

BERKSHIRE COLLEGE OF AGRICULTURE

Report and Financial Statements
for the year ended 31 July 2019

Berkshire College of Agriculture

For the year ended 31 July 2019

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Senior Leadership Team and were represented by the following in 2018/19:

G May	Principal and Accounting Officer
A Entwistle	Vice Principal
R Munday	Finance Director
L Hadden	Assistant Principal
G Moore	Assistant Principal (resigned on 16 June 2019)
N Prior	Assistant Principal (resigned on 14 February 2019)
D Fairbairn	Assistant Principal (appointed on 1 April 2019)
L Peters	Assistant Principal (appointed on 22 April 2019)
K Stencel-Wade	MIS Director
T Reeve	Director of Governance
S Armitage	Head of Estates and Facilities

Board of Governors

A full list of Governors is given on page 15 of these financial statements.

T Reeve acted as Clerk to the Corporation (renamed Director of Governance on 27 March 2019) throughout the period.

Principal and Registered Office

Hall Place
Burchetts Green
Maidenhead
Berkshire
SL6 6QR

Professional advisers

Financial statements auditors and reporting accountants

RSM UK Audit LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
MK91BP

Other assurance providers

ICCA Education and Training Skills Limited (resigned 31 July 2019)
46 The Priory Queensway
Birmingham
84 7LR

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Key Management Personnel, Board of Governors and Professional advisers

Other assurance providers (continued)

Dan Grant Associates Limited
34 School Lane
Appleby
Scunthorpe
North Lincolnshire
DN15 0AN

Bankers

Lloyds Bank Plc
25 Gresham Street
London
EC2V 7HN

Solicitors

Field Seymour Parkes LLP
1 London Street
Reading
RG1 4PN

Chartered Surveyors & Land Agents

Mulberry Rural
6 Miller Drive
Winnersh
Wokingham
RG41 5SR

Insurance Brokers & Consultants

Butterworth Spengler Insurance Brokers
Cherryfield Drive
Kirkby
Liverpool
L32 8SF

Berkshire College of Agriculture

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Berkshire College of Agriculture

Report of the Governing Body

For the year ended 31 July 2019

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2019.

Legal status

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

The Corporation was incorporated as Berkshire College of Agriculture (BCA) on 1 April 1993.

College values

As a provider of education and skills training and as an employer the College's values are:

- Continuous improvement; striving towards achieving the highest standards in all that we do,
- The provision of ambitious and well-informed teaching and learning to all students,
- Transparency and openness in all our operations,
- Stretching individuals to reach their full potential, and
- The development of employability skills and resilience that equips students for life in modern Britain.

Public Benefit

BCA is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 15.

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

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

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

Implementation of strategic plan

BCA is a specialist land-based college with significant GFE provision, located on a single site on the outskirts of Maidenhead, Berkshire. The campus includes 144-hectare estate comprising a range of land-based units, including an equine Centre, animal unit with a zoo, landscaped gardens and excellent sport facilities.

In 2018-2019 there were 1,369 funded students aged 16-18. A further 106 students aged 14-16 attended part-time study programmes in partnership with local schools. The College has its own apprenticeship programme which specialises in land-based apprenticeships.

The College was inspected by Ofsted in March 2017 and was graded 'Good'.

Berkshire College of Agriculture

Report of the Governing Body

For the year ended 31 July 2019

The proportion of students from minority ethnic heritage groups is approximately 15% by number of leavers. The population by gender programmes is split 57% female against 43% males and 54% of all students have a learning difficulty, disability or reported health problem by number of leavers.

The College Vision 2016 - 2020 (strategic plan)

- To be the local provider of choice; all learning opportunities are of outstanding quality (Ofsted pilot in March 2019 confirmed the continued improvement in quality and opportunities for our students).
- Expansion of apprenticeship provision in partnership with employers through our skills plan (136 apprentices as at September 2019, all growth requests have been achieved in the period of the strategic plan).
- Grow full-time learner numbers to 1,500 (1,538 enrolled in September 2019).
- Deliver a balanced curriculum that meets the needs of every student and supports employment (as evidenced through the growth in learner numbers above).
- Foster a diverse community providing equality of opportunity for all (the College was awarded 'Leaders in Safeguarding' status in 2019).
- Be recognised as a fair employer, which develops the potential of its entire staff.
- Lead and work in partnership to create a learning environment and infrastructure which contributes to cohesion, economic regeneration and work force development (Local Enterprise capital funding secured in 2018).

