of 3 100%
O'Brien, Gavin	23 June 2014	4 years		Co-opted Member	n/a			1 of 2	1 of 2 50%
Philpott, Bronwen	15 October 2013	4 years	1 February 2015	Independent Governor	3 of 4	2 of 2			5 of 6 83%
Rizvi, Syed	23 June 2014	4 years		Independent Member	9 of 9			2 of 2	11 of 11 100%
Sarrington, Roni	30 April 2014			Student Governor	1 of 3				1 of 3 33%
Seath, Paul - Vice Chair of FEC	23 June 2014	4 years		Independent Governor	6 of 9		2 of 2		8 of 11 73%
Somerville, Robin - Chair of FEC	23 June 2014	4 years		Independent Governor	9 of 9		2 of 2		11 of 11 100%
Straughan, Keith	23 June 2014	4 years	Leave of absence November 2014; resigned 1 September 2015	Independent Governor	2 of 2		0 of 1		2 of 3 67%
Warrs, Trevor - Chair of Audit	23 June 2014	4 years		Independent Governor	7 of 9	4 of 4			11 of 13 85%

Mr B Frederick acted as Clerk to the Corporation until 31 August 2014. Mrs L Milligan, acts as Clerk to the Corporation from 1 September 2014.

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 term.

The Corporation has a number of committees. Each committee has terms of reference, which have been approved by the Corporation. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Barnfield College
New Bedford Road
Luton
Beds
LU2 7BF

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

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

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

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

There is a clear division of responsibility in that the roles of the Chair and the 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 and remuneration committee, consisting of four members of the Corporation, including the Principal (for search aspects only), 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.

Search and Remuneration Committee

Throughout the year ending 31 July 2015 the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders to advise on governance matters and the recruitment and selection of new Board members for the Board's consideration. The Principal is in attendance when staff remuneration is discussed.

Details of remuneration for the year ended 31 July 2015 are set out in note 8 to the financial statements.

Audit Committee

The Audit Committee comprises four members of the Corporation (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

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

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

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

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

Curriculum Quality and Performance (Quality and Standards) and Finance and Resources Committees

The Curriculum Quality and Performance Committee met twice - on 30 September and 4 November 2014. It had a Membership of six including the Chief Executive and one co-opted member.

The FEC Board had moved, on an interim basis, in March 2014 to a Carver style model of Governance to ensure there was close and regular attention to addressing the failures identified in the SFA and EFA investigations into the Barnfield Federation. At this time the Board decided to remove the Finance and Employment Committee to ensure such matters came to the full Board which was by then meeting monthly.

By September 2014 Barnfield College had an almost entirely refreshed Board. The Board had taken in July 2014 the decision to separate from the academies it sponsored, having taken earlier the decision to work to wind up its plethora of business entities. The Board confirmed its agreement on 16 September 2014 to adopt the Carver style model of Governance going forward, which it had found effective.

On 5 November 2014 the Search and Remuneration Committee recommended, for approval by the Board, that the Curriculum Quality and Performance Committee close, with all such matters going directly to Board. This was approved at the 20 November 2014 Board meeting. Subsequently, on 30 April 2015 the Board reflected on the recommendations within the FE Commissioner's stock take assessment and determined to establish both a Quality and Standards and Financial Controls Task and Finish Group. The first meeting of the Quality and Standards Task and Finish Group took place on 24 June 2015; the meeting of the Financial Controls Task Group to take place following the appointment of the College's new Executive Director Finance and Resources.

On further reflection at its Meeting on 23 July 2015, the Barnfield College Board agreed to convene the aforementioned Task Groups as fully formed Committees. The Terms of Reference of all the Board's Committees were reviewed and approved for 2015/16 at its meeting on 12 November 2015.

The first meeting of the Quality and Standards Committee took place on 5 November 2015 and the Finance and Resources Committee had its first meeting on 23 November 2015.

Finance and Resources

The Finance and Resources Committee comprises three members of the Corporation. The Committees operate in accordance with written terms of reference approved by the Corporation.

