



Barking & Dagenham College

# Report & Financial Statements

Year Ended 31 July 2014



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## OPERATING AND FINANCIAL REVIEW

### Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2014.

### 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 1<sup>st</sup> January 1993. On the 1<sup>st</sup> 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.

### Mission

3. Governors reviewed the College's mission during 2014/15 and adopted a revised mission statement as follows:

*"A truly great College, passionate about success".*

4. The College's values are:
  - Passion
  - Innovation, Creativity and Entrepreneurialism
  - Respect, Social Justice and Fairness
  - High standards and quality
  - Professionalism
  - Friendliness and Commitment
  - Flexibility, Responsiveness and Ability

to Change

- Accountability
- Risk-taking

The College values are underpinned by the following behaviours:

- Foster excellence in all that we do
- Work together to achieve our goals
- Role model the Barking & Dagenham College values
- Deliver results for our Learners, our Employers and for our People

### College Strategic Directions

5. The College updated its strategic directions in October 2014 which has been approved for 2014-2017 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:
  - a. Transformational, inclusive and entrepreneurial teaching, learning & assessments for students
  - b. Excellent learning outcomes for students that lead to work and economic independence
  - c. Empowered, motivated and entrepreneurial staff
  - d. Customers First in our strategies for local economic growth and in our work with businesses and communities
  - e. The latest education and training solutions delivered in the workplace, or in industry standard facilities
  - f. To become an entrepreneurial business and less dependent on public funding
  - g. To contribute to a sustainable future through targeted changes in our



behaviours and business relationships

## 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.

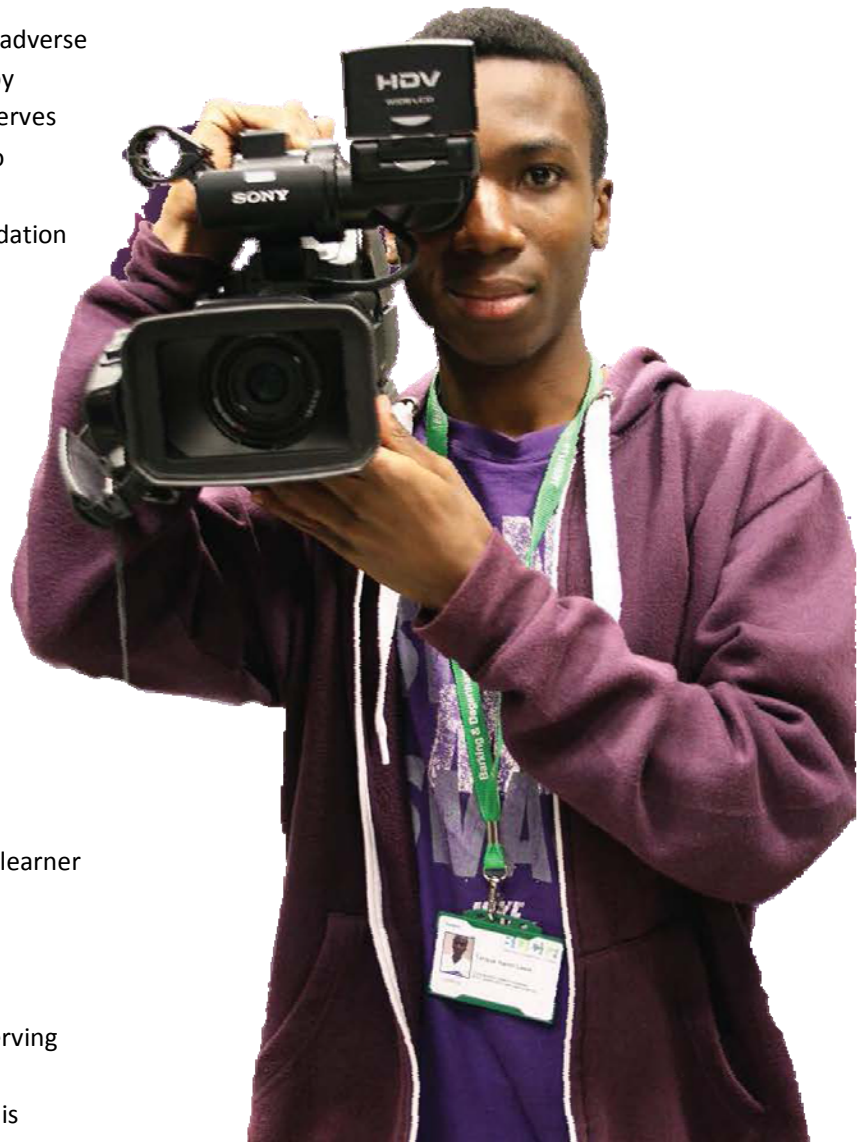
## Performance Indicators

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

- Success rate
- Learner destinations
- Satisfaction surveys (formerly "learner views")
- Satisfaction surveys (formerly "employer views")

The College is committed to observing the importance of the measures and indicators within the Framework and is

monitoring these through the completion of the annual Finance Record for the Skills Funding Agency (SFA). The current financial health rating of "Outstanding" is considered an acceptable outcome.



## FINANCIAL POSITION

### Financial Results

9. The Group generated an operating surplus in the year of £0.428m (2012/13 – surplus of £0.904m).
10. During 2013-14 the Group underwent further changes to ensure it was well placed to meet current and future funding challenges. Curriculum areas were subject to realignment and thus the accounts include staff restructuring costs of £0.351m (2012-13 - £0.272m).
11. The Group has accumulated reserves excluding pension of £19.828m (2012-13 £18.697m), including pension, total reserves of £14.095m (2012-13 £15.939m) and cash balances of £2.365m (2012-13 £7.306m). The Group wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.
12. Tangible fixed asset additions during the year amounted to £8.299m. This was split between land and buildings acquired of £6.607m and equipment purchased of £1.692m.
13. The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2013/14 the funding bodies provided 73.3% of the College's total income.

### 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 previously agreed with the LSC and subsequently transferred to the Skills Funding Agency/EFA. 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 £2.149m (2012/13 inflow £3.582m). The overall net cash outflow resulted from capital expenditure.