Financial Objectives 2019-2020

To develop a sound financial base (solvency and liquidity) based on the following:

- Total borrowing costs will be maintained below 4.5% of EBITDA in any one year.
- Continuing to deliver operating surpluses being the surplus/deficit shown in the Statement of Comprehensive Income as adjusted for LGPS-related costs, RF grant income and related expenditure from 2017-2018 onwards.
- Continuing to improve financial management by producing timely monthly management accounts including clear and succinct narrative to explain variances and Key Performance Indicators, together with detailed departmental profitability reports.

To maintain the confidence of funding bodies, bankers and professional advisors through robust and timely provision of:

- Management Accounts.
- Statutory returns.
- Detailed cash flow forecasts.
- Annual budgets and half-yearly reforecasts.
- Internally improving awareness and organisational capability through:
 - On-line access to monthly management accounts
 - Provision of detailed budget reports to Heads of Department
 - Termly presentation to all staff of ongoing financial performance

To improve College accommodation and equipment by:

- Generating sufficient funds to finance a planned maintenance programme.
- Generating sufficient funds to allow for investment in new infrastructure to support learning programmes

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Report of the Governing Body

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- Ensuring adequate procedures are in place to protect assets from loss, theft and negligence.
- Effective and regular staff training and development in all aspects of health and safety.

These will be monitored by the Audit Committee reporting to the Corporation.

Performance indicators

The College's 2018-2019 key performance indicators monitored and reported against:

Actual	Budget	Variance	Prior year	Actual vs Prior year
£000's	£000's	£000's	£000's	£000's

Financial performance	Operating surplus	Income	14,441	13,623	818	13,570	871
		Pay costs	(9,009)	(8,526)	(483)	(8,318)	(691)
		Non-pay costs	{5,258}	{4,923}	{335}	(5,044)	(214)
		Operating surplus	174	174	-	208	{34}
	To agree to SOCI	Grant income	551	-	551	2,433	{1,882}
		Estates strategy costs	(241)	-	(241)	-	{241}
		Pension charges	{813}	{595}	(218)	{599}	{214}
		Loss on disposal	(8)	-	(8)	-	(8)
		Surplus per SOCI	{337}	(421)	84	2,042	{2,379}

Cash balance	1,137	599	538	367	770
Loan balance	3,576	3,598	22	3,859	283

Funding and fee income	Funding body grants	11,698	11,118	580	11,096	602
	Tuition fees	991	673	318	712	279
	Totals	12,689	11,791	898	11,808	881

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The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency (ESFA). The College is assessed by the ESFA as having a 'requires improvement' financial health grading.

FINANCIAL POSITION

Financial results

The College generated an operating deficit of £337k (2017-18: operating surplus of £2,042k). The College has accumulated reserves of £3,451k (2017-18: £4,537k) and net cash position of £1,137k (2017-18: £367k).

Total income was £14,993k (2017-18: £16,002k). ESFA grant funding increased in the year to £11,632k compared to £10,829k in the previous year, an increase of 7.4%. This was as a result of increased student numbers in 2017-18 which generated additional ESFA funds in 2018-19 under the lagged funding rules. The reduction in the grant from the Department for Education (£552k (2017-18 £2,640k)) explained most of the decrease in total income in the year.

Expenditure has increased by £1,370k in the year to £15,330k from £13,960k in 2017-18. This can be attributed to an increase in staff costs of £996k and an increase in other operating costs of £536k.

Interest and other finance costs payable were £395k (2017-18: £484k), including payments to Lloyds and interest payments incurred under the terms of the LGPS pension plan.

Total net assets have decreased to £3,451k from £4,537k at the previous year-end, predominantly due the pension charge in the year.

The College has net current liabilities of £728k (2017-18: £880k).

The College subsidiary company, BCA Landbase Ltd, has remained dormant (with effect from 1 August 1998) but will be retained. BCA Landbase Ltd did not trade during 2018-19.

Treasury policies and objectives

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

The College has a separate treasury management policy in place.

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

Cash flows and liquidity

Cash inflows from operations for the year were £2,915k (2017-18 £3,798k). The cash balance at year end amounted to £1,137k (2017-18: £367k).

The size of the College's total borrowing and its approach to interest rate management have been calculated to ensure a reasonable margin between the cost of servicing debt and the requirements of operating cash flow.

