



BARKING & DAGENHAM COLLEGE

**Report and Financial Statements
for the year ended 31 July 2021**

Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

Key management personnel are defined as members of the Executive Leadership Team and were represented by the following in 2020-21:

Yvonne Kelly, Principal and CEO, Accounting Officer
Wijay Pitumpe, Chief Enterprise and Finance Officer (until 31.07.21)
Graham Hough, Chief Finance Officer (from 01.09.21)
Joy Kettle, Chief Operating Officer (until 31.08.21)
Jason Turton, Chief Operating Officer (from 01.09.21)
Andreas Galatoulas, Chief Technology & Innovation Officer (until 22.01.21)
Veronica Anthony-David, Chief Transformation Officer (until 31.10.21)

Board of Governors

A full list of Governors is given on page 12 of these financial statements.

Ms Victoria Eastwood acted as Clerk to the Corporation.

Professional Advisers

Financial statements auditors and reporting accountants:

MHA Macintyre Hudson
2 London Wall Place
London
EC2Y 5AU

Internal Auditors:

RSM Risk Assurance Services LLP
25 Farringdon Street
London
EC4A 4AB

Bankers:

Barclays Bank
Canary Wharf
London
E14 5HP

Solicitors:

Mills & Reeve
Norwich
Norfolk
NR3 1RU

VAT Advisors:

Davies-Mayers
Pillar House
Bath Road
Gloucestershire
GL53 7LS

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Members Report

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2021.

Legal status

1. The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Barking & Dagenham College. The College is an exempt charity for the purposes of the Charities Act 2011.
2. The Corporation was incorporated as Barking College on the 1st January 1993. On the 1st February 2010, the Secretary of State granted consent to the Corporation to change the College's name to Barking & Dagenham College. The Corporation believes that the new name represents a more cross borough working relationship with our community and our stakeholders.

Vision, mission and strategic directions

3. Governors reviewed the College's mission during 2019/20 and adopted a revised vision as follows:

A Truly Great College, delivering inspirational learning and excellence through career focused education

Our purpose is 'to unleash potential, creating better futures for our learners, businesses and communities' and reflects 'why' we do what we do.

The 'how' we deliver our purpose is driven by our culture, values and behaviours. Our values are:

Learners and Customers are at the heart of everything we do
Respectful – valuing and treating all fairly and as individuals
Passionate – energising, engaging and inspiring all to achieve their potential
Collaborative – working together to achieve excellence and growth
Innovative – leading the way, seeking new ways to continually improve
Excellence in learning, teaching and assessment; the key to our success

College Strategic Directions

4. The College updated its strategic directions plan in 2019-20 approved for by the governing body. The delivery of the following strategic objectives are underpinned by operational deliverables for each of the objectives. The performance of the deliverables are monitored by strategic Key Performance Indicators (KPIs) in a balanced score card. The strategic objectives are:
 - **Achieving Excellence** – to ensure student success, recognised in the top 10% for education performance
 - **Enhancing Economic Prosperity** – to provide employers with access to high quality training provision needed to train their workforce in current and emerging skills
 - **Unlocking the Ambitions of our Communities** – to support more young people and adults into further and higher education and sustained employment
 - **Creating a Valued Resource and Asset** – to create flexible and responsive human capital and infrastructures able to adapt to new and emerging skills and technologies
 - **Building a Sustainable Future** – to future proof the College by enhancing our finances to re-invest

Public Benefit

5. Barking & Dagenham College is an exempt charity under part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 12 and 13.

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 and learning
- Widening participation and tackling social exclusion
- Excellent employment outcomes for students
- Strong student support
- Links with employers, industry and commerce

Financial objectives

6. The College's financial objectives are to:
- Maintain a sound financial base to enable the College to meet the financial performance criteria needed to maintain a financial health category of 'Good' to 'Outstanding' under the Framework for excellence
 - Continue to improve financial management
 - Maintain the confidence of funding bodies, suppliers, banks and professional advisors
 - Protect itself from unforeseen adverse changes in its income stream by maintaining adequate cash reserves
 - Generate sufficient income to enable maintenance and improvement of its accommodation and equipment
 - Raise awareness of financial issues
7. A series of performance indicators have been agreed to monitor the successful implementation of the policies.

FINANCIAL POSITION

Financial results

8. The Group generated an operating deficit before other gains and losses in the year of £1.343m (2019-20–surplus of £2.661m) with total comprehensive income gain of £0.732m (2019-20 loss £4.341m).
9. During 2020-21 the Group underwent further changes to ensure it was well placed to meet current and future funding challenges. Some areas were subject to realignment and thus the accounts include staff restructuring costs of £0.098m (2019-20 - £0.303m).

10. The Group has accumulated reserves of £11.753m (2019-20 £11.021m). The Group wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.
11. Tangible fixed asset additions during the year amounted to £4.728m (2019-20 - £6.298m). This was split between land and buildings acquired of £1.274m and equipment purchased of £3.454m.
12. The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2020-21 the funding bodies provided 85% of the College's total income.
13. During 2020-21, the college had three subsidiary companies; Apprenticeships Work Limited, Aspire Limited and BDC@Broadway Limited. Any surpluses generated are transferred to the College under deed of covenant.

Treasury policies and objectives

14. Treasury management is the management of the Group'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.
15. The Group has a separate treasury management policy in place. Short term borrowing for temporary revenue purposes is authorised by the Principal. Such arrangements are restricted by limits in the College's Financial Memorandum agreed with Education and Skills Funding Agency. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

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

Cash flows

16. There was a cash inflow from operating activities of £5.434m (2019-20 inflow £5.777m). The overall net cash outflow resulted from capital expenditure.

Liquidity

17. During the year the college utilised a rolling credit facility from Barclays bank. The facility allowed up to £3m. During the year, the college utilised £1m of this facility. This was repaid in October 2020.

Reserves Policy

18. The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. The Group reserves include £5.086m held as revaluation reserves. As at the balance sheet date the Income and Expenditure reserve stands at £6.667m (2019/2020: £5.935m). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

19. In 2020/21 the College has delivered activity that has produced £27.958m in funding body main allocation funding (2019-20– £26.958m). The College had approximately 9,715 enrolments (6,630 learners) to its programmes. Of these 2,243 learners aged 16 to 18 and 739 adult learners attended on a full time basis and 3,246 adults attended part time or evening courses.