Internal control

Scope of responsibility

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

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

The purpose of the system of internal control

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

Capacity to handle risk

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

The risk and control framework

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

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

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

Review of effectiveness

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

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

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

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

July 2015 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2015.

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

Going concern

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

Approved by order of the members of the Corporation on 14 December 2015 and signed on its behalf by:

Robin Somerville	**Tim Eyton-Jones**
Chair	**Principal/CEO**

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

The Corporation has considered its responsibility to notify the Skills Funding Agency of material irregularity, impropriety and non-compliance with Skills Funding Agency terms and conditions of funding, under the financial memorandum in place between the College and the Skills Funding Agency. As part of our consideration we have had due regard to the requirements of the Financial Memorandum / Funding Agreement.

We confirm, on behalf of the Corporation, that after due enquiry, and ***to the best of our knowledge***, we have not identified any material irregular or improper use of funds by the College, or material non-compliance with the Skills Funding Agency’s terms and conditions of funding under the College’s financial memorandum/funding agreement.

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

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum / Funding Agreement between the Skills Funding Agency (SFA) / Education Funding Agency (EFA) and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2007 *Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *Accounts Direction for 2014 to 2015 financial statements* issued jointly by the SFA and the EFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

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

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

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

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

Approved by order of the members of the Corporation on 14 December 2015 and signed on its behalf by:

....

Robin Somerville

Chair

Independent auditors' report to the Corporation of Barnfield College (the "institution")

Report on the financial statements

Our opinion

In our opinion:

- Barnfield College's group financial statements and parent institution financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2015 and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

What we have audited

The financial statements comprise:

- the consolidated and parent institution Balance Sheets as at 31 July 2015;
- the consolidated Income and Expenditure Account for the year then ended;
- the consolidated Statement of Total Recognised Gains and Losses for the year then ended;
- the consolidated Statement of Historical Cost Surpluses and Deficits for the year then ended;
- the consolidated Cash Flow Statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Generally Accepted Accounting Practice.

In applying the financial reporting framework, the Corporation has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

Opinions on other matters prescribed in the Joint Audit Code of Practice issued by the Education Funding Agency and the Chief Executive of Skills Funding

In our opinion, in all material respects:

- proper accounting records have been kept, and
- the financial statements are in agreement with the accounting records and returns.

Responsibilities for the financial statements and the audit

Respective responsibilities of the Corporation and auditors

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 22 the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Corporation as a body in accordance with Article 22 of the institution's Articles of Government and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group and parent institution's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Corporation; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
15 December 2015

Independent Auditor's Report on Regularity to the Corporation of Barnfield College ('the Corporation') and the Secretary of State for Business, Innovation and Skills acting through Skills Funding Agency and Secretary of State for Education acting through Education Funding Agency

In accordance with the terms of our engagement letter dated 12 October 2015 and further to the requirements of the financial memorandum with Skills Funding Agency / funding agreement with Education Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Barnfield College during the period 1 August 2014 to 31 July 2015 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of Barnfield College and the reporting accountant

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

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes reviewing policies, gaining an understanding of procedures, and testing samples of transactions in relation to regularity, use of funds and propriety.

Conclusion

In the course of our work, [except for the matters listed below] nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 august 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them as set out in the Association of Colleges Accounts Direction 2014 to 2015.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
15 December 2015

Consolidated Income and Expenditure Account

	Notes	2015 £000	2014 £000
Income			
Funding body grants	2	14,932	17,422
Tuition fees and education contracts	3	2,061	2,112
Other grants and contracts	4	425	277
Other income	5	637	3,608
Investment income	6	47	56
Total income		**18,102**	**23,475**
Expenditure			
Staff costs	7	(10,629)	(10,502)
Other operating expenses	9	(5,316)	(10,320)
Depreciation	11	(1,527)	(1,659)
FRS 17 pension finance costs	25	(33)	(109)
Enhanced pension finance costs	16	(31)	(33)
Total expenditure		**(17,536)**	**(22,623)**
Surplus on continuing operations after depreciation of tangible fixed assets at valuation		566	852
Loss on disposal of fixed assets		(21)	(501)
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets but before tax		545	351
Taxation	10	-	-
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		**545**	**351**