### Liquidity

17. During the year the college took out no loans.

## CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

### Student Numbers

18. In 2013/14 the College has delivered activity that has produced £25.141m in funding body main allocation funding (2012/13 – £27.663m). The College had approximately 29,990 enrolments (12,516 learners) to its programmes. Of these 2,715 learners aged 16 to 18 and 1,372 adult learners attended on a full time basis and 7,461 adults attended part time or evening courses.

## Student Achievements

19. Students continue to prosper at the College. Overall Success rates have risen by 15% since 2007/2008 (national average 12%), 2008-09:75%, 2009-10:78%, 80% in 2010-11 and 82% in 2011-12, 87% in 2012-13 and anticipated 87% in 2013-14.

## Curriculum Developments

20. Methods of teaching and learning are under continuous review and development in order that the curriculum meets the needs of the local population. The College is one of very few that have such a broad range of curriculum offer. A particular strength is the vocational nature of the programmes making learners ready for employment and the next stage of their lives.

21. In response to Widening Participation and Social Inclusion agendas, Barking & Dagenham College has established a number of franchise partnerships with community based charities and other not-for-profit organisations.

22. Barking & Dagenham College continues to offer a very wide range of courses from Entry Level to Higher Education. In keeping with the College strategic objective of providing an inclusive, learner-centered curriculum, Barking & Dagenham College provided full-time education for disaffected and excluded Year 11 pupils from local schools in 2013-2014, and part-time education for groups of school aged young people from the London Boroughs of Barking and Dagenham and Havering. In addition to this the College also works in partnership with local schools to provide specialist provision for learners with learning difficulties.

23. Barking & Dagenham College has an apprenticeships team offering apprenticeships in a number of occupational areas and a Business Innovation and Enterprise team to better meet the training needs of employers. The College delivers all or part of the training for around 700 apprentices each year. During 2012-13 the College made a financial commitment to invest in the subsidiary company Apprenticeship Works Limited and which has been consolidated into the accounts. The College also purchased a commercial salon Hairazors Limited for £0.484m to also enable the College to expand its apprenticeship provision and similarly, this has been consolidated into the accounts.

24. The College worked in partnership with London Borough of Barking & Dagenham (LBBD) to open a training facility, Technical Skills Academy, for young learners in the Barking town Centre. The facility opened in September 2012. The Academy's mission is to offer vocational Education and Training opportunities to young people. It will cater for those young people (14 to 18) in the LBBD, who have an interest and aptitude for applied learning.

25. The College also built the Jubilee Building which opened in September 2013. A particular focus for the Centre is to develop cohorts of learners in STEM (Science, Technology, Engineering and Maths). It also houses the new Learning Resource Centre which opened to the general public in January 2014.

## Payment Performance

26. The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1<sup>st</sup> November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2013 to 31 July 2014, the College paid 64 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

## Future Developments

27. The £0.428m surplus achieved in 2013/14 will enable the College to reinvest in new buildings on its main site. The College's new C block to develop dry lining and IT cabling and i-Create suite to develop digital media were completed in September 2014 and during 2014-15 the College has plans to refurbish B block. This will allow the College's plan to grow its learner numbers over the next 3 years.
28. 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 Skills Funding Agency/Education Funding Agency (EFA) and is seeking opportunities particularly in the areas where the College currently performs well such as HEFCE.

## RESOURCES

29. 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

30. The Group has £22.812m (2012-13 £23.769m) of net assets including a £10.670m pension liability (2012-13 £8.111m) and long term debt of £5m in respect of a bank loan.

## People

31. The College employs 434 people (expressed as full time equivalents), of whom 300 are teaching staff.

## Reputation

32. 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

33. 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.
34. 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.

35. 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.

36. 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

37. The College has considerable reliance on continued government funding through the further education sector funding bodies and HEFCE. In 2013/14, 73.3% 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:

- The demand led funding system which applies a series of factors such as guided learning hours and success rates to calculate an amount of funding to be received for each learner. Such funding cannot be guaranteed though.

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
- Focusing on employer engagement and expanding apprenticeship delivery
- Ensuring learners receive an enhanced learner experience

## Tuition Fee Policy

38. Ministers confirmed that the fee assumption will remain at 50% in 2013/14. 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

39. The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 17.





## STAKEHOLDER RELATIONSHIPS

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

- Students
- Education Sector funding bodies
- Staff
- Local employers (with specific links)
- Local Authorities
- Government Offices/ Regional Development Agencies
- 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.

### Equal Opportunities and Employment of Disabled Persons

41. Barking & Dagenham College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

42. The College's Equal Opportunities Policy, is published on the College's Internet/Intranet site.

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. An equalities plan is published each year and monitored by managers and governors.

### Disability Statement

43. 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 has appointed 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 College Student Planner, which is issued to students at induction and also includes sections covering the Complaints and Disciplinary Procedures.

## 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 2 December 2014 and signed on its behalf by:**



**Selena Bolingbroke**

**Chair of Corporation**





## PROFESSIONAL ADVISORS

### Financial Statement and Regularity

#### Auditors:

MHA Macintyre Hudson LLP  
New Bridge Street House  
30-34  
New Bridge Street London EC4V 6BJ

#### Internal Auditors:

Baker Tilly LLP  
25 Farringdon Street  
London  
EC4A 4AB

#### Bankers:

Barclays Bank  
Canary Wharf  
London E14 5HP

#### Solicitors:

Mills & Reeve LLP  
Norwich Norfolk  
NR3 1RU

#### VAT Advisors:

Davies-Mayers  
Pillar House  
Bath Road  
Gloucestershire GL53 7LS





## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code ("the Code") issued by the FRC in June 2010. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the governors, the College complies with all the provisions of the Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2014.