Student achievements

20. Students continue to prosper at the College.

Payment performance

21. 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. The College incurred no interest charges in respect of late payment for this period.

Future developments

22. The £1.343m deficit in 2020/21 will have an impact on the College to reinvest in new buildings on its main site. However, it is believed that this result is exceptional due to the COVID 19. The College still plans to grow its learner numbers over the next 3 years.
23. The College aims to significantly increase its contribution by introducing a number of efficiency schemes across the College site. The College would like to reduce dependency on the Education and Skills Funding Agency (ESFA) and the Greater London Authority (GLA) and is seeking opportunities.

RESOURCES

24. The Group has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the main College site and partnerships including Barking Learning Centre, Broadway Theatre and the Technical Skills Academy.

Financial

25. The Group has £11.753m (2019-20 £11.021m) of net assets including long term debt in respect of a loan of £3.280m (2019-20 £3.495m).

People

26. The College employs 389 people (expressed as full time equivalents), of whom 171 are teaching staff.

Reputation

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

PRINCIPAL RISKS AND UNCERTAINTIES

28. 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.

29. Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the 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.
30. 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.
31. Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

Government funding

32. The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2020/21, 85% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- 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
- Focussing on employer engagement and expanding apprenticeship delivery
- Ensuring learners receive an enhanced learner experience

Tuition fee policy

33. Ministers confirmed that the fee assumption will remain at 50%. In line with the majority of other Colleges, Barking & Dagenham College will seek to increase tuition fees in accordance with the fee assumptions. The price elasticity of adult learning for the College is not yet fully understood. 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

Maintain adequate funding of pension liabilities

34. The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

Failure to maintain the financial viability of the College

35. The College's current financial health grade is classified as "Good" as described above. Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience. This risk is mitigated in a number of ways:
- By rigorous budget setting procedures and sensitivity analysis
 - Regular in year budget monitoring
 - Robust financial controls
 - Exploring ongoing procurement efficiencies

STAKEHOLDER RELATIONSHIPS

36. In line with other Colleges and with universities, Barking & Dagenham College has many stakeholders. These include:

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

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

Equality Statement

37. Barking & Dagenham College is committed to advancing equality of opportunity for all. The College celebrates and values the diversity brought to its workforce and student body by individuals, and is committed to meeting the needs of a diverse learner population within a multi-cultural society. The College seeks to ensure that individuals and communities have equal access to learning programmes and facilities, to be responsive to the changing demographic of the local area, and to play an active role in community cohesion.

The College will treat all employees, workers and students with respect and dignity, and seeks to provide a working environment free from discrimination, harassment or victimisation. Barking & Dagenham College will seek to eliminate discrimination on grounds of age, class, disability, employment status, ethnic origin, gender, marital status, pregnancy and maternity, nationality, religion, sexual orientation, gender reassignment or special needs.

Barking & Dagenham College aims to create a working and learning environment where there are positive relations between different groups of people. To this end, the college undertakes to provide training and support for staff, to consult with staff about their experience of the working environment, and to provide diverse images in any material that it produces. The aim is to create an inclusive ethos where issues of racism, bullying, stereotyping and discrimination can be discussed openly, where there is a shared commitment to challenging and preventing all kinds of discrimination, and where there is respect for diversity and difference.

The College's Equal Opportunities Policy (Single Equality Scheme), is published on the College's public-facing website, as well as the staff Intranet site. Each year, a number of Equality, Diversity and Inclusion objectives are identified by our Equality and Diversity Committee. These inform a detailed EDI quality improvement plan, which is monitored by managers and governors.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

Disability statement

38. The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005.
- a) As part of its accommodation strategy the College updated its access audit and has installed lifts and ramps to ensure most of the facilities allow access to people with a disability.
 - b) The College periodically works with a company that specialises in access advice for disabled students to carry out surveys of the College and provide advice on the needs of disabled people.
 - c) There is a list of specialist equipment, such as lighting for audio facilities, which the College can make available for use by students.
 - d) The admissions policy for all students is published by the College. Appeals against a decision not to offer a place are dealt with under the complaints policy.
 - e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are 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 Student Handbook which is issued to students at induction, and also includes sections covering the Complaints and Disciplinary Procedures. Students are also introduced to the range of support services that are available to them as part of the college's induction activities.

Covid-19 Pandemic

The College operations and finances have been significantly impacted by COVID-19. Following, the re-opening of the College, progress towards returning to 'normal' has continued to be impacted.

The College has made every effort to create a COVID safe environment, following government advice throughout. There are some areas of work that we have not been unable carry out on a remote basis, such as planned commercial activity. This resulted in a loss of income and the staff continuing to be furloughed.

There has been an inevitable impact on the College's financial performance with significant costs associated with remote working for both students and staff along with protecting students and staff as the College re-opened.

Implementing Strategic Directions

During the pandemic, the College implemented the Operational Sustainability Plan 20-21 to ensure the College continued to adjust during the changing environment and focused on adopting a new hybrid approach throughout business operations. This required rapid intervention and investment in resources and training, as well as extending existing collaborative partnerships and networks to deliver better value for learners.

The Operational Sustainability Plan aimed to ensure the College worked towards developing a more flexible, technology enabled approach to teaching and learning; extensive support for students and staff; increased use of data and visualisation to better inform decision making; extensive training to drive improvements and the development of our people.

Financial risks were monitored closely and mitigated by rapidly responding to underperformance. This was achieved by increasing the efficiency of our delivery and deployment of resources, optimising all opportunities for income generation, as well as driving down or removing costs.

Our Operational Sustainability Plan recognised the importance of meeting the needs of our local community during Covid and as well as responding to government initiatives i.e. The Job Plan, to support the unemployment crisis and employer needs.

The plan detailed the operational deliverables implemented against each priority and objective, including key milestones, time bound for each action. Our key performance indicators and headline targets are reflected in the College Balance Scorecard.

Our intent is to continue on our journey to be a 'Truly Great College'. Following a review of the 'Lessons Learnt' from Covid-19 and a wide range of new intelligence, our priorities, deliverables and targets have been reset, realigned and refocused.