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

Consolidated Statement of Historical Cost Surpluses and Deficits

	Notes	2015 £000	2014 £000
Surplus on continuing operations before taxation		545	351
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	18	-	-
Historical cost surplus for the year before and after taxation		**545**	**351**

Consolidated Statement of Total Recognised Gains and Losses

	Notes	2015 £000	2014 £000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		545	351
Actuarial loss in respect of pension scheme	25	(2,614)	(1,282)
Actuarial loss in respect of enhanced pension scheme	16	(32)	(26)
Total recognised loss relating to the year		**(2,101)**	**(957)**

Reconciliation

Opening reserves		14,394	15,351
Closure of Subsiduary Company (BATA)		64	-
Total recognised losses for the year		(2,101)	(957)
Closing reserves		**12,357**	**14,394**

Balance Sheets

	Notes	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
Fixed assets					
Tangible assets	11	14,312	14,312	14,194	14,194
Investments	13	-	-	-	-
Total fixed assets		**14,312**	**14,312**	**14,194**	**14,194**
Current assets					
Stocks		-	-	23	23
Debtors	14	1,258	1,258	1,538	2,067
Investments		3,290	3,290	3,283	3,283
Cash at bank and in hand		10,711	10,611	10,927	10,349
Total current assets		**15,259**	**15,159**	**15,771**	**15,722**
Creditors: amounts falling due within one year	15	(4,282)	(4,282)	(5,327)	(5,310)
Net current assets		**10,977**	**10,877**	**10,444**	**10,412**
Total assets less current liabilities		**25,289**	**25,189**	**24,638**	**24,606**
Creditors: amounts falling due after more than one year	15	(100)	-	(100)	-
Provisions for liabilities and charges	16	(776)	(776)	(768)	(768)
Net assets excluding pension liability		**24,413**	**24,413**	**23,770**	**23,838**
Net pension liability	25	(10,534)	(10,534)	(7,919)	(7,919)
Net assets including pension liability		**13,879**	**13,879**	**15,851**	**15,919**
Deferred capital grants	17	1,521	1,521	1,457	1,457
Income and expenditure account excluding pension reserve	19	19,875	19,875	19,296	19,364
Pension reserve	25	(10,534)	(10,534)	(7,919)	(7,919)
	19	9,341	9,341	11,377	11,445
Revaluation reserve	18	3,017	3,017	3,017	3,017
Total reserves		**12,358**	**12,358**	**14,394**	**14,462**
Total funds		**13,879**	**13,879**	**15,851**	**15,919**

The financial statements on pages 28 to 44 were approved by the Corporation on 14th December 2015 and were signed on its behalf by:-

Robin Somerville
Chair

Tim Eyton-Jones
Principal

Consolidated Cash Flow Statement

	Notes	Group 2015 £000	Group 2014 £000
Cash inflow/(outflow) from operating activities	20	1,114	(1,908)
Returns on investments and servicing of finance	21	48	56
Capital expenditure and financial investment	22	(1,369)	189
Management of liquid resources	23	(7)	(78)
Decrease in cash in the year	24	**(214)**	**(1,741)**

Reconciliation of net cash flow to movement in net funds

	Notes	Group 2015 £000	Group 2014 £000
Decrease in cash in the year		(214)	(1,741)
Cash outflow from liquid resources	24	7	78
Movement in net funds in the year		(207)	(1,663)
Net funds at 1 August		14,210	15,873
Net funds at 31 July		**14,003**	**14,210**

1. Accounting policies

Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP) and in accordance with applicable accounting standards. They conform to guidance published jointly by the Skills Funding Agency and the Education Funding Agency in the 2014-15 Accounts Direction Handbook.