### 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 2013/14

	Date of appointment	Term of Office	Date of resignation	Committees Served
Glen Addis	04.12.12	4 years		Corporation, Audit
Mark Bass	08.07.12	4 years		Corporation
Selena Bolingbroke	12.10.09 Re-elected (21.10.14)	4 years		Chair of Corporation (Elected as chair October 2013), Chair of Remuneration, Chair of Search and Governance
Cllr Evelyn Carpenter	26.02.08, (Re-appointed 11.07.11)	4 years	July 2013	Corporation, Chair of Performance & Standards
Lesley Davies	04.12.12	4 years		Corporation, Performance & Standards
Alastair Grindlay	25.11.10	4 years		Corporation, Policy & Resources
Peter Harris	5.12.11	4 years		Corporation, Policy & Resources
Susan Jackson	27.04.12	4 years		Corporation, Performance & Standards
Elaine James	29.6.99 ( Re-appointed 29.6.03, 29.06.07, 11.7.11)	4 years		Vice Chair Corporation, Vice Chair of Search & Governance, Audit, Remuneration,
Alastair Sinclair	25.11.10	4 years		Corporation, Chair of Audit Committee
Muktar Teddy	22.10.12	1 year	22.10.13	Corporation, Performance and Standards
Mamta Toohey	5.12.11	4 years		Corporation, Policy & Resources
Cathy Walsh	01.09.08	Ex-officio		Corporation, Policy and Resources, Performance and Standards, Search & Governance
Emma Watson	22.10.12	1 year	22.10.13	Corporation, Policy and Resources
Jenni Williams	12.10.09 Re-elected (21.10.14)	4 years		Corporation, Remuneration, Policy & Resources

	Date of appointment	Term of Office	Date of resignation	Committees Served
Doug Trengove (Staff Governor)	April 2014	4years		Corporation, Performance and Standards
John Ubsdell	Dec 2013	4 years		Corporation, Performance and Standards
Sue Terpilowski	Oct 2013	4 years		Corporation
Yolande Burgess	April 2014	4 Years		Corporation, Performance & Standards
Rob Whiteman	July 2014	4 Years		Corporation,
Evan Williams was appointed Clerk to the Corporation on the 26 April 2013				



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

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

The Corporation 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 from the clerk to the Corporation at:

Barking & Dagenham College  
Dagenham Road  
Romford Essex RM7 0XU

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

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also

provided on an ad hoc basis.

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

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

## **Appointments to the Corporation**

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

The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office not exceeding four years.

## **Remuneration Committee**

Throughout the year ending 31 July 2014, the College's remuneration committee comprised three members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders. Details of remuneration for the year ended 31 July 2014 are set out in note 7.

## **Audit Committee**

The Audit Committee comprises of three

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

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

Management 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.

## **Internal Control**

### ***Scope of responsibility***

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives,

whilst safeguarding the public funds and assets for which 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 2014 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 2014 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.

Baker Tilly 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 confirm 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 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, 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 2014 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2014 by considering documentation from senior management team and internal audit and taking account of events since 31 July 2014.

Signed:



Chair: Selena Bolingbroke

Date: 2 December 2014

## 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 2 December 2014 and signed on its behalf by:

Signed:



Principal and CEO: Cathy Walsh

Date: 2 December 2014



## STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Financial Memorandum between the Skills Funding Agency and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2007 *Statement of Recommended Practice – Accounting for Further and Higher Education Institutions* and with the Accounts Direction issued jointly by the Skills Funding Agency and the Education 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 judgments and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare an Operating and Financial Review 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 Skills Funding Agency/EFA are used only in accordance with the Financial Memorandum with the 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 Skills Funding Agency/EFA are not put at risk.

Approved by order of the members of the Corporation on 2 December 2014 and signed on its behalf by:



Selena Bolingbroke  
Chair





## **INDEPENDENT AUDITOR'S REPORT ON REGULARITY TO THE CORPORATION OF BARKING & DAGENHAM COLLEGE AND THE CHIEF EXECUTIVE OF SKILLS FUNDING**

This report is produced in accordance with the terms of our engagement letter for the purpose of reporting on the College's Statement of Regularity, Propriety and Compliance in respect of whether the transactions underlying the College's financial statements for the year ended 31<sup>st</sup> July 2014 are regular as defined by and in accordance with the Financial Memorandum with the Chief Executive of Skills Funding, in accordance with the authorities that govern them.

The regularity assurance framework that has been applied is set out in the Joint Audit Code of Practice and the Regularity Audit Framework published by the Skills Funding Agency and the Education Funding Agency.

Our review has been undertaken so that we might state to the Corporation of Barking and Dagenham College and the Chief Executive of Skills Funding those matters we are required to state to them in a report and for no other purpose. This report is made solely to the Corporation of Barking and Dagenham College and the Chief Executive of Skills Funding in accordance with the terms of our engagement letter. 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 Chief Executive of Skills Funding, for our review work, for this report, or for the opinion we have formed.

## **Responsibilities of the Corporation of Barking & Dagenham College**

The Corporation of Barking & Dagenham College is responsible under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that financial transactions are in accordance with the framework of authorities which govern them and that transactions underlying the financial statements for the year ended 31<sup>st</sup> July 2014 are regular.

The Corporation of Barking and Dagenham College is also responsible, under the requirements of the Accounts Direction 2013/14 published by the Skills Funding Agency and the Education Funding Agency for the preparation of the Statement on Regularity, Propriety and Compliance. The Statement confirms that, to the best of its knowledge, the Corporation believes it is able to identify any material, irregular or improper use of funds by the College, or material non-compliance with the Skills Funding Agency's terms and conditions of funding under the College's financial memorandum. It further confirms that any instances of material irregularity, impropriety or funding non-compliance discovered in the year to 31 July 2014 have been notified to the Skills Funding Agency.

## **Auditor's Responsibilities**

Our responsibility is to express a reasonable assurance opinion in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2014 are in all material respects regular, based on the procedures that we have performed and the evidence we have obtained. Our reasonable assurance engagement was

undertaken in accordance with the Joint Audit Code of Practice, the Regularity Audit Framework and our engagement letter. The International Standards on Auditing (UK and Ireland) and Joint Audit Code of Practice require that we plan and perform this engagement to obtain reasonable assurance in respect of the Assertion that the transactions underlying the financial statements are in all material respects regular.

### Basis of Opinion

We have performed procedures on a sample basis so as to obtain information and explanations which we consider necessary in

order to provide us with sufficient appropriate evidence to express reasonable assurance that the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2014.