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 15 December 2021 and signed on its behalf by:



Mark Bass
Chair of Corporation

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 clear understanding of its governance structure and processes. This statement covers the period from 1 August 2020 to 31 July 2021 and up to the date of approval of the annual report and financial statements.

The College is committed to exhibiting best practice in all aspects of corporate governance and endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in full accordance with the guidance to colleges from the Association of Colleges in The Code of Governance for English Colleges ('the Code')

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which has been formally adopted. In the opinion of the Governors, the College has complied with the Code throughout the year ended 31 July 2021. In addition, the Corporation undertook a self-assessment during the period 2020/21 resulting in a clear action plan and training plan which is regularly monitored.

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

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed below:

Governors serving on the College Board during 2020/21

	Date of appointment	Term of Office	Date of resignation	Committees Served
Talha Ahmad	06.07.21	1 Year		Policy & Resources Committee
Forhad Altafi (Staff Governor)	24.05.18	4 Years		Policy & Resources Committee as from August 2018 Search Committee as from October 2019
Mark Bass (Chair as from 06.07.21)	08.07.2012 Re-appointed 30.10.17 Re-appointed 15.10.18 Re-appointed 28.10.19 Re-appointed 06.07.21	4 Years 1 year 2 years 2 years 2 years		Vice Chair of Corporation, Chair of Audit up to July 2021, Vice Chair of Search & Governance Committee Chair of Remuneration Committee (as from October 2018-July 2021) Chair of Corporation Search & Governance Committee (Chair) Remuneration Committee
Andrew Brown (Vice-Chair as from 20.10.21)	12.12.17	4 Years		Corporation, Policy & Resources Committee, Vice-Chair Remuneration Committee (as from 03/07/19) Vice Chair of the Corporation

	Re-appointed 20.10.21	14 months		Vice Chair – Search & Governance Committee Vice-Chair Remuneration Committee Chair Performance & Standards Committee Chair of Subsidiary Boards
Evelyn Carpenter	01.12.15 Re-appointed 28.10.19	4 Years 4 Years		Corporation, Chair - Policy & Resources Chair - Remuneration Committee (as from July 2021)
Carole Ditty	01.06.19	4 years		Corporation, Policy & Resources Committee, Remuneration Committee (as from July 2021)
Lisa Dee	19.02.18 Re-appointed 11.02.19 Re-appointed 03.04.20 Appointed 23.03.21	1 Year 1 year 1 Year 1 Year		Corporation Search Committee (03.04.20) Co-opted Governor Performance & Standards Committee
Mark Farrar	30.10.17	4 Years	06.07.21	Chair of Corporation Chair of Search & Governance Committee Remuneration Committee
Stuart Fraser	03.07.2017 Re-appointed 06.07.21	4 Years 2 Years		Corporation, Vice-Chair - Performance & Standards , Vice- Chair - Policy & Resources
Michael Going	20.10.21	1 Year		Policy & Resources Committee
Nick Kavanagh	06.07.21	1 Year		Audit Committee
Yvonne Kelly (Principal/CEO)	March 2016	Ex-officio		Corporation, Policy & Resources, Performance & Standards, Search & Governance
Bim Osunsami	06.07.21	1 Year		Audit Committee (Chair as from October 2021)
Sarkis Mazmanian	30.10.17	4 Years	06.07.21	Corporation, Chair - Performance & Standards, Vice-Chair - Audit Committee
Stephen Mizen (Student Governor)	29.11.19	1 Year	08.03.21	Corporation, Performance & Standards
Bal Panesar	11.02.19 01.06.19	1 year 4 Years		Corporation, Audit Committee (Vice-Chair as from October 2021)
Charles Tennant	20.10.21	1 Year		Performance & Standards Committee
Doug Trengove (Staff Governor)	April 2014 Reappointed 24.05.18	4Years 4 Years		Corporation, Performance and Standards
Swati Toshniwal	20.10.21	1 Year		Performance & Standards Committee
Jahaid Zaman	20.10.21	1 Year		Audit Committee
Victoria Eastwood appointed as Clerk to the Corporation on 3 October 2016				

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, risk register, safeguarding and EDI updates, curriculum and quality matters, people & organisational development reports, health and safety and environmental issues. The Corporation meets each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Policy & Resources, Performance & Standards, Remuneration, Search & Governance and Audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website www.bdc.ac.uk or from the Chief Governance Officer at:

Barking & Dagenham College
Dagenham Road
Romford
Essex
RM7 0XU

The Chief Governance Officer maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

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

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

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

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

Appointments to the Corporation

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

Members of the Corporation are appointed for a term of office of one year in the first instance to allow for review by both parties. If agreed the term of office would be extended for a period not exceeding an additional three years.

Remuneration committee

Throughout the year ending 31 July 2021, the College's remuneration committee comprised of four members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal/CEO and other senior post-holders. The Committee

also has strategic oversight of Executive level appointments. Details of remuneration for the year ended 31 July 2020 are set out in note 8.

Audit committee

The Audit Committee comprises three members of the Corporation (excluding the Principal/CEO and Chair) and membership is being increased. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business. The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

During 2020/21 the Audit Committee met five times and Committee attendance is provided below:

Attendance 2020/21

Date of Meeting	Mark Bass (Chair)	Sarkis Mazmanian (Vice-Chair)	Bal Panesar
12 October 2020	✓	✓	X
07 December 2020	✓	✓	✓
01 February 2021	✓	X	✓
15 March 2021	✓	✓	✓
21 June 2021	✓	✓	✓
Total	5/5	4/5	4/5
Percentage	100%	80%	80%

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.

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all 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 Barking & Dagenham College for the year ended 31 July 2021 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 2021 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.

RSM Risk Assurance Services LLP affirms that our internal audit services to the institution are designed to conform to the International Standard for the Professional Practice of Internal Auditing published by the Institute of Internal Auditors. Our services also conform to the Public Sector Audit Standards which came into effect from the 1 April 2013.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The 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 outside plan-led funding) in their management letters and other reports.

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

The strategic 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 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from senior management team and internal audit and taking account of events since 31 July 2020.

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 15 December 2021 and signed on its behalf by:

Signed:



Mark Bass
Chair

Signed:



Yvonne Kelly
Principal and 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 Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the college's financial memorandum. As part of our consideration we have had due regard to the requirements of the financial memorandum.