Basis of accounting

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

Going concern

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

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, Barnfield Educational Partnership Trust (BEPT), with Barnfield Apprenticeship Training Agency Limited (BATA) being wound up in the year. Intra-group sales and profits are eliminated fully on consolidation. In accordance with Financial Reporting Standard (FRS) 2, the activities of the student union and the College's investments in Barnfield Education Services Limited and Barnfield Shared Services Limited have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2015.

Recognition of Income

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year-end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and it is therefore not subject to contract adjustments.

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

Income from tuition fees is recognised in the year for which it is received and includes all fees payable by students or their sponsors and are disclosed net of any discounts.

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

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

Post retirement benefits

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

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payrolls. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

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

Tangible fixed assets
Land and buildings
The college's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value.

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

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

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

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

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

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

Fixtures and fittings and equipment
Equipment costing less than £1,000 is written off to the income and expenditure account in the period of acquisition. All other equipment is valued at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

All assets are depreciated over their useful economic life on a straight line basis as follows:

Computer equipment	- 3 years
Other equipment	- 5 years
Furniture	- 10 years
Land and Building	- 20 years

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

Leased assets
Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Investments
Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value. Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

Short term investments
Short term investments relate to bank deposits which are not repayable on demand. Movements in such investments are included under "management of liquid resources" in the cash flow statement in accordance with FRS1, "cash flow statements".

Stocks
Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks. These are items used in delivering services.

Foreign currency translation
Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

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

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

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisaiton.

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

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

Agency arrangements
The College acts as an agent in the collection and payment of discretionary support Funds. Related payments received from the Skills Funding Agency and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in Note 30 except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Learner Support Fund applications and payments.

2 Funding body grants

	2015 £000	2014 £000
Recurrent grant - SFA/EFA	13,534	15,831
Non recurrent grants SFA/EFA	1,165	1,364
Releases of deferred capital grants (note 20)	233	227
	14,932	**17,422**

3 Tuition fees and education contracts

	2015 £000	2014 £000
Tuition fees	2,061	1,827
Education contracts	-	285
	2,061	**2,112**

4 Other grants and contracts

	2015 £000	2014 £000
Other grants and contracts	**425**	**277**

5 Other income

	2015 £000	2014 £000
Residences, catering and conferences	17	28
Sponsorship income	-	3,000
Other income	621	580
	638	**3,608**

6 Investment income

	2015 £000	2014 £000
Other interest receivable	**48**	**56**

7 Staff costs

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

	2015 Number	2014 Number
Teaching staff	134	137
Non teaching staff	186	172
	320	**309**

Staff costs for the above persons:	2015 £000	2014 £000
Wages and salaries	8,489	8,130
Social security costs	510	548
Other pension costs	1,132	1,046
(including FRS 17 cost of £32,000 (2014- £23,000))		
Payroll sub-total	**10,131**	**9,724**
Restructuring costs	498	778
	10,629	**10,502**

8 Senior post-holders' emoluments

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

The Senior post-holders were in place for part of the year ended 31 July 2015, however for banding purposes their full year emoluments are disclosed below.

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

	Senior post-holders		Other staff	
	2015	2014	2015	2014
	Number	Number	Number	Number
£ 60,001 to £ 70,000	-	-	-	2
£ 70,001 to £ 80,000	3	-	-	-
£ 90,001 to £ 100,000	-	-	-	1
£ 120,001 to £ 130,000	1	-	-	-
£ 150,001 to £ 160,000	-	1	-	-
	4	**1**	**-**	**3**

The Senior post-holders were in place for part of the year ended 31 July 2015 and therefore a pro-rata of their annual salary is shown in the amounts payable below.