### Opinion

In our opinion the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2014.

MHA Macintyre Hudson  
Chartered Accountants  
Registered Auditors

*Macintyre Hudson*

16-12-14



## **INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BARKING & DAGENHAM COLLEGE**

We have audited the Group financial statements ("the financial statements") set out on pages 18 to 46. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Corporation of Barking & Dagenham College and Auditor

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 16, the

Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK

and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

### **Opinion on Financial Statements**

In our opinion the financial statements

- give a true and fair view of the state of the Group and College's affairs as at 31 July 2014 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the revised Joint Audit Code of Practice (Part 1)

issued jointly by the Skills Funding Agency and the Education Funding Council and the Audit Code of Practice issued by the Learning and Skills Council requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

*MacIntyre Hudson*

MHA MACINTYRE HUDSON  
New Bridge Street House  
30-34 New Bridge  
Street  
London  
EC4V6BJ





## Barking & Dagenham College

### Consolidated Income and Expenditure Account

	Notes	2014	2013
		£'000	£'000
<b>INCOME</b>			
Funding body grants	2	26,910	28,917
Tuition fees and education contracts	3	4,505	3,279
Other grants and contracts	4	3,381	1,830
Endowment and investment income	5	13	101
<b>Total income</b>		<b>34,809</b>	<b>34,127</b>
<b>EXPENDITURE</b>			
Staff costs	6	19,956	18,747
Exceptional restructuring costs	6	351	272
Other operating expenses	8	11,435	11,789
Depreciation & amortisation	12/13	2,341	2,131
Interest and other finance costs	9	298	283
<b>Total expenditure</b>		<b>34,381</b>	<b>33,222</b>
<b>Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax</b>		<b>428</b>	<b>905</b>
Taxation	10	-	(1)
<b>Surplus on continuing operations after depreciation of assets at valuation and tax</b>	11	<b>428</b>	<b>904</b>
<b>Surplus for the year retained within general reserves</b>		<b>428</b>	<b>904</b>

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

There were no operations that were acquired or discontinued by Barking & Dagenham College during the year.

## Barking & Dagenham College

### Consolidated Statement of Historical Cost Surpluses and Deficits

	Notes	2014 £'000	2013 £'000
Surplus on continuing operations before taxation		428	904
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	21	417	417
<b>Historical cost surplus for the year before taxation</b>		<b>845</b>	<b>1,321</b>
<b>Historical cost surplus for the year after taxation</b>		<b>845</b>	<b>1,321</b>

### Consolidated Statement of Total Recognised Gains and Losses

	Notes	2014 £'000	2013 £'000
Surplus on continuing operations after depreciation of assets at valuation and tax		428	904
Actuarial (loss)/gain in respect of pension scheme	27	(2,271)	666
<b>Total recognised gain/(losses) since last report</b>		<b>(1,843)</b>	<b>1,570</b>
<b>Reconciliation</b>			
Opening reserves		15,938	14,368
Total recognised (losses)/gain for the year		(1,843)	1,570
<b>Closing reserves</b>		<b>14,095</b>	<b>15,938</b>

**Barking & Dagenham College**  
**Balance Sheet as at 31 July 2014**

	Notes	Group 2014 £'000	College 2014 £'000	Group 2013 £'000	College 2013 £'000
<b>Fixed assets</b>					
Tangible assets	12	38,508	38,487	32,339	32,314
Goodwill	13	390	-	411	-
Investments	13	2,081	2,523	2,270	2,733
<b>Total fixed assets</b>		<b>40,979</b>	<b>41,010</b>	<b>35,020</b>	<b>35,046</b>
<b>Current assets</b>					
Stocks		35	21	22	8
Debtors	14	2,908	2,953	1,799	1,720
Cash at bank and in hand	25	2,363	2,300	7,306	7,241
<b>Total current assets</b>		<b>5,306</b>	<b>5,274</b>	<b>9,127</b>	<b>8,969</b>
<b>Less: Creditors – amounts falling due within one year</b>	15	<b>(5,945)</b>	<b>(5,925)</b>	<b>(5,498)</b>	<b>(5,367)</b>
<b>Net current assets</b>		<b>(639)</b>	<b>(651)</b>	<b>3,629</b>	<b>3,602</b>
<b>Total assets less current liabilities</b>		<b>40,340</b>	<b>40,359</b>	<b>38,649</b>	<b>38,648</b>
<b>Less: Creditors – amounts falling due after more than one year</b>	16	<b>5,068</b>	<b>5,068</b>	<b>5,052</b>	<b>5,052</b>
<b>Less: Provisions for liabilities</b>	17	<b>1,790</b>	<b>1,790</b>	<b>1,717</b>	<b>1,717</b>
<b>Net assets excluding pension liability</b>		<b>33,482</b>	<b>33,501</b>	<b>31,880</b>	<b>31,879</b>
<b>Net pension liability</b>	27	<b>(10,670)</b>	<b>(10,670)</b>	<b>(8,111)</b>	<b>(8,111)</b>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<b>22,812</b>	<b>22,831</b>	<b>23,769</b>	<b>23,768</b>
<b>Deferred capital grants</b>	18	<b>8,717</b>	<b>8,717</b>	<b>7,830</b>	<b>7,830</b>
<b>Reserves</b>					
Income and expenditure account excluding pension reserve	21	19,829	19,848	18,697	18,696
Pension reserve	27	(10,670)	(10,670)	(8,111)	(8,111)
Income and expenditure account including pension reserve	21	9,159	9,178	10,586	10,585
Revaluation reserve	20	4,936	4,936	5,353	5,353
<b>Total reserves</b>		<b>14,095</b>	<b>14,114</b>	<b>15,939</b>	<b>15,938</b>
<b>TOTAL FUNDS</b>		<b>22,812</b>	<b>22,831</b>	<b>23,769</b>	<b>23,768</b>

The financial statements on pages 19 to 46 were approved by the Corporation on 02 December 2014 and were signed on its behalf on that date by:

Selena Bolingbroke - Chair



Cathy Walsh - Principal & CEO



**Barking & Dagenham College**  
**Consolidated Cash Flow Statement**

	Notes	2014 £'000	2013 £'000
Cash inflow from operating activities	22	2,149	3,582
Returns on investments and servicing of finance	23	13	67
Capital expenditure and financial investment	24	(7,105)	(9,559)
Financing - bank loan	25	-	5,000
<b>(Decrease)/increase in cash in the year</b>		<b>(4,943)</b>	<b>(910)</b>

**Reconciliation of net cash flow to movement in net funds**

(Decrease)/increase in cash in the period	(4,943)	(910)
Movement in net funds in the period	(4,943)	(910)
Net funds at 1 August	7,306	8,216
<b>Net funds at 31 July</b>	<b>2,363</b>	<b>7,306</b>





## NOTES TO THE ACCOUNTS

### 1. Accounting policies

#### Statement of accounting policies

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

#### Basis of Preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2007* (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency and the EFA in the 2013/14 Accounts Direction Handbook.