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

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



Mark Bass
Chair of Corporation

Date: 15 December 2021



Yvonne Kelly
Principal & CEO

Date: 15 December 2021

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum between the Education and Skills Funding Agency 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 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education* and the College Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency, 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 a Members Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Group, 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 Group and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the Education and Skills Funding Agency are used only in accordance with the Financial Memorandum with the Education and Skills Funding Agency 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 Education and Skills Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 15 December 2021 and signed on its behalf by:



Mark Bass
Chair

Independent Auditor's Report to the Corporation of Barking & Dagenham College

Year ended 31 July 2021

Opinion

We have audited the financial statements of the Corporation of Barking and Dagenham College (the 'parent College') and its subsidiaries for the year ended 31 July 2021 which comprise the Group statement of comprehensive income and expenditure, the Group and parent College statement of changes in reserves and balance sheets, the Group statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2021 and of its surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Opinions on other matters prescribed in the Office for Students' Accounts Direction

In our opinion, in all material respects

- funds from whatever source administered by the corporation for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- funds provided by the Office for Students and the Education and Skills Funding Agency have been applied in accordance with the relevant terms and conditions.

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

- The corporation's grant and fee income, as disclosed in note number 2 to the financial statements, has been materially misstated; or
- The corporation's expenditure on access and participation activities for the financial year, has been materially misstated

We have no matters to report arising from this responsibility.

Responsibilities of the Corporation of Barking and Dagenham College

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Enquiry of management, those charged with governance and the Corporation's solicitors around actual and potential litigation and claims;
- Enquiry of Corporation staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;

- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

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

Use of our report

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

MHA MacIntyre Hudson

MHA MacIntyre Hudson
Chartered Accountants and Registered Auditor
London, United Kingdom

Date 23/12/2021

REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO BARKING & DAGENHAM COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT FOR EDUCATION ("the Department")

In accordance with the terms of our engagement letter and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by the Corporation of Barking and Dagenham College during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice ("the Code") issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. 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) data returns, for which the ESFA has other assurance arrangements in place.

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

Respective responsibilities of the Corporation of BARKING AND DAGENHAM College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of material irregularity and impropriety across all of the College's activities;

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA MacIntyre Hudson

MHA MacIntyre Hudson
Chartered Accountants and Registered Auditor
London, United Kingdom

Date 23/12/2021

Barking & Dagenham College
Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
INCOME					
Funding body grants	2	27,930	27,930	26,958	26,958
Tuition fees and education contracts	3	1,898	1,898	2,678	2,678
Other grants and contracts	4	2,224	2,203	2,509	2,509
Other income	5	912	473	1,642	546
Endowment and investment income	6	2	2	16	16
Donations	7	-	-	-	3
Total income		32,966	32,506	33,803	32,710
EXPENDITURE					
Staff costs	8	23,238	23,043	23,687	23,155
Fundamental restructuring costs	8	98	61	303	260
Other operating expenses	9	7,856	7,615	9,358	8,965
Interest and other finance costs	10	398	398	464	464
Depreciation	13	2,531	2,519	2,130	2,114
Amortisation	13	188	188	521	521
Total expenditure		34,309	33,824	36,464	35,479
(Deficit) before tax		(1,343)	(1,318)	(2,661)	(2,769)
Taxation	11	-	-	-	-
(Deficit) for the year	12	(1,343)	(1,318)	(2,661)	(2,769)
Unrealised surplus on revaluation of assets		-	-	-	-
Actuarial gain/(loss) in respect of pensions schemes		2,075	2,075	(1,680)	(1,680)
Total Comprehensive Income for the year		732	757	(4,341)	(4,449)
Operating Deficit/Surplus is realised as follows:					
(Deficit) before tax		(1,343)	(1,318)	(2,661)	(2,769)
Add back FRS102 Pension Interest Charge		1,446	1,446	1,562	1,562
Operating Surplus/(Deficit)		103	128	(1,099)	(1,207)

Barking & Dagenham College
Consolidated and College Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Restricted Reserves	Total excluding Non controlling interest	Non Controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Group						
Balance at 31st July 2019	10,276	5,086	-	15,362	-	15,362
(Deficit) from the income and expenditure account	(2,661)	-	-	(2,661)	-	(2,661)
Other comprehensive income	(1,680)	-	-	(1,680)	-	(1,680)
Transfers between revaluation and income and expenditure reserves	-	-	-	-	-	-
Total comprehensive income for the year	(4,341)	-	-	(4,341)	-	(4,341)
Balance at 31st July 2020	5,935	5,086	-	11,021	-	11,021
Surplus from the income and expenditure account	(1,343)	-	-	(1,343)	-	(1,343)
Other comprehensive income	2,075	-	-	2,075	-	2,075
Transfers between revaluation and income and expenditure reserves	-	-	-	-	-	-
Total comprehensive income for the year	732	-	-	732	-	732
Balance at 31st July 2021	6,667	5,086	-	11,753	-	11,753
College						
Balance at 31st July 2019	10,552	5,086	-	15,638	-	15,638
(Deficit) from the income and expenditure account	(2,769)	-	-	(2,769)	-	(2,769)
Other comprehensive income	(1,680)	-	-	(1,680)	-	(1,680)
Transfers between revaluation and income and expenditure reserves	-	-	-	-	-	-
Total comprehensive income for the year	(4,449)	-	-	(4,449)	-	(4,449)
Balance at 31st July 2020	6,103	5,086	-	11,189	-	11,189
Surplus/(deficit) from the income and expenditure account	(1,318)	-	-	(1,318)	-	(1,318)
Other comprehensive income	2,075	-	-	2,075	-	2,075
Transfers between revaluation and income and expenditure reserves	-	-	-	-	-	-
Total comprehensive income for the year	757	-	-	757	-	757
Balance at 31st July 2021	6,860	5,086	-	11,946	-	11,946