	2015	2014
	Number	Number
The number of senior post-holders including the Principal was:	4	1

Senior post-holders' emoluments are made up as follows:	2015	2014
	£000	£000
Salaries	108	148
Benefits in kind	-	6
Pension contributions	16	21
Total emoluments	**124**	**175**

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

	2015	2014
	£000	£000
Salaries	63	148
Benefits in kind	-	6
	63	**154**
Pension contributions	9	21

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

The Members of the Corporation other than the Principal and the staff member did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

9 Other operating expenses	2015	2014
	£000	£000
Teaching costs	3,046	4,050
Non teaching costs	1,432	5,005
Premises costs	838	1,265
Total	**5,316**	**10,320**

Other operating expenses include:

	2015 £000	2014 £000
Auditors' remuneration:		
financial statements audit	36	30
internal audit	28	-
other services provided by financial statements auditors	2	9
Hire of plant and machinery - operating leases	55	-

10 Taxation

The Members do not believe the College was liable for any corporation tax arising out of its activities during the year.

11 Tangible assets (Group)

	Assets under construction	Land & buildings	Furniture & equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 August 2014	-	24,010	6,260	30,270
Additions	224	1,268	174	1,666
Disposals	-	-	(41)	(41)
Re-classification	-	163	(163)	-
At 31 July 2015	**224**	**25,441**	**6,230**	**31,895**
Accumulated depreciation				
At 1 August 2014	-	11,700	4,376	16,076
Charge for year	-	858	669	1,527
Disposals	-	-	(20)	(20)
Re-classification	-	(299)	299	-
At 31 July 2015	-	**12,259**	**5,324**	**17,583**
Net book value at 31 July 2015	**224**	**13,182**	**906**	**14,312**
Net book value at 31 July 2014	-	**12,310**	**1,884**	**14,194**

12 Tangible assets (College)

	Assets under construction	Land & buildings	Furniture & equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 August 2014	-	24,010	6,240	30,250
Additions	224	1,268	174	1,666
Disposals	-	-	(21)	(21)
Re-classification	-	163	(163)	-
At 31 July 2015	**224**	**25,441**	**6,230**	**31,895**
Accumulated depreciation				
At 1 August 2014	-	11,700	4,356	16,056
Charge for year	-	858	669	1,527
Disposals	-	-	-	-
Re-classification	-	(299)	299	-
At 31 July 2015	-	**12,259**	**5,324**	**17,583**
Net book value at 31 July 2015	**224**	**13,182**	**906**	**14,312**
Net book value at 31 July 2014	-	**12,310**	**1,884**	**14,194**

12 Tangible assets (College) (continued)

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly, the book values at implementation have been retained.

All inherited equipment, which was transferred to the College at no cost, was revalued by an independent valuer, Chesterton International Plc, in October 1994.

13 Investments (College)	**2015**	**2014**
	£	**£**
Investments in subsidiary companies	-	-

Barnfield Apprenticeship Training Agency Limited (BATA) - company number 07142170. BATA was incorporated on 1 February 2010, a company limited by guarantee. The company was wound up during 2014/15. The principal business activity was temporary recruitment agency for apprentices.

Barnfield Education Partnership Trust (BEPT) - company number 07189719. BEPT was incorporated on 15 March 2010, a company limited by guarantee. This company is registered in England and Wales. The principal business activities are the advancement of education and skills, learning and research including through the support, establishment and development of Academies and other Schools. On 12 October 2011, Barnfield Sponsor Trust changed its name to Barnfield Education Partnership Trust. BEPT has been active in the year ended 31 July 2015.

14 Debtors	**Group 2015 £000**	**College 2015 £000**	**Group 2014 £000**	**College 2014 £000**
Amounts falling due within one year:				
Trade debtors	310	310	404	404
Amounts owed by group companies	-	-	-	529
Prepayments and accrued income	948	948	1,134	1,134
	1,258	**1,258**	**1,538**	**2,067**