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Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £{6,861}k (2018: £(5,849)k). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE

The College has significant reliance on the ESFA for its principal funding source, largely through recurrent grants. In 2018-19 the ESFA provided 80% of the College's total income (2017-18: 80%).

College objectives are set within the framework of the College's Strategic Plan and priorities agreed with the ESFA. The Corporation sets targets for retention, achievement and success rates annually, by level and by age.

Students benefit from excellent work placement and employability across all curriculum areas. In 2018-19 the College worked with 1,465 employers. The impact can be seen in student destinations where 93% of learners went on to employment, apprenticeship or further study.

Curriculum developments

Outcomes for students are good in the main component of all study programmes. Students make a good level of progress against their entry position in their main programme area.

Points of note:

- Very effective actions (intervention and targeted learning support) to raise achievement rates across all curriculum areas; achievement for 2018-19 88.6% (2017-18 84.1%) against a national rate of 82.5%.
- Achievement rates are high in the majority of subject areas. The achievement rates for learners with high needs have increased year on year with achievement being 54% for those with a declared difficulty/disability or health problem.
- The majority of students progress to further study, employment or apprenticeships. 2018-19 had a 87.9% rate on its meaningful destinations for leavers. Students who apply to higher education successfully obtain a place at university. The courses that they go on to study match well to their initial goals and ambitions.
- In the main component of the study programme the majority of students meet or exceed their target grades, making good progress compared to their starting point.
- Very thorough and effective arrangements for safeguarding students.
- Very good resources to support and enhance learning.

The College purchased the trading assets of Arborcare Associates Limited on 1 August 2018.

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Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent.

During the accounting period 1 August 2018 to 31 July 2019, the College paid 97% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Future prospects

The College's finances are healthy. The College has benefited from a steady increase in student numbers in recent years which has generated a surplus in line with projections and budget. During the last financial year, the College made a deficit of £337k despite positive cash movement of £770k. The closing cash position for the year was £1,137k. The deficit was comprised of a £174k operating surplus (2018: £208k operating surplus), together with the grant from the Department for Education of £552k (2018: £2,640k) less pension charges of £813k (2018: £599k) and the spending of Department for Education grant monies amounting to £240k (2018: £nil) on an estates strategy project.

The College is mindful of the continued financial pressures facing all parents and strives to ensure value for money whilst continuing to invest in the recruitment, development and retention of outstanding teachers, as well as ensure that the facilities are maintained and improved, to secure the future success of the College and its students.

RESOURCES

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

Financial

The College has £3,451k of net assets (2018: £4,537k) after allowing for £10,824k pension liability and long-term debt of £3,279k (2018: £9,262k and £3,576k respectively).

People

The College employs 278 people (expressed as full-time equivalents) (2018: 260), of whom 106 are teaching staff (2018: 99).

Reputation

The College has a very good external profile which enables effective partnership with a number of key stakeholders. The improvement in the brand and reputation of the College over recent years has been significant as evidenced by the growth in full-time applications.

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Estate

Tangible resources include the main college site, the new buildings constructed within the last fourteen years and Hall Place, a Grade 1 listed mansion.

The estate provides resources for livery and equine facilities primarily to support student practical teaching, duty periods and assessment. Equine facilities and events continue to make a positive contribution towards physical resources and maintaining and replacing practical facilities whilst also promoting the college within the industry.

Farming activities operate through a College managed contractor's agreement for arable operations, with livestock through internal management. Arable operations produced a small contribution to finances and resources for livestock. The College manages, either through contract, or its own operations, the making of hay and haylage for farm livestock and horses.

Accommodation

The College manages a number of domestic properties on short hold tenancies as essential staff accommodation.

Lease Agreements

A language school and children's nursery are continuing leases within the campus; the College co-operates with these independent companies in the conduct of its business. The College has agreements with Vodafone for site access, Thames Valley Drainage for a sewage-pumping site and agreements with EE and O2 for telecommunication masts.

Functions

The College manages a successful conference and functions business ensuring full use of appropriate assets.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Based on the strategic plan, the Audit Committee 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 Audit Committee will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

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

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

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

Berkshire College of Agriculture

Report of the Governing Body

For the year ended 31 July 2019

Government Funding

The College has considerable reliance on continued Government funding through the further education sector funding bodies and HEFCE. In 2018-19, 80% of the College's revenue was public funded. It is planned to increase the level of government funding in absolute terms through growth in student numbers.