Barking & Dagenham College
Balance sheets as at 31 July

	Notes	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Fixed assets					
Tangible fixed assets	13	47,581	47,564	45,385	45,356
Goodwill	13	-	-	-	-
Investments	13	762	762	952	952
		48,343	48,326	46,337	46,308
Current assets					
Stocks		19	18	5	2
Trade and other receivables	14	2,259	2,358	1,970	2,096
Cash and cash equivalents	20	4,666	4,613	5,276	5,233
		6,944	6,988	7,251	7,331
Less: Creditors – amounts falling due within one year	15	(5,429)	(5,263)	(4,837)	(4,720)
Net current assets		1,515	1,725	2,414	2,611
Total assets less current liabilities		49,858	50,051	48,751	48,919
Less: Creditors – amounts falling due after more than one year	16	(19,161)	(19,161)	(18,077)	(18,077)
Provisions					
Defined benefit obligations	23	(17,368)	(17,368)	(17,997)	(17,997)
Other provisions	18	(1,575)	(1,575)	(1,656)	(1,656)
Total net assets		11,753	11,946	11,021	11,189
Unrestricted reserves					
Income and expenditure account	22	6,667	6,860	5,935	6,103
Revaluation reserve	19	5,086	5,086	5,086	5,086
Total unrestricted reserves		11,753	11,946	11,021	11,189
Total reserves		11,753	11,946	11,021	11,189

The financial statements on pages 28 to 51 were approved and authorised for issue by the Corporation on the 15 December 2021 and were signed on its behalf on that date by:

Mark Bass
Chair



Yvonne Kelly
Accounting Officer



Barking & Dagenham College
Consolidated Statement of Cash Flows

	Notes	2021 £'000	2020 £'000
Cash inflow from operating activities			
Surplus/(deficit) for the year		(1,343)	(2,661)
Adjustment for non cash items			
Depreciation & amortisation		2,719	2,652
Decrease/(Increase) in stocks		(14)	24
(Increase)/decrease in debtors		(289)	(36)
Increase/(decrease) in creditors due within one year		593	522
Increase in creditors due after one year		1,085	3,342
(Decrease) in provisions		(81)	26
Pensions costs less contributions payable		2,659	1,460
Adjustment for investing or financing activities			
Interest payable		107	464
Investment income		(2)	(16)
Net cash flow from operating activities		5,434	5,777
Cash flows from investing activities			
Investment income		2	16
Payments made to acquire fixed assets		(4,726)	(6,298)
		(4,724)	(6,282)
Cash flows from financing activities			
Interest paid		(107)	(143)
Repayments of amounts borrowed		(1,213)	(215)
		(1,320)	(358)
Decrease cash and cash equivalents in the year		(610)	(863)
Cash and cash equivalents at beginning of the year	20	5,276	6,139
Cash and cash equivalents at end of the year	20	4,666	5,276

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2019 to 2020* and in accordance with the "Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public requirements of FRS 102. All references to the College will also include the subsidiaries as part of these group financial statements.

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries companies; Apprenticeships Work Limited, Aspire Training & Enterprise Limited and BDC@Broadway Limited controlled by the group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All financial statements are made up to the 31st July 2021.

Going concern

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

The College currently has £3.3m of loans outstanding with bankers on terms negotiated in 2013. The terms of the existing agreement are for 22 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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.

The activities of the Group, 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.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Where part of a government grant is deferred, the deferred element is recognised in creditors.

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

Capital grant funding

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

Fee income

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

Investment income

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

Accounting for post retirement benefits

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

Teachers' Pension Scheme

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

London Borough of Barking & Dagenham Local Government Pension Scheme (LGPS)

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

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

Short term Employment benefits

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

Enhanced Pensions

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

Non-current Assets - Tangible fixed assets

Land and buildings

Land and buildings inherited from the local education authority and buildings acquired since incorporation 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. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 10 and 60 years.

Leasehold buildings are depreciated over the life of the lease. It should be noted that during 2010-11 the College acquired a leasehold property, London Road, where the premises were refurbished to an industry standard facility for motor vehicle provision. The lease agreement is for five years and thus the costs are depreciated over this period. The college also acquired a leasehold property from the London Borough of Barking & Dagenham. A 25 year lease at this site, has given the college an opportunity to deliver education and training to 16-18 years olds from centre of Barking.

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. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the income and expenditure account.

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, 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 into use.

Subsequent expenditure on existing fixed assets

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

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

Buildings owned by third parties

Where land and buildings are used, but the legal rights are held by a third party, for example a charitable trust, they are only capitalised if the College has rights or access to ongoing future economic benefit.

These assets are then depreciated over their expected useful economic life.

Equipment

Equipment costing more than £2,000 or more per individual item and all computer hardware and software is capitalised at cost. All other equipment is written off to the income and expenditure account in the period of acquisition.

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

- | | | |
|--|---|--------------------------|
| • Motor vehicles | - | three years |
| • General equipment | - | five years and ten years |
| • Computer equipment | - | three to eight years |
| • Equipment acquired for specific projects | - | project life |

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 to the Statement of Comprehensive Income and Expenditure.

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

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

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

Investments in subsidiaries

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

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition

Financial liabilities and equity

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

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

Foreign currency translation

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

Taxation

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

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

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

Provisions

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether these are indicators of impairment of college's tangible assets including goodwill. Factors taken into consideration in reaching such a decision included the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.
- Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

Barking & Dagenham College
Notes to the Accounts (continued)

2 Funding council grants

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency - Adult	6,312	6,312	6,174	6,174
Education and Skills Funding Agency – 16 -18	17,563	17,563	17,053	17,053
Education and Skills Funding Agency - apprenticeships	1,691	1,691	2,645	2,645
Specific Grants				
Release of government capital grants	943	943	409	409
Release of Office for students capital grants	20	20	23	23
Non recurrent grants	881	881	189	189
Teachers Pension scheme	520	520	465	465
Total	27,930	27,930	26,958	26,958

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	783	783	1,107	1,107
Fees for FE loan supported courses	503	503	417	417
Fees for HE loan supported courses	67	67	416	416
Total tuition fees	1,353	1,353	1,940	1,940
Education contracts	545	545	738	738
Total	1,898	1,898	2,678	2,678

4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
UK-based charities	-	-	10	10
European Commission	212	212	389	389
Other grants and contracts	396	396	453	453
High Needs Element 2 & 3	1455	1455	1467	1,467
Job Retention Scheme	161	140	190	190
Total	2,224	2,203	2,509	2,509

Barking & Dagenham College
Notes to the Accounts (continued)

5 Other income

	Year ended 31 July 2021		Year ended 31 July 2020	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Refectory - Catering and residences	48	48	193	193
Other income generating activities	128	84	723	152
Other grant income	377	-	100	-
Miscellaneous income	359	341	626	201
	912	473	1,642	546

Total

6 Investment income

	Year ended 31 July 2021		Year ended 31 July 2020	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank interest receivable	2	2	16	16
	2	2	16	16

7 Donations - College only

	Year ended 31 July	
	2021	2020
	£'000	£'000
Unrestricted donations	13	3
Total	13	3

Barking & Dagenham College
Notes to the Accounts (continued)

8 Staff costs - Group

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents, was as bellow. In previous years this was based on headcount. 2020 has been restated.