15 Creditors	**Group 2015 £000**	**College 2015 £000**	**Group 2014 £000**	**College 2014 £000**
Payments received in advance	297	297	241	241
Trade creditors	449	449	207	207
Amounts owed to group undertakings	-	-	-	-
Other taxation and social security	153	153	154	154
Accruals	1,797	1,797	2,307	2,290
Amount owed to SFA	1,586	1,586	2,418	2,418
Endowment to Academies		-	-	-
	4,282	4,282	5,327	5,310
Amounts falling due after more than one year:				
Federal Endowment	100	-	100	-
	4,382	**4,282**	**5,427**	**5,310**

16 Provisions for liabilities and charges (Group and College)	**Enhanced pension £000**
At 1 August 2014	768
Expenditure in the period	(55)
Charged to income and expenditure account	31
Actuarial loss	32
At 31 July 2015	**776**

The enhanced pension provision relates to the expected costs to the College arising from agreements for a number of staff to take early retirement. in previous years. In this situation, the College is responsible for the extra pension contributions that are due as a result of the staff member retiring before the planned date.

The principal assumptions for this calculation are:	**2015**	**2014**
Price inflation	3.46%	3.89%
Discount rate	1.75%	2.50%

17 Deferred capital grants (Group and College)

	SFA	Others	Total
	£000	£000	£000
At 1 August 2014			
Land and buildings	1,353	84	1,437
Equipment	20	-	20
Cash received			
Land and buildings	297	-	297
Released to income and expenditure account			
Land and buildings	(207)	(18)	(225)
Equipment	(8)	-	(8)
Total at 31 July 2015	**1,455**	**66**	**1,521**
At 31 July 2015			
Land and buildings	1,443	66	1,509
Equipment	12	-	12
Total at 31 July 2015	**1,455**	**66**	**1,521**

18 Revaluation reserve

	Group 2015	College 2015	Group 2014	College 2014
	£000	£000	£000	£000
At 31 July 2015	**3,017**	**3,017**	**3,017**	**3,017**

19 Movement on general reserves

	Group 2015	College 2015	Group 2014	College 2014
Income and expenditure account reserve	£000	£000	£000	£000
At 1 August	11,377	11,445	12,334	12,388
Surplus on continuing operations after depeciation of assets at valuation, disposal of assets and tax	545	542	351	365
Movement in respect of a business combination (BES/BSS)	(1,041)	(1,041)	-	-
Wind up of a group company (BATA)	65	-	-	-
Actuarial loss in respect of pension scheme	(1,573)	(1,573)	(1,282)	(1,282)
Actuarial loss in respect of enhanced pension scheme	(32)	(32)	(26)	(26)
At 31 July	**9,341**	**9,341**	**11,377**	**11,445**
Balance represented by:				
Pension reserve	(10,534)	(10,534)	(7,919)	(7,919)
Income and expenditure reserve excluding pension reserve	19,875	19,875	19,296	19,364
	9,341	**9,341**	**11,377**	**11,445**

20 Reconciliation of consolidated operating surplus to net cash inflow from operating activities (Group)

	2015	2014
	£000	£000
Surplus on continuing operations after depreciation of assets at valuation	545	351
Depreciation (note 11)	1,527	1,659
Deferred capital grants released to income (note 2&5)	(233)	(227)
Loss on disposal of fixed assets	21	501
FRS 17 pension cost less contribution payable	(32)	(23)
FRS17 pension finance cost	33	109
Enhanced pension	(31)	-
Decrease in stocks	23	9
Decrease in debtors	280	743
Decrease in creditors	(1,044)	(4,402)
Increase/(decrease) in provisions	8	(21)
Re-allocation of creditors to capital grants	-	(551)
Wind up of a group company (BATA)	64	-
Interest receivable (note 6)	(48)	(56)
Net cash inflow/(outflow) from operating activities	**1,114**	**(1,908)**

21 Returns on investments and servicing of finance (Group and College)

	2015 £000	2014 £000
Other interest receivable	48	56
Net cash inflow from returns on investment and servicing of finance	**48**	**56**

22 Capital expenditure (Group and college)

	2015 £000	2014 £000
Payment to acquire tangible fixed assets	(1,666)	(2,820)
Receipt from the sale of tangible fixed assets	-	3,009
Deferred capital grants received	297	-
Net cash (outflow)/inflow from capital expenditure and financial investment	**(1,369)**	**189**