This risk is mitigated in a number of ways:

- Ensuring the College is rigorous in delivering high quality education and training and is competitive within a changing environment.
- A focus on maintaining and managing key relationships with funding bodies and local authorities.
- Working with the Local Enterprise Partnership to secure effective employer engagement within the College.
- Ensuring that resources and facilities are attractive, fit for purpose and are utilised effectively.
- Continually seeking value for money in procurement, contracts and staff deployment.
- Developing ways to increase the financial contribution of the asset base of the college.
- Developing productive relationships with a variety of third parties, especially local employers.

Tuition Fee Policy

BCA will increase tuition fees in line with market forces and the Consumer Price Index (CPI).

Maintain Adequate Funding of Pension Liabilities

There is a requirement to maintain adequate funding for potential pension liabilities in the light of stock market movements. The financial statements report the share of the Local Government Pension Scheme (LGPS) deficit on the College's balance sheet in line with the requirements of FRS102. This risk is mitigated by an agreed deficit recovery plan with the Royal County of Berkshire Pension Fund.

STAKEHOLDER RELATIONSHIPS

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

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

Berkshire College of Agriculture

Report of the Governing Body

For the year ended 31 July 2019

TRADE UNION FACILITY TIME

It is the view of the governors that no staff time was spent on Trade Union activities during the year.

EQUAL OPPORTUNITIES

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

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

DISABILITY STATEMENT

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

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

- a) As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2018/19, and the results of this formed the basis of funding capital projects aimed at improving access.
- b) The College has appointed an Access Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
- d) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The College has 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 Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

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Report of the Governing Body

For the year ended 31 July 2019

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 11 December 2019 and signed on its behalf by:



P Goodwin

Chair

Berkshire College of Agriculture

Statement of Corporate Governance and Internal Control

For the year ended 31 July 2019

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2018 to 31 July 2019 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to college from the Associates of College in the Code of Good Governance for English College ("the Code"); and
- iii. having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance or English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 1 August 2015. In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2019.

Berkshire College of Agriculture

Statement of Corporate Governance and Internal Control

For the year ended 31 July 2019

The Corporation

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

Category	Date of Initial Election	Name	Latest Date of Re-appointment	Expiry of Current Term of Office	% Attendance 2018/19
EXTERNAL (11) *	December 2018	Daniel Clawson	12 December 2018	11 December 2022	75
	May 2017	Neil Dew -Gosling ²	17 May 2017	16 May 2021	92
	October 2015	Pippa Goodwin ¹	7 October 2015	6 October 2019	100
	May 2019	Charles McGurin	15 May 2019	14 May 2023	100
	March 2014	Gareth Osborn	26 March 2018	25 March 2022	67
	December 2009	Frank Pitkin	13 December 2017	7 December 2021	90
	May 2017	Daniela Shanly	17 May 2017	16 May 2021	83
	December 2016	Dave Snowden	7 December 2016	6 December 2020	67
	May 2019	Jeremy Spooner	15 May 2019	14 May 2023	100
	May 2017	Ian Thomson	17 May 2017	16 May 2021	100
	March 2014	Andrew Try	26 March 2018	25 March 2022	70
STAFF (2)	October 2016	Neil Prior	21 October 2016	Resigned 15 November 2018	100
	February 2019	Chris Lambert	13 February 2019	12 February 2023	100
	October 2016	Janet Robertson	21 October 2016	20 October 2020	100
STUDENT (2)	November 2017	Emily Hutt	July 2018	July 2019	83
	November 2017	Ryan York	September 2018	July 2019	100
PRINCIPAL	September 2013	Gillian May	N/A	N/A	100
Overall					88

NOTES:

¹ Corporation Chair

² Corporation Vice-Chair

Berkshire College of Agriculture

Statement of Corporate Governance and Internal Control

For the year ended 31 July 2019

The determined number of Governors of the Corporation was 14 members at 1 August 2018 and was increased to 16 on 15 May 2019 to include:

- 11 external governors(* 9 external governors prior to 15 May 2019)
- Principal
- 2 staff
- 2 students

The Clerk to the Corporation for the year to 31 July 2019 was Tracy Reeve, who was re-titled Director of Governance on 27 March 2019.

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are remuneration, search and audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website or from the Director of Governance at:

Berkshire College of Agriculture
Hall Place
Burchetts Green
Maidenhead
Berkshire
SL6 6QR

The Director of Governance 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 Director of Governance, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Director of Governance are matters for the Corporation as a whole.