#### Basis of Accounting

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

#### Going Concern

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

#### Basis of Consolidation

At the year-end Barking & Dagenham College had three subsidiary companies; Aspire Training & Enterprise Limited, Apprenticeships Work Limited and Hairazors Limited.

## Recognition of Income

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

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

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

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

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

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

## **Post-retirement Benefits**

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

The TPS is an unfunded scheme and contributions 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 the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27 the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the College in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit

method and discounted at a rate equivalent to 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income and expenditure account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

## **Enhanced Pensions**

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

## **Tangible Fixed Assets**

### ***Land and buildings***

Land and buildings inherited from the local education authority 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.

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 - 3 years
- General equipment – 5 years & 10 years
- Computer equipment – 3 to 8 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.

### ***Investments***

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

### ***Stocks***

Stocks are stated at the lower of their cost

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

### ***Liquid resources***

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

and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

## **Foreign Currency Translation**

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

### ***Taxation***

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

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



### ***Provisions***

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

### ***Agency arrangements***

The College acts as an agent in the collection and payment of Discretionary Support Funds, Education Maintenance Allowances and Adult Learning Grants. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 32, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Learner Support Fund applications and payments.



**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**2 Funding council grants**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Recurrent grant	25,141	27,663
Recurrent grant - HEFCE	386	465
Non recurrent grants-main funding body	1,077	592
Releases of deferred capital grants (note 18)	306	197
<b>Total</b>	<b>26,910</b>	<b>28,917</b>

**3 Tuition fees and education contracts**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Tuition fees	3,767	2,648
Education contracts	738	631
<b>Total</b>	<b>4,505</b>	<b>3,279</b>

**4 Other income grants and contracts**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Other income	1,812	1,184
High Cost ALS Income	987	-
Exam fee income	115	150
Refectory sales	467	496
<b>Total</b>	<b>3,381</b>	<b>1,830</b>

**5 Endowment and investment income**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Income from restricted endowment asset investments (note 19)	0	34
Other interest receivable	13	67
<b>Total</b>	<b>13</b>	<b>101</b>

**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**6 Staff costs**

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

	2014	2013
	No.	No.
Teaching staff	300	309
Non-teaching staff	134	113
<b>Total</b>	<b>434</b>	<b>422</b>

**Staff costs for the above persons**

	2014	2013
	£'000	£'000
Wages and salaries	14,143	14,062
Social security costs	1,054	1,065
Other pension costs (including FRS 17 adjustments of £10,000 credit – 2012: £16,000 credit)	2,161	1,579
<b>Payroll sub total</b>	<b>17,358</b>	<b>16,706</b>
Contracted out staffing services	2,598	2,041
	<b>19,956</b>	<b>18,747</b>
Exceptional restructuring costs	351	272
<b>Total</b>	<b>20,307</b>	<b>19,019</b>

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

	Senior post-holders		Other staff	
	2014	2013	2014	2013
	No.	No.	No.	No.
£170,001 to £180,000	1	-	-	-
£160,001 to £170,000	-	1	-	-
£110,001 to £120,000	-	-	-	-
£100,001 to £110,000	-	-	-	-
£90,001 to £100,000	2	-	-	-
£80,001 to £90,000	-	-	-	-
£30,001 to £40,000	1	1	-	-
	<b>4</b>	<b>2</b>	<b>0</b>	<b>0</b>

During the year 2013-14, the college Governors received financial reimbursement of £245 relating to travel/subsistence expenses.

**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**7 Senior post-holders' emoluments**

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

	2014	2013
	No.	No.
<b>The number of senior post-holders including the Principal was:</b>	4	2

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

	2014	2013
	£'000	£'000
<b>Salaries</b>	357	143
<b>Benefits in kind</b>	-	-
<b>Pension contributions</b>	32	20
<b>Total emoluments</b>	<b>389</b>	<b>163</b>

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

	2014	2013
	£'000	£'000
<b>Salaries</b>	156	143
<b>Benefits in kind</b>	-	-
	156	143
<b>Pension contributions</b>	18	20

The pay award for the Principal in 2013-14 was 6% effective from the 1 April 2014.

The pension contributions in respect of the Principal are in respect of employer's contributions to the Teachers' Pension Scheme and are paid at the same rate as for other employees.



**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**8 Other operating expenses**

	2014	2013
	£'000	£'000
Teaching costs	1,978	2,383
Non-teaching costs	6,825	6,605
Premises costs	2,632	2,801
<b>Total</b>	<b>11,435</b>	<b>11,789</b>

Other operating expenses include:

	2014	2013
	£'000	£'000
Auditors' remuneration		
Financial statements audit	28	31
Internal audit	36	38

**9 Interest payable**

	2014	2013
	£'000	£'000
Pension finance costs (note 27)	298	283
<b>Total</b>	<b>298</b>	<b>283</b>

**10 Taxation**

	2014	2013
	£'000	£'000
United Kingdom corporation tax at 20 per cent	-	1
Provision for deferred corporation tax in the accounts of the subsidiary company	-	-
<b>Total</b>	<b>-</b>	<b>1</b>

**11 Surplus on continuing operations for the period**

Surplus on continuing operations for the year is made up as

	2014	2013
	£'000	£'000
College's surplus for the period	379	783
Surplus generated by subsidiary undertakings and transferred to the College under gift aid/deed of covenant	49	120
<b>Total</b>	<b>428</b>	<b>903</b>