	2021 No.	2020 No.
Teaching staff	171	161
Non teaching staff	218	205
	<u>389</u>	<u>366</u>

Staff costs for the above persons

	2021 £'000	2020 £'000
Wages and salaries	16,135	16,139
Social security costs	1,471	1,491
Other pension costs	2,982	2,783
Payroll sub total	20,588	20,413
Contracted out staffing services	2,650	3,274
	<u>23,238</u>	<u>23,687</u>
Fundamental restructuring costs - contractual	98	303
	<u>23,336</u>	<u>23,990</u>

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Executive which comprises of the Principal, Chief Operating Officer, Chief Financial Officer, Executive Director People and Organisation and Executive Director Business Operations.

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

	2021 No.	2020 No.
The number of key management personnel including the Accounting Officer was:	5	6

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

	Key Personnel	
	2021 No.	2020 No.
£60,001 to £80,000	5	7
£80,001 to £90,000	1	2
£90,001 to £100,000	1	1
£100,001 to £110,000	-	2
£110,001 to £120,000	1	-
£120,001 to £130,000	-	-
£130,001 to £140,000	-	-
£140,001 to £150,000	1	-
£150,001 to £160,000	1	1
	<u>10</u>	<u>13</u>

Barking & Dagenham College
Notes to the Accounts (continued)

8 Staff costs - Group and College

Key management personnel compensation is made up as follows:

	2021 £'000	2020 £'000
Salaries - gross of salary sacrifice and waived emoluments	518	386
Employers National Insurance	66	49
Benefits in kind	-	-
	<u>584</u>	<u>435</u>
Pension contributions	114	91
Total emoluments	<u>698</u>	<u>526</u>

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

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

	2021 £'000	2020 £'000
Salaries	155	154
Benefits in kind	-	-
	<u>155</u>	<u>154</u>
Pension contributions	<u>37</u>	<u>36</u>

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

The remuneration package of the Principal is subject to annual review by the Remuneration Committee of the governing body who use benchmark information to provide objective guidance.

The Principal reports to the Chair of Corporation, who undertakes an annual review of her performance against the College's overall strategic objectives using both qualitative and quantitative measure of performance.

Relationship of Principal's pay and remuneration expressed as a multiple:

Principal's basic salary as a multiple of the median of all staff	5.2	5.1
Principal's total remuneration as a multiple of the median of all staff	6.0	6.3

Compensation for loss of office paid to former key management personnel

	2021 £	2020 £
Compensation paid to the former post-holder - contractual	-	-
Estimated value of other benefits, including provisions for pension benefits	-	-
	<u>-</u>	<u>-</u>

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

Barking & Dagenham College
Notes to the Accounts (continued)

9 Other operating expenses

	Year ended 31 July 2021		Year ended 31 July 2020	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	1,135	1,135	952	951
Non teaching costs	4,054	3,931	5,321	5,092
Premises costs	2,667	2,549	3,085	2,922
Total	7,856	7,615	9,358	8,965

Other operating expenses include:	2021	2020
	£'000	£'000
Auditor's remuneration:		
Financial statements audit	44	43
Internal audit	57	33

10 Interest payable - Group and College

	2021	2020
	£'000	£'000
On bank loans, overdrafts and other loans:	107	143
	107	143
Net interest on defined pension liability (note 23)	291	321
Total	398	464

11 Taxation - Group only

	2021	2020
	£'000	£'000
United Kingdom corporation tax at 19 per cent	-	-
Provision for deferred corporation tax in the accounts of the subsidiary company	-	-
Total	-	-

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

12 (Deficit)/Surplus on continuing operations for the period

	2021	2020
	£'000	£'000
(Deficit)/Surplus on continuing operations for the year made up as:		
College deficit for the period	(1,318)	(2,769)
Subsidiary company's performance	(25)	108
Total	(1,343)	(2,660)

Barking & Dagenham College
Notes to the Accounts (continued)

13 Tangible fixed assets (Group)

	Land and buildings Freehold	Short leasehold	Equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2020	57,076	1,541	10,368	68,985
Additions	1,274	-	3,454	4,728
Disposals	(45)	-	(1,429)	(1,474)
At 31 July 2021	58,305	1,541	12,393	72,239
Depreciation				
At 1 August 2020	16,350	753	6,497	23,600
Charge for the year	1,145	29	1,358	2,532
Elimination in respect of disposals	(45)	-	(1,429)	(1,474)
At 31 July 2021	17,450	782	6,426	24,658
Net book value at 31 July 2021	40,855	759	5,967	47,581
Net book value at 31 July 2020	40,726	788	3,871	45,385

Barking & Dagenham College
Notes to the Accounts (continued)

13 Tangible fixed assets (College only)

	Land and buildings Freehold	Short leasehold	Equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2020	57,015	1,541	10,129	68,685
Additions	1,273	-	3,454	4,727
Disposals	(45)	-	(1,429)	(1,474)
At 31 July 2021	58,243	1,541	12,154	71,938
Depreciation				
At 1 August 2020	16,279	753	6,297	23,329
Charge for the year	1,145	29	1,345	2,519
Elimination in respect of disposals	(45)	-	(1,429)	(1,474)
At 31 July 2021	17,379	782	6,213	24,374
Net book value at 31 July 2021	40,864	759	5,941	47,564
Net book value at 31 July 2020	40,736	788	3,832	45,356

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

	£'000
Cost	Nil
Aggregate depreciation based on cost	Nil
Net book value based on cost	Nil

Barking & Dagenham College
Notes to the Accounts (continued)

13 Goodwill

Hairazors Limited

	£000s
Purchase consideration	484
Fair value of assets at purchase	
Fixed assets	29
Bank	94
Debtor	32
Stock	15
Creditors	(119)
Net Assets	<u>51</u>
Goodwill at Cost	433
Accumulated amortisation charge:	(433)
Balance	<u>0</u>

	Year Ended 31st July 2021	Year Ended 31st July 2020
Net Book Value at 1 August	-	281
Less amortisation	<u>-</u>	<u>(281)</u>
	-	-
Net Book Value at 31 July	<u>-</u>	<u>-</u>

The goodwill above relates to Hairazors Limited. The hairdressing and training salon was purchased to provide training to students undertaking hairdressing courses. Up until the 31 July 2019, the college owned 100 per cent of Hairazors Limited. The hairdressing and training salon was purchased during 2011-12 to provide training to students undertaking hairdressing courses. Due to the economic climate and COVID-19 impact, Hairazors ceased trading and the company has been dissolved.