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

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

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

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Statement of Corporate Governance and Internal Control

For the year ended 31 July 2019

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.

Corporation performance

The Governors of BCA continued to carry out their statutory duties in 2018/19 through well-attended board and sub-committee meetings. The Governors, with the Senior Leadership Team (SLT), provided strong direction for the College. There was active involvement of Governors in the College's strategic planning, and in monitoring the effective use of resources and the financial recovery of the College. Governors were fully involved in all aspects of strategic planning and decision making which arose from the Thames Valley Area Based Review. During the year the Governors continued to drive forward improvements in the effectiveness of governance systems and processes at BCA.

The Governor Link Scheme which allows Governors closer access to the work of the College continued to be a successful initiative from the perspective of Governors and College staff. This scheme, together with detailed briefings and close attention to audit and risk management issues, ensured that the Corporation remained effective in directing and challenging the work of the College. The composition of the Corporation includes a breadth of knowledge and relevant expertise. The student governors made a very positive contribution to the work of the governing body during 2018/19. Governors' training days are held each year to raise awareness of issues facing the College and to create a forum where the wider SLT could directly access the skills and experience of Governors and work with them to focus on College strategy.

Remuneration Committee

Throughout the year ending 31 July 2019 the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the year ended 31 July 2019 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises four members of the Corporation (excluding the Accounting Officer 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, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

During the course of the year the members of Audit Committee agreed to change the model for the College such that third parties with appropriate skills and knowledge will be asked to review specific activities. As a consequence, ICCA, the College's internal auditors for the last five years, resigned at the end of their agreed tenure on 31 July 2019.

The change in the model will not have an effect on the level of internal control, risk management controls and governance applied within the College.

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.

Berkshire College of Agriculture

Statement of Corporate Governance and Internal Control

For the year ended 31 July 2019

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

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the 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 BCA and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in BCA for the year ended 31 July 2019 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 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

Berkshire College of Agriculture

Statement of Corporate Governance and Internal Control

For the year ended 31 July 2019

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

Review of effectiveness

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

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

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 11 December 2019 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2019 by considering documentation from the senior management team and internal audit, and taking account of events since 1 August 2018.

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

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Report of the Governing Body. The financial position of the College, its cash flow, liquidity and borrowings are presented in the financial statements and accompanying notes.

The Governing Body have reviewed the assessment of the College as a going concern and have considered the cash flow position of the College.

Berkshire College of Agriculture

Statement of Corporate Governance and Internal Control

For the year ended 31 July 2019

At the balance sheet date, the College had £3.575m of loans outstanding, as detailed in note 16 of the financial statements.

The Governing Body have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

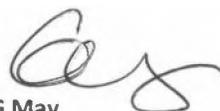
Approved by order of the members of the Corporation on 11 December 2019 and signed on its behalf by:



P Goodwin

Chair

11 December 2019



G May

Accounting Officer

11 December 2019

Berkshire College of Agriculture

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

For the year ended 31 July 2019

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with terms and conditions of funding, under College's grant funding agreements and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of the funding agreement with the ESFA.

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

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

GMay

Accounting Officer

11 December 2019



P Goodwin

Chair of Governors

11 December 2019

Berkshire College of Agriculture

Statement of Responsibilities of the Members of the Corporation

For the year ended 31 July 2019

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

The law applicable to charities in England and the terms and conditions of the Funding Agreement between the Education and Skills Funding Agency and the Corporation of the College, requires the corporation of the college to prepare financial statements and the Members' Report for each financial year in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions the annual Accounts Direction issued by the Education and Skills Funding Agency, and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and which give a true and fair view of the state of affairs of the College and of the College's deficit of income over expenditure for that period.

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

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

The corporation is also required to prepare a Governing Body report that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

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

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

Members of the Corporation are responsible for ensuring that funds from the Education and Skills Funding Agency are used only in accordance with the authorities that govern them as defined by and in accordance with Further & Higher Education Act 1992, subsequent legislation and related regulations and the Funding Agreement with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time.