**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**12 Tangible fixed assets (Group)**

	Land and buildings			Equipment	Total
	Freehold	Short leasehold	Assets under construction		
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2013	39,620	759	-	9,146	49,525
Additions	6,607	-	-	1,692	8,299
Disposals	-	-	-	-	-
<b>At 31 July 2014</b>	<b>46,227</b>	<b>759</b>	<b>-</b>	<b>10,838</b>	<b>57,824</b>
<b>Depreciation</b>					
At 1 August 2013	11,217	424	-	5,545	17,186
Charge for the year	995	154	-	981	2,130
Elimination in respect of disposals	-	-	-	-	-
<b>At 31 July 2014</b>	<b>12,212</b>	<b>578</b>	<b>-</b>	<b>6,526</b>	<b>19,316</b>
<b>Net book value at 31 July 2014</b>	<b>34,015</b>	<b>181</b>	<b>-</b>	<b>4,312</b>	<b>38,508</b>
<b>Net book value at 31 July 2013</b>	<b>28,402</b>	<b>335</b>	<b>-</b>	<b>3,601</b>	<b>32,339</b>



**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**12 Tangible fixed assets (College only)**

	Land and buildings			Equipment	Total
	Freehold	Short leasehold	Assets under construction		
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2013	39,589	759	-	9,146	49,494
Additions	6,607	-	-	1,692	8,299
Disposals	-	-	-	-	-
<b>At 31 July 2014</b>	<b>46,196</b>	<b>759</b>	<b>-</b>	<b>10,838</b>	<b>57,793</b>
<b>Depreciation</b>					
At 1 August 2013	11,212	424	-	5,545	17,181
Charge for the year	995	154	-	976	2,125
Elimination in respect of disposals	-	-	-	-	0
<b>At 31 July 2014</b>	<b>12,207</b>	<b>578</b>	<b>0</b>	<b>6,521</b>	<b>19,306</b>
<b>Net book value at 31 July 2014</b>	<b>33,989</b>	<b>181</b>	<b>-</b>	<b>4,317</b>	<b>38,487</b>
<b>Net book value at 31 July 2013</b>	<b>28,377</b>	<b>335</b>	<b>-</b>	<b>3,601</b>	<b>32,314</b>

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

During 2010-11 the college leased premises at London Road. Costs were incurred to refurbish and develop the building to an industry standard motor vehicle facility. These costs are being depreciated over the life of the lease, 5 years in this instance.

If inherited land & buildings had not been valued they would have included at the following amounts:

	£'000
Cost	Nil
Aggregate depreciation based on cost	Nil
<b>Net book value based on cost</b>	<b>Nil</b>

The College was incorporated in January 1993. At the time the London Borough of Barking & Dagenham gave permission for Barking College to value inherited land, property and building assets at £9.606m. The assets were last revalued at £12.545m in 1995.

**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**13 Goodwill**

	£000s
<b>Purchase consideration</b>	484
<b>Fair value of assets at purchase</b>	
Fixed assets	29
Bank	94
Debtor	32
Stock	15
Creditors	(119)
<b>Net Assets</b>	51
<b>Goodwill at Cost</b>	<b>433</b>
<b>Accumulated amortisation charge:</b>	43
<b>Balance</b>	<b>390</b>

	Year Ended 31st July 2014	Year Ended 31st July 2013
Net Book Value at 1 August	411	433
Less amortisation	(22)	(22)
	390	411
<b>Net Book Value at 31 July</b>	<b>390</b>	<b>411</b>

The goodwill above relates to Hairazors Limited. The hairdressing and training salon was purchased to provide training to students undertaking hairdressing courses. The college owns 100 per cent of Hairazors Limited.



**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**13 Investments**

	Year Ended 31st July 2014		Year Ended 31st July 2013	
	£000's	£000's	£000's	£000's
Broadway Theatre	1,800		1,800	
Less amortisation	(900)		(810)	
		900		990
Barking Learning Centre	1,772		1,772	
Less amortisation	(591)		(492)	
		1,181		1,280
		2,081		2,270
Hairazors Limited	485		484	
Less amortisation	(43)		(22)	
		442		462
<b>Total</b>		<b>2,523</b>		<b>2,732</b>

	Group	College	Group	College
	2013	2014	2013	2013
	£	£	£	£
Investments in subsidiary company - Aspire Training & Enterprise	1	1	1	1
Investments in subsidiary company - Apprenticeships Work Limited	1	1	1	1
Hairazors Limited	484,523	484,523	-	-
<b>Total</b>	<b>484,525</b>	<b>484,525</b>	<b>2</b>	<b>2</b>

The college owns 100 per cent of the issued £1 share of Aspire Training & Enterprise Limited, a company incorporated in England & Wales and 100 per cent of the issued £1 share of Apprenticeships Work Limited, a company 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 college owns 100 per cent of Hairazors Limited. The hairdressing and training salon was purchased during 2011-12 to provide training to students undertaking hairdressing courses.

**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 1 August 2004.

**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**13 Investments (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 Debtors**

	Group	College	Group	College
	2014	2014	2013	2013
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	2,474	2,370	1,451	1,212
Amounts owed by group undertakings:				
Subsidiary undertakings	-	149	-	170
Prepayments and accrued income	158	158	172	162
Amounts owed by SFA/EFA	276	276	176	176
<b>Total</b>	<b>2,908</b>	<b>2,953</b>	<b>1,799</b>	<b>1,720</b>

**15 Creditors: amounts falling due within one year**

	Group	College	Group	College
	2014	2014	2013	2013
	£'000	£'000	£'000	£'000
Payments received in advance	175	175	677	677
Trade creditors	4,172	4,217	1,124	1,053
Amounts owed to group undertakings:				
Subsidiary undertakings	-	-	-	-
Payment on account	82	82	593	593
Other taxation and social security	336	336	325	325
Accruals	1,180	1,115	2,779	2,719
<b>Total</b>	<b>5,945</b>	<b>5,925</b>	<b>5,498</b>	<b>5,367</b>

**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**16 Creditors: amounts falling due after one year**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
VAT liability	68	68	52	52
Bank Loans	5,000	5,000	5,000	5,000
<b>Total</b>	<b>5,068</b>	<b>5,068</b>	<b>5,052</b>	<b>5,052</b>

**17 Provisions for liabilities and charges**

	<b>Enhanced pensions</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2013	1,717	0	1,717
Expenditure in the period	123	0	123
Transferred from income and expenditure account	(50)	0	(50)
<b>At 31 July 2014</b>	<b>1,790</b>	<b>0</b>	<b>1,790</b>

The enhanced pension provision relates to the cost of staff who have already left the College's employment. This provision has been recalculated in accordance with guidance provided by the funding bodies.