Barking & Dagenham College
Notes to the Accounts (continued)

13 Investments

	Year Ended 31st July 2021		Year Ended 31st July 2020	
	£000's	£000's	£000's	£000's
Barking Learning Centre	1,772		1,772	
Less amortisation	(1,280)		(1,180)	
		492		592
		492		592
Hairazors Limited	-		485	
Less amortisation	-		(485)	
		-		-
		-		-
Broadway Theatre	1,800		1,800	
Less amortisation	(1,530)		(1,440)	
		270		360
		270		360
Total		762		952

	Group 2021 £	College 2021 £	Group 2020 £	College 2020 £
Investments in subsidiary company - Aspire Training & Enterprise	1	1	1	1
Investments in subsidiary company - Apprenticeships Work Limited	1	1	1	1
Investments in subsidiary company - BDC@Broadway Limited	1	1	1	1
Hairazors Limited	-	-	-	-
Total	3	3	3	3

The college owns 100 per cent of the issued £1 share of Aspire Training & Enterprise Limited, Apprenticeships Work Limited and BDC@Broadway Limited; all companies incorporated in England & Wales. The principal business of Aspire Training & Enterprise Limited is to act as the holding company for all BDC investments. Aspire Training & Enterprise Limited started trading in November 2013. The Apprenticeships Work Limited principal activity is an employment business for providing employment for apprentices. The BDC@Broadway Limited principal activity is a training and commercial theatre to provide performing arts activities and started trading in June 2014.

Up until the 31 July 2019, the college owned 100 per cent of Hairazors Limited. The hairdressing and training salon was purchased during 2011-12 to provide training to students undertaking hairdressing courses. Due to the economic climate and COVID-19 impact, Hairazors ceased trading and the company will be dissolved.

Broadway Theatre

The college has entered into a Development Agreement by which it has agreed to make capital contributions of £1,800,000 to refurbish with Barking & Dagenham Council the Broadway Theatre building. The college has exclusive use of one part of the building, for the purposes of delivering vocational courses, and shares common services with other users for a period of no less than twenty years.

The investment will be amortised on a straight line basis over a period of twenty years from the 1st August 2004.

Barking & Dagenham College
Notes to the Accounts (continued)

Barking Learning Centre

The College has entered into a lease and memorandum of understanding by which it has agreed to make capital contributions of £1,772,000 towards the cost of the Barking Learning Centre. The college has exclusive use of parts of the building for the purposes of delivering a range of courses and shares common services with other users, London Borough of Barking & Dagenham and University of East London for a period of not less than twenty years.

The investment will be amortised on a straight line basis over a twenty year period. The college has received LSC grant approval for a sum of £167,000 towards the cost of the investment which is being released over a similar period.

14 Trade and other receivables

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Amounts falling due within one year:				
Trade receivables	2,178	2,157	1,833	1,813
Amounts owed by group undertakings:				
Subsidiary undertakings	-	122	-	147
Prepayments and accrued income	81	79	137	136
Amounts owed by the ESFA	-	-	-	-
Total	2,259	2,358	1,970	2,096

15 Creditors: amounts falling due within one year

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Bank loans and overdrafts	215	215	1,215	1,215
Trade payables	1,254	1,153	1,139	1,037
Other taxation and social security	381	375	507	495
Accruals and deferred income	1,403	1,345	847	846
Deferred income - government capital grants	963	963	432	432
Deferred income - government revenue grants	782	782	619	619
Receipts in advance	119	118	77	76
Amounts owed to ESFA	312	312	-	-
Total	5,429	5,263	4,836	4,720

Barking & Dagenham College
Notes to the Accounts (continued)

16 Creditors: amounts falling due after one year

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Bank loans	3,280	3,280	3,495	3,495
Deferred income - government capital grants	15,881	15,881	14,582	14,582
Total	19,161	19,161	18,077	18,077

17 Maturity of debt

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
In one year or less	215	215	1,215	1,215
In five years or more	3,280	3,280	3,495	3,495
Total	3,495	3,495	4,710	4,710

18 Provisions

	Group and College		
	Enhanced pensions £'000	Other £'000	Total £'000
At 1 August 2020	1,656	-	1,656
Expenditure in the period	(81)	-	(81)
Transferred from income and expenditure account	-	-	-
At 31 July 2021	1,575	-	1,575

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

The principal assumptions for this calculation are:

	2021	2020
Price inflation	2.45%	2.30%
Discount rate	1.60%	1.30%

Barking & Dagenham College
Notes to the Accounts (continued)

19 Revaluation Reserve

	Group 2021 £000's	College 2021 £000's	Group 2020 £000's	College 2020 £000's
As at 1 August 2020	5,086	5,086	5,086	5,086
Transfer on revalued assets	-	-	-	-
As at 1 August 2021	<u>5,086</u>	<u>5,086</u>	<u>5,086</u>	<u>5,086</u>

20 Cash and cash equivalents

	At 1 August 2020 £'000	Cash flows £'000	Other changes £'000	At 31 July 2021 £'000
Cash and cash equivalents	5,276	(610)	-	4,666
Overdrafts	-	-	-	-
Total	<u>5,276</u>	<u>(610)</u>	<u>-</u>	<u>4,666</u>

21 Capital commitments

	Group and College 2021 £'000	2020 £'000
Commitments contracted for at 31 July	<u>-</u>	<u>3,552</u>