Approved by order of the members of the Corporation on 11 December 2019 and signed on its behalf by:

P Goodwin

Chair



Berkshire College of Agriculture

Independent Auditors' Report to The Corporation of Berkshire College of Agriculture

For the year ended 31 July 2019

Opinion

We have audited the financial statements of Berkshire College of Agriculture (the College) for the year ended 31 July 2019 which comprise the statement of comprehensive income, the balance sheet, statement of changes in reserves, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2019 and of the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Berkshire College of Agriculture

Independent Auditors' Report to The Corporation of Berkshire College of Agriculture

For the year ended 31 July 2019

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2018 to 2019 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

Responsibilities of the Governing Body of Berkshire College of Agriculture

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 22 the Governing Body is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Berkshire College of Agriculture

Independent Auditors' Report to The Corporation of Berkshire College of Agriculture

For the year ended 31 July 2019

Use of our report

This report is made solely to the Governing Body, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 11 June 2018. Our audit work has been undertaken so that we might state to the Governing Body, as a body, those matters we are engaged 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 Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

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RSM UK AUDIT LLP

Chartered Accountants

The Pinnacle

170 Midsummer Boulevard

Milton Keynes

Buckinghamshire

MK91BP

Date: December 2019

Berkshire College of Agriculture
For the year ended 31 July 2019
Statement of Comprehensive Income

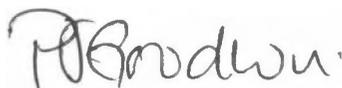
	Notes	2019 £'000	2018 £'000
INCOME			
Funding body grants	2	12,249	13,529
Tuition fees and education contracts	3	991	712
Other income	4	1,746	1,756
Investment income	5	1	
Donations and endowments	6	6	5
Total income		14,993	16,002
EXPENDITURE			
Staff costs	7	9,720	8,724
Other operating expenses	8	4,276	3,740
Amortisation	10	4	
Depreciation	11	935	1,012
Interest and other finance costs	9	395	484
Total expenditure		15,330	13,960
(Deficit)/Surplus for the year		{337}	2,042
Re-measurement of net defined benefit pension liability	20	(749)	(151)
Total Comprehensive Income for the year		(1,086)	1,891
Represented by:			
Unrestricted comprehensive income		(1,086)	1,891

Berkshire College of Agriculture

Balance sheet as at 31 July 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Intangible assets - goodwill	10	35	
Tangible assets	11	31,594	31,072
		31,629	31,072
Current assets			
Stocks		70	102
Debtors	13	293	374
Cash at bank and in hand		1,137	367
		1,500	843
Current liabilities			
Creditors - amounts falling due within one year	14	{2,228}	{1,723}
Net current liabilities		{728}	{880}
Total assets less current liabilities			
Creditors - amounts falling due after more than one year	15	{16,626}	{16,393}
Provisions for liabilities			
Defined benefit pension scheme	17	{10,824}	{9,262}
Total net assets		3,451	4,537
Unrestricted Reserves			
Income and expenditure account		(6,861)	(5,849)
Revaluation reserve		10,312	10,386
Total reserves		3,451	4,537

The financial statements and related notes, on pages 26 to 51, were approved and authorised for issue by the Corporation on 11 December 2019 and were signed on its behalf on that date by:



P Goodwin

Chair

G May

Accounting Officer

Berkshire College of Agriculture

For the year ended 31 July 2019

Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1 August 2017	(7,814)	10,460	2,646
Surplus for the year	2,042		2,042
Other comprehensive income	(151)		(151)
Transfers between revaluation reserve and income and expenditure account	74	(74)	
Total comprehensive income for the year	1,965	(74)	1,891
Balance at 31 July 2018	(5,849)	10,386	4,537
Deficit for the year	(337)		(337)
Other comprehensive income	(749)		(749)
Transfers between revaluation reserve and income and expenditure account	74	(74)	
Total comprehensive income for the year	{1,012}	(74)	(1,086)
Balance at 31 July 2019	(6,861)	10,312	3,451

Berkshire College of Agriculture

For the year ended 31 July 2019

Statement of Cash Flows

	2019	2018
	£'000	£'000
Operating activities		
(Deficit)/surplus for the year	(337)	2,042
Adjustment for:		
Depreciation	935	1,012
Amortisation	4	
Decrease in stocks	32	(9)
Decrease/(increase) in debtors	52	(147)
Increase/(decrease) in creditors due within one year	493	(85)
Increase/(decrease) in creditors due after one year	529	(98)
Pensions costs less contributions payable	813	599
Investment income	(1)	
Interest payable	395	484
Net cash from operating activities	<u>2,915</u>	<u>3,798</u>
Investing activities		
Interest received	1	
Purchase of tangible fixed assets	(1,457)	(592)
Purchase of intangible fixed assets	(10)	
	<u>(1,466}</u>	<u>(592)</u>
Financing activities		
Interest paid	(395)	(484)
Repayments of borrowings	(284)	(2,267)
	<u>(679)</u>	<u>(2,751)</u>
Increase in cash and cash equivalents in the year	<u>770</u>	<u>455</u>
Cash and cash equivalents at beginning of the year	<u>367</u>	<u>(88)</u>
Cash and cash equivalents at end of the year	<u>1,137</u>	<u>367</u>