23 Management of liquid resources (Group and College)

	2015 £000	2014 £000
Withdrawals from term deposits	7	78
Net cash inflow from management of liquid resources	**7**	**78**

24 Analysis of changes in net funds (Group and College)

	At 1 August 2014 £000	Cash flows £000	At 31 July 2015 £000
Cash at bank, and in hand	10,927	(216)	10,711
Current asset investments	3,283	7	3,290
Total	**14,210**	**(209)**	**14,001**

25 Pension and similar obligations (Group and College)

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

		2015 £000		2014 £000
Teachers pension scheme: contributions paid		704		553
Local government pension scheme:				
Contributions paid	796		585	
FRS 17 charge	(32)		(23)	
		764		562
Enhanced pension charge to income and expenditure account (staff costs		-	-	-
Total pension cost for year		**1,468**		**1,115**

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

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

The Teachers’ Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a ’pay as you go‘ basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

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

25 Pension and similar obligations (Group and College) (continued)

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:
· employer contribution rates were set at 16.4% of pensionable pay;
· total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
· an employer cost cap of 10.9% of pensionable pay.

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

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

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

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.
The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.
Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £989,000 (2014: £1,490,000).

FRS 17

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by [XYZ] Local Authority. The total contributions made for the year ended 31 July 2015 were £285,000, of which employer's contributions totalled £178,000 and employees' contributions totalled £107,000. The agreed contribution rates for future years are 17.3% for employers and range from 5.5% to 7.5% for employees, depending on salary.

25 Pension and similar obligations (continued)

FRS 17

Principal Actuarial Assumptions	**At 31July 2015**	**At 31July 2014**
Rate of increase in salaries	3.5%	3.5%
Rate of increase for pensions in payment/ inflation	2.6%	2.7%
Discount rate for scheme liabilities	3.6%	4.0%
Inflation assumption (CPI)	2.6%	2.7%
Commutation of pensions to lump sums	50%-75%	50%-75%

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

	At 31 July 2015	**At 31 July 2014**
Retiring today		
Males	22.4	22.4
Females	24.3	24.3
Retiring in 20 years		
Males	24.4	24.4
Females	26.8	26.8

The assets in the scheme (of which the College's share is estimated at 1.03%) and the expected rates of return were:

	Long-term rate of return expected at 31 July 2015	**Value at 31 July 2015 £000**	**Long-term rate of return expected at 31 July 2014**	**Value at 31 July 2014 £000**
Equities	3.6%	12,783	6.6%	9,843
Bonds	3.6%	3,196	3.7%	2,531
Property	3.6%	2,067	4.7%	1,266
Cash	3.6%	751	3.6%	422
Total market value of assets		18,797		14,062
Present value of scheme liabilities				
Funded		(29,187)		(21,836)
Unfunded		(145)		(145)
Deficit in the scheme		**(10,534)**		**(7,919)**

Analysis of the amount charged to income and expenditure account	**2015 £000**	**2014 £000**
Employer service cost (net of employee contribution)	711	486
Losses on curtailments and settlements	73	80
Total operating charge	**784**	**566**

Analysis of pension finance income / (costs)	**2015 £000**	**2014 £000**
Expected return on pension scheme assets	930	903
Interest on pension liabilities	(963)	(1,012)
Pension finance costs	**(33)**	**(109)**

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

	2015 £000	**2014 £000**
Actuarial gains/(losses) on pension scheme assets	196	(2,437)
Actuarial (losses)/gains on scheme liabilites	(1,769)	1,155
Actuarial loss recognised in STRGL	**(1,573)**	**(1,282)**

25 Pension and similar obligations (continued)

Past practice for inflation increases in relation to the LGPS has not been to consult with members or employers, as the Pensions (Increase) Act 1971 gives the government the power to adjust the pension increase annually. There also seems to be no intent on the part of government to consult regarding a change to CPI based increases this year. In contrast, previous changes to pension benefits via the LGPS regulations have involved government consultation with employee and employer groups.