22 Income and expenditure account reserve

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
At 1 August	5,935	6,103	10,276	10,552
Deficit retained for the year	(1,343)	(1,318)	(2,661)	(2,769)
Transfer from revaluation reserve	-	-	-	-
Actuarial (loss)	2,075	2,075	(1,680)	(1,680)
At 31 July	<u>6,667</u>	<u>6,861</u>	<u>5,935</u>	<u>6,103</u>
Balance represented by:				
Pension reserve	(17,368)	(17,368)	(17,997)	(17,997)
Income and expenditure account reserve excluding pension reserve	24,035	24,229	23,932	24,100
At 31 July	<u>6,667</u>	<u>6,861</u>	<u>5,935</u>	<u>6,103</u>

Barking & Dagenham College Notes to the Accounts (continued)

23 Defined benefit obligations

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

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

Total pension cost for the year	2021 £'000	2020 £'000
Teachers Pension Scheme: contributions paid	1,629	1,457
Local Government Pension Scheme:		
Contributions paid	1,329	1,313
FRS 102 (28) charge	1,446	1,562
Charge to the Statement of Comprehensive Income	2,775	2,875
Enhanced pension charge to Statement of Comprehensive Income	(81)	26
Total Pension Cost for Year	4,323	4,358

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

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

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

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

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

Barking & Dagenham College
Notes to the Accounts (continued)

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As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year.

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

The employer pensions costs paid to TPS in the year amounted to £1.629m (2020: £1.457m)

Barking & Dagenham College
Notes to the Accounts (continued)

23 Defined benefit obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by London Borough of Barking & Dagenham Local Authority. The total contribution made for the year ended 31 July 2021 was £2,266m, of which employer's contributions totalled £1,628m and employees' contributions totalled £0.640m. The agreed contribution rates for future years are 17.3 % for employers and range from 5.5% to 7.5% cent for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2017 by a qualified independent actuary

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	1.00%	1.00%
Future pensions increases	2.80%	2.25%
Discount rate for scheme liabilities	1.60%	1.55%
Inflation assumption (CPI)	2.45%	1.25%
Commutation of pensions to lump sums	75%	75%

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

	At 31 July 2021 years	At 31 July 2020 years
<i>Retiring today</i>		
Males	21.00	21.30
Females	23.50	23.50
<i>Retiring in 20 years</i>		
Males	22.20	22.40
Females	25.00	24.80

Sensitivity analysis

	At 31 July 2021 £'000	At 31 July 2020 £'000
Discount rate 0.1%	2,877	2,217
Discount rate -0.1%	(3,073)	(2,351)
Salary increase 0.1%	2,975	2,284
Salary decrease -0.1%	(2,972)	(2,282)
Pension increase (CPI rate) 0.1%	3,072	2,349
Pension increase (CPI rate) -0.1%	(2,879)	(2,218)

Barking & Dagenham College
Notes to the Accounts (continued)

23 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

		Fair Value at 31 July 2021 £'000		Fair Value at 31 July 2020 £'000
Equities	86.00%	38,357	84.00%	31,417
Bonds	12.00%	5,498	13.00%	5,010
Property	4.00%	1,917	5.00%	2,022
Cash	-3.00%	(1,395)	-2.00%	-864
Total market value of assets		44,377		37,585
Weighted average expected long term rate of return	5.80%		5.80%	
Actual return on plan assets		2,574		2,180

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

	2021 £'000	2020 £'000
Fair value of plan assets	44,377	37,585
Present value of plan liabilities	(61,745)	(55,582)
Present value of unfunded liabilities	-	-
Net pensions (liability)/asset (Note 19)	(17,368)	(17,997)

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

	2021 £'000	2020 £'000
Amounts included in staff costs		
Current service cost	2,588	2,395
Past service cost	-	154
Total	2,588	2,549

Amounts included in investment income

Net interest income	848	1,055
	848	1,055

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	(5,910)	957
Experience losses arising on defined benefit obligations	(1,083)	(1,058)
Changes in demographic assumptions	(685)	(294)
Changes in assumptions underlying the present value of plan liabilities	5,603	3,463
Other	-	(1,388)
Amount recognised in Other Comprehensive Income	(2,075)	1,680

Barking & Dagenham College
Notes to the Accounts (continued)

23 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	2021	2020
	£'000	£'000
Surplus/(deficit) in scheme at 1 August	(17,997)	(14,755)
Movement in year:		
Current service cost	(2,588)	(2,395)
Employer contributions	1,329	1,308
Past service cost	-	(154)
Curtailments	104	-
Net interest on the defined (liability)/asset	(291)	(321)
Actuarial gain or loss	2,075	(1,680)
Net defined benefit (liability)/asset at 31 July	<u>(17,368)</u>	<u>(17,997)</u>

Asset and Liability Reconciliation

	2021	2020
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	55,582	50,462
Current Service cost	2,588	2,395
Past Service cost	-	154
Interest cost	848	1,055
Contributions by Scheme participants	400	347
Experience gains and losses on defined benefit obligations	(1,083)	(1,058)
Changes in financial assumptions	5,603	3,463
Estimated benefits paid	(1,158)	(940)
Changes in demographic assumptions	(685)	(294)
Unfunded benefits	(2)	(2)
Curtailments and settlements	(348)	-
Defined benefit obligations at end of period	<u>61,745</u>	<u>55,582</u>

Reconciliation of Assets

	2021	2020
	£'000	£'000
Fair value of plan assets at start of period	37,585	35,707
Interest on plan assets	581	757
Return on plan assets	5,910	(957)
Employer contributions	1,329	1,308
Contributions by Scheme participants	400	347
Estimated benefits paid	(1,160)	(942)
Admin expenses	(24)	(23)
Other	(244)	1,388
Fair value of plan assets at end of period	<u>44,377</u>	<u>37,585</u>

Barking & Dagenham College

Notes to the Accounts (continued)

24 Related party transactions

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

Broadway Theatre

During the year ending 31 July 2021 the College paid £100,000 (2020: £100,000) towards the cost of meeting common services with other users. These are not repayable to the College and have been charged as a cost in the College's accounts.

Barking Learning Centre

During the year ending 31 July 2021 the College paid £66,431 (2020: £223,872) to Barking Learning Centre as a contribution to operating costs. These are not repayable to the College and have been charged as a cost in the College's accounts.