The principal assumptions for this calculation are:

	<b>2014</b>	<b>2013</b>
Price inflation	4.06%	4.28%
Discount rate	2.25%	2.50%

**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**18 Deferred capital grants**

	Group and College		
	Funding Body Grants	Other Grants	Total
	£'000	£'000	£'000
At 1 August 2013	7,753	77	7,830
Cash received	1,189	5	1,194
Released to income and expenditure account	(274)	(33)	(307)
<b>At 31 July 2014</b>	<b>8,668</b>	<b>49</b>	<b>8,717</b>

**19 Endowments**

	Year ended 31 July 2014				
	£'000 Unrestricted Permanent	£'000 Restricted Permanent	£'000 Total Permanent	£'000 Restricted Expendable	£'000 Total
At 1 August 2013	-	-	-	971	971
Net additions/disposals	-	-	-	-	-
Appreciation of endowment asset investments	-	-	-	-	-
Income for year	-	-	-	5	5
Expenditure for year	-	-	-	(5)	(5)
<b>At 31 July 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>971</b>	<b>971</b>

**20 Revaluation reserve**

	Group 2014 £'000	College 2014 £'000	Group 2013 £'000	College 2013 £'000
At 1 August 2013	5,353	5,353	5,770	5,770
Transfer from revaluation reserve to general reserve in respect of:				
Depreciation on revalued assets	(417)	(417)	(417)	(417)
<b>At 31 July 2014</b>	<b>4,936</b>	<b>4,936</b>	<b>5,353</b>	<b>5,353</b>

# Barking & Dagenham College

## Notes to the Accounts (continued)

### 21 Movement on general reserves

	Group	College	Group	College
	2014 £'000	2014 £'000	2013 £'000	2013 £'000
<b>Income and expenditure account reserve</b>				
At 1 August	10,586	10,585	8,599	8,598
Surplus retained for the year	428	447	904	904
Transfer from revaluation reserve	417	417	417	417
Actuarial (loss)/gain in respect of pension scheme	(2,271)	(2,271)	666	666
<b>At 31 July</b>	<b>9,160</b>	<b>9,179</b>	<b>10,586</b>	<b>10,585</b>
<b>Balance represented by:</b>				
Pension reserve	(10,669)	(10,669)	(8,111)	(8,111)
Income and expenditure account reserve excluding pension reserve	19,829	19,848	18,697	18,696
<b>At 31 July</b>	<b>9,160</b>	<b>9,179</b>	<b>10,586</b>	<b>10,585</b>

### 22 Reconciliation of consolidated operating (deficit)/surplus to net

	2014 £'000	2013 £'000
Surplus on continuing operations after depreciation of assets at valuation	428	904
Depreciation (notes 12 & 13)	2,341	2,131
Deferred capital grants released to income (note 20)	(307)	(197)
Interest payable (note 9)	298	284
Endowment and interest (note 5)	(13)	(67)
FRS 17 pension cost less contributions payable (notes 6 and 32)	(11)	63
Increase in stocks	(13)	(14)
Increase in debtors	(1,109)	(546)
Increase in creditors	462	1,050
Increase/(Decrease) in provisions	73	(26)
<b>Net cash inflow from operating activities</b>	<b>2,149</b>	<b>3,582</b>



**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**23 Returns on investments and servicing of finance**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Other interest received	13	67
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>13</b>	<b>67</b>

**24 Capital expenditure and financial investment**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Purchase of tangible fixed assets	(8,299)	(13,732)
Purchase of investments	-	-
Deferred capital grants received	1,194	4,173
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(7,105)</b>	<b>(9,559)</b>

**25 Analysis of changes in net funds**

	<b>At 1 August 2013</b>	<b>Cash flows</b>	<b>Other changes</b>	<b>At 31 July 2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash in hand, and at bank	12,306	(4,943)	-	7,363
	12,306	(4,943)	-	7,363
Debt due after one year	(5,000)	-	-	(5,000)
<b>Total</b>	<b>7,306</b>	<b>(4,943)</b>	<b>-</b>	<b>2,363</b>

**Financing**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Debt due beyond one year:		
New unsecured loan	-	5,000
Repayments of amounts borrowed	-	-
<b>Net cash inflow/(outflow) from financing</b>	<b>-</b>	<b>5,000</b>

**26 Major non-cash transactions**

During the year the college released a provision of £50,000 for future pension costs.

## Barking & Dagenham College

### Notes to the Accounts (continued)

#### 27 Pension and similar obligations

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

#### Total pension cost for the year

	2014	2013
	£'000	£'000
Teachers' Pension Scheme: contributions paid	866	851
Local Government Pension Scheme: Contributions paid	1,131	836
FRS 17 charge	287	294
Charge to the Income and Expenditure Account (staff costs)	1,418	1,130
Enhanced pension charge to Income and Expenditure Account (staff costs)	(123)	(118)
<b>Total Pension Cost for Year</b>	<b>2,161</b>	<b>1,863</b>

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 2004 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, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the

Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

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

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

2014. The key results of the valuation and the subsequent consultation are:

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

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

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

2015.

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

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April

2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

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

# **Barking & Dagenham College**

## **Notes to the Accounts (continued)**

### **27 Pension and similar obligations (continued)**

#### **FRS 17**

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

#### **Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by London Borough of Barking & Dagenham Local Authority. The total contribution made for the year ended 31 July 2014 was £1,416,000 of which employer's contributions totalled £1,085,000 and employees' contributions totalled £331,000. The agreed contribution rates for future years are 22.7% for employers and range from 5.5% to 12.5% for employees.