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

1. Accounting policies

General information

Berkshire College of Agriculture is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 16. The nature of the College's operations are set out in the Report of the Governing Body.

Basis of accounting

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2018 to 2019* and in accordance with Financial Reporting Standard 102 - "*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*" (FRS 102) under the historical cost convention. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

The financial statements incorporate those of the College only. The College's only subsidiary, BCA Landbase Limited, has been dormant for the current and previous period. Therefore consolidated financial statements for the group have not been prepared.

The financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Report of the Governing Body. The financial position of the College, its cash flow, liquidity and borrowings are presented in the financial statements and accompanying notes.

The Governing Body has reviewed the assessment of the College as a going concern and has considered the cash flow position of the College.

At the balance sheet date, the College had £3.6m of loans outstanding, as detailed in note 16 of the financial statements. In the prior year the College required additional funds to repay £3.1m of loans from Lloyds, as there was insufficient working capital to make the repayment, which was due in November 2018. The College successfully applied for additional funds from the ESFA equal to £5.9m, of which £4.6m was a one-off specific grant and the remaining £1.3m was a loan which becomes repayable by instalments starting in 2022. Accordingly, the college repaid its loans due in November 2018 in the prior year.

In addition, the Governing Body noted that net current liabilities were £152k lower at the balance sheet date than at the same time in 2018. It also recognised that debt has reduced by £284k during the course of the year and that, as a consequence of the funding provided by the ESFA, future cash balances are such that there is minimal concern that the College will not be in position to meet its liabilities as and when they fall due. The Governing Body is confident that the College will be able to fulfil its obligations with respect to future drawdowns of monies that the ESFA have allocated to the College.

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

Bearing all the above comments in mind, the Governing Body has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Recognition of income

Grants - government and non-government

Revenue grant funding

Government revenue grants are accounted for under the accruals model and are recognised on a systematic basis over the periods in which the related costs for which the grant compensates are recognised.

Funding body recurrent grants are measured in line with best estimates for the period of what is recoverable and depend on the particular income stream involved. Adult Education Budget ('AEB') grant funding income is recognised in accordance with the main funding guidance published by ESFA and either determined as part of the reconciliation process or by separate agreement by the College and the ESFA at the reporting end date. Any subsequent agreement to determination of the AEB funding after the reporting end date which is not provided for in the annual main funding guidance is not reflected in the income recognised.

16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from OFS represents the funding allocations attributable to the current financial year and is recognised when received or receivable.

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

Capital grant funding

Government capital grants for assets are accounted for under the accruals model. The grant income received or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year and those due after more than one year.

Other income

Income from tuition fees is recognised over the period for which it is received.

Retirement benefits

Retirement benefits to employees of the College are principally provided by Teachers' Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS), which are multi-employer defined benefit plans.

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Short term employment benefits

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

Intangible fixed assets - goodwill

Goodwill is capitalised and written off evenly over 10 years as in the opinion of the College, this represents the period over which the goodwill is expected to give rise to economic benefits.

Tangible fixed assets

a. Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at deemed cost less accumulated depreciation and accumulated impairment losses. The central College building is a 300-year-old Grade I listed building. The mansion is depreciated at 2% per annum on a straight-line basis.

Peripheral buildings are depreciated at 2% per annum on a straight-line basis. Other buildings as well as further expenditure on current buildings acquired since incorporation are included in the balance sheet at cost and are depreciated over their estimated useful life of between 10 and 50 years. Freehold land is not depreciated.

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

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

Tangible fixed assets (continued)

b. Equipment

Equipment costing less than £1,000 per individual item is written off to the statement of comprehensive income in the period of acquisition. All other equipment is capitalised and recognised at cost less accumulated depreciation and accumulated impairment losses.