Based on these considerations it seems that local government schemes have met their legal obligations to date but have not entered into an additional constructive obligation for pension increases. We would therefore expect the change to CPI to be accounted for via the STRGL, which is consistent with the treatment within the year.

Movement in deficit during year	**2015**	**2014**
	£000	**£000**
Deficit in scheme at 1 August	(7,919)	(6,551)
Movement in year:		
Liabilities assumed in a business combination (BES/BSS)	(4,247)	-
Assets gained in a business combination (BES/BSS)	3,206	-
Current service charge	(711)	(486)
Contributions	807	580
Contributions in respect of Unfunded Benefits	9	9
Past service costs	-	-
Gains on curtailments	(73)	(80)
Net interest on assets	(33)	(109)
Actuarial loss	(1,573)	(1,282)
Deficit in scheme at 31 July	**(10,534)**	**(7,919)**

Asset and Liability Reconciliation	**2015**	**2014**
Reconciliation of Liabilities	**£000**	**£000**
Liabilities at start of period	21,981	21,891
Liabilities assumed in a business combination (BES/BSS)	4,247	-
Service cost	711	486
Interest cost	963	1,012
Employee contributions	175	125
Actuarial losses/(gains)	1,769	(1,155)
Past service cost	-	-
Unfunded benefits paid	(9)	(9)
Benefits paid	(578)	(449)
Curtailments and settlements	73	80
Liabilities at end of period	**29,332**	**21,981**

Reconciliation of Assets		
Assets at start of period	14,062	15,340
Movement to scheme reported deficit 1 August 2014		
Assets gained in a business combination (BES/BSS)	3,206	-
Expected return on assets	930	903
Actuarial gains/(losses)	196	(2,437)
Contributions in respect of unfunded benefits	9	9
Employer contributions	807	580
Employee contributions	175	125
Unfunded benefits paid	(9)	(9)
Benefits paid	(578)	(449)
Assets at end of period	**18,798**	**14,062**

The estimated value of employer contributions for the year ended 31 July 2015 is £737,000.

History of experience gains and losses

	2015	**2014**	**2013**	**2012**	**2011**
Difference between the expected and actual return on scheme assets:					
amount £000	**196**	(2,437)	949	(384)	897
Experience gains and losses on scheme liabilities:					
amount £000	**198**	2,282	(1)	(207)	676
Total amount recognised in STRGL:					
amount £000	**(1,573)**	(1,282)	474	(2,678)	2,343

BARNFIELD COLLEGE

27 Capital commitments (Group)

	2015 £000	2014 £000
Commitments contracted for at 31 July	270	-
Commitments not contracted for at 31 July	-	-
	270	**-**

28 Financial commitments (Group)

At 31 July 2015, the College had no annual commitments under non-cancellable operating leases.

29 Related party transactions (Group and College)

Company Name	Relationship	Goods / services supplied	Total Income in year £000	Total Purchases in year £000	Debtor / (creditor) balance as at 31 July 2015 £000
The Shared Learning Trust (Formerly Barnfield Academy Trust)	Within Barnfield Federation	Various	30	1	(56)
Barnfield Shared Services	Within Barnfield Federation	Core Services	225	239	478
Barnfield Education Services	Within Barnfield Federation	Core Services	-	118	244
Barnfield Education Partnership Trust	Within Barnfield Federation	Sponsor	-	-	-

30 Learner support funds (Group and College)

	2015 £000	2014 £000
Funding body grants	1,020	1,099
Previous year unspent / reclaimed	(126)	(170)
	894	929
Disbursed to students	(630)	(621)
Adminstration costs	(33)	(34)
Balance unspent at 31 July, included in creditors	**231**	**274**

Funding body grants are available solely for students. The College acts only as a paying agent, therfore the grants and related disbursements are excluded from the income and expenditure account.