#### **FRS 17**

#### **Principal Actuarial Assumptions**

	At 31 July 2014	At 31 July 2013
<b>Rate of increase in salaries</b>	4.00%	5.10%
<b>Rate of increase for pensions in payment / inflation</b>	2.70%	2.80%
<b>Discount rate for scheme liabilities</b>	4.00%	4.60%
<b>Inflation assumption (CPI)</b>	5.70%	5.60%

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 2014	At 31 July 2013
<b><i>Retiring today</i></b>		
Males	21.80	21.20
Females	24.00	23.10
<b><i>Retiring in 20 years</i></b>		
Males	24.10	22.70
Females	26.50	25.00

## 27 Pension and similar obligations

### Local Government Pension Scheme (Continued)

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

	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014	Long-term rate of return expected at 31 July 2013	Value at 31 July 2013
		£'000		£'000
<b>Equities</b>	6.50%	13,330	6.60%	11,675
<b>Bonds</b>	3.40%	4,057	3.50%	4,926
<b>Property</b>	4.70%	1,545	4.60%	1,277
<b>Cash</b>	3.60%	386	3.40%	365
<b>Total market value of assets</b>		<b>19,318</b>		<b>18,243</b>
Present value of scheme liabilities				
- Funded		(29,970)		(26,337)
- Unfunded		(18)		(17)
Related deferred tax liability		-		-
<b>Deficit in the scheme</b>		<b>(10,670)</b>		<b>(8,111)</b>

#### Analysis of the amount charged to income and expenditure account

	2014	2013
	£'000	£'000
Current service cost	1,183	848
Past service cost	-	-
Adjustment	-	-
Loss on curtailments	48	-
<b>Total operating charge</b>	<b>1,231</b>	<b>848</b>

#### Analysis of pension finance income / (costs)

	2014	2013
	£'000	£'000
Expected return on pension scheme assets	(1,044)	(721)
Interest on pension liabilities	1,233	1,005
<b>Pension finance income</b>	<b>189</b>	<b>284</b>

**Barking & Dagenham College**

**Notes to the Accounts (continued)**

**Local Government Pension Scheme (Continued)**

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

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial (losses)/gain on pension scheme assets	(803)	1,258
Actuarial (losses) on scheme liabilities	(1,468)	(592)
<b>Actuarial (loss)/gain recognised in STRGL</b>	<b>(2,271)</b>	<b>666</b>

Cumulative actuarial losses recognised in the Statement of Total Recognised Gains and Losses are £4,574,000 (2012: £5,240,000).

**Movement in deficit during year**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Deficit in scheme at 1 August	(8,111)	(8,483)
<b>Movement in year:</b>		
Employer service cost (net of employee contributions)	(1,183)	(848)
Employer contributions	1,131	836
Past service cost	-	-
Loss on curtailment	47	-
Net interest/return on assets	(283)	(284)
Actuarial (loss)/gain	(2,272)	666
Adjustment	1	2
<b>Deficit in scheme at 31 July</b>	<b>(10,670)</b>	<b>(8,111)</b>



**Barking & Dagenham College**

**Notes to the Accounts (continued)**

**Local Government Pension Scheme (Continued)**

**Asset and Liability Reconciliation**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of Liabilities</b>		
Liabilities at start of period	26,354	24,258
Service cost	1,183	848
Interest cost	1,233	1,005
Employee contributions	332	263
Liabilities assumed in a business combination	(2)	(2)
Actuarial loss	1,469	592
Benefits paid	(629)	(610)
Past Service cost	-	-
Curtailments and settlements	48	-
<b>Liabilities at end of period</b>	<b>29,988</b>	<b>26,354</b>
<b>Reconciliation of Assets</b>		
Assets at start of period	18,243	15,775
Expected return on assets	1,044	721
Actuarial (loss)/gain	(803)	1,258
Employer contributions	1,131	836
Employee contributions	332	263
Benefits paid	(629)	(610)
Assets distributed on settlements	-	-
Assets acquired in a business combination	-	-
<b>Assets at end of period</b>	<b>19,318</b>	<b>18,243</b>

The estimated value of employer contributions for the year ended 31st July 2014 is £1,342,000.

**Barking & Dagenham College**

**Notes to the Accounts (continued)**

**27 Pension and similar obligations**

**Local Government Pension Scheme (Continued)**

Amounts for the current and previous 4 periods are as follows:

	2014	2013	2012	2011	2010	2009
	£000's	£000's	£000's	£000's	£000's	£000's
Defined obligation	(29,988)	(26,354)	(24,258)	(20,197)	(20,666)	(19,004)
Scheme assets	19,318	18,243	15,775	15,152	13,586	11,126
Deficit	(10,670)	(8,111)	(8,483)	(5,045)	(7,080)	(7,878)
Experience adjustments on scheme liabilities	718	-	(247)	1,762	-	-
Experience adjustments on scheme assets	(803)	1,258	(795)	144	999	(1,705)

**28 Capital commitments**

	2014	2013
	£'000	£'000
Commitments contracted for at 31 July	1,085	3,671
Authorised but not contracted at 31 July	NIL	NIL

**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**30 Financial commitments**

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

	2014	2013
	£'000	£'000
Expiring within two and five years inclusive	85	85
<b>Total</b>	<b>85</b>	<b>85</b>

**31 Related party transactions**

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

**Broadway Theatre**

During the year ending 31 July 2014 the College paid £100,000, (2013: £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 2014 the College paid £137,466 (2013: £119,414) 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.

**32 Amounts disbursed as agent**

**Learner support funds**

	2014	2013
	£'000	£'000
Funding body grants – hardship support	307	279
Funding body grants – childcare	186	252
Funding body grants – bursary	693	495
	1,186	1,026
Disbursed to students	(1,021)	(1,005)
Administration costs	(51)	(52)
<b>Balance (overspent)/unspent as at 31 July</b>	<b>114</b>	<b>(31)</b>

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



Barking & Dagenham College



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