Equipment is depreciated on a straight-line basis over its estimated useful economic life to the College as follows:

- Motor vehicles and general equipment 10% - 25% per annum
- Computer equipment 20% - 25% per annum

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income.

Stocks

Stock is stated at the lower of its cost and estimated selling price less costs to complete and sell. Where necessary, provision is made for obsolete and slow-moving items.

Financial instruments

The College has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the College becomes party to the contractual provisions of the instrument. Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

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 sections 478-488 of the 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 the 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.

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

Agency arrangements

The college acts as an agent in distributing Bursary Support Funds from funding bodies. Payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College does not have control of the economic benefit related to the transaction.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical areas of judgement

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

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

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

Critical accounting estimates and assumptions

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

2 Funding body grants

	2019 £'000	2018 £'000
Recurrent grants		
Education and Skills Funding Agency - adult	201	286
Education and Skills Funding Agency - 16-18	8,971	8,352
Education and Skills Funding Agency- apprenticeships	466	343
Office for Students	76	60
Specific grants		
Education and Skills Funding Agency - non-recurrent grants	1,623	1,491
Department for Education - non-recurrent grants	552	2,640
Releases of government capital grants	360	357
Total	12,249	13,529

3 Tuition fees and education contracts

	2019 £'000	2018 £'000
Fees for FE loan supported courses	367	176
Fees for HE loan supported courses	469	394
Other fees	155	142
Total	991	712

4 Other income

	2019 £'000	2018 £'000
Catering and residences	442	431
Other income generating activities	59	58
Estate income	37	71
Miscellaneous income	1,208	1,196
Total	1,746	1,756

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

5	Investment income	2019	2018
		£'000	£'000

	Income from bank deposits	<u>1</u>	<u></u>
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6	Donations	2019	2018
		£'000	£'000

	Unrestricted donations	<u>6</u>	<u>5</u>
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7 Staff costs and key management personnel remuneration

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

	2019	2018
	No.	No.
Teaching staff	106	99
Non-teaching staff	172	<u>161</u>
	<u>278</u>	<u>260</u>

Staff costs for the above persons

	2019	2018
	£'000	£'000
Wages and salaries	7,209	6,717
Social security costs	572	538
Other pension costs (note 20)	1,800	<u>1,421</u>
Payroll sub total	9,581	8,676
Contracted out staffing services	<u>134</u>	<u>28</u>
	9,715	8,704
Restructuring costs - contractual	<u>5</u>	<u>20</u>
Total staff costs	<u>9,720</u>	<u>8,724</u>

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

7 Staff costs (continued)

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprise those individuals listed on page 1. Staff costs include compensation paid to key management personnel for loss of office.

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

	2019	2018
	No.	No.
The number of key management personnel including the Accounting Officer was:	<u>11</u>	<u>10</u>

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

	Key management personnel	
	2019	2018
	No.	No.
£15,001 - £20,000	1	
£20,001 - £25,000		1
£25,001 - £30,000	2	
£35,001 - £40,000		1
£40,001 - £45,000	2	
£45,001 - £50,000	1	5
£50,001 - £55,000	2	
£65,001 - £70,000		1
£75,001 - £80,000	1	
£80,001 - £85,000		1
£95,001 - £100,000	1	1
£110,001 - £115,000	1	
	<u>11</u>	<u>10</u>

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

7 Staff costs (continued)

Key management personnel (including the Accounting Officer) compensation is made up as follows:

	2019	2018
	£'000	£'000
Salaries	590	543
Benefits in kind	4	4
National insurance	70	64
	664	611
Pension costs	115	100
Total emoluments	779	711

The pension contributions included above are the contributions payable by the College in respect of the individuals included in key management personnel. Additional amounts included in the Statement of Comprehensive Income related to the measurement required under Section 28 of FRS 102 for defined benefit schemes relating to service costs and interest costs are not included above.

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid of the key management personnel) of:

	2019	2018
	£'000	£'000
Salaries	113	97
National insurance	14	12
Benefits in kind	1	1
	128	110
Pension contributions	18	16
Total emoluments	146	126

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

7 Staff costs (continued)

The remuneration of the accounting officer for 2018-19 was determined on 2 July 2018 by the Corporation on recommendation from the College's Remuneration Committee. The accounting officer was not involved in setting their remuneration. The factors taken into account by the Committee, and subsequently the Corporation, in determining the accounting officer's remuneration for the year to 31 July 2019 included: previous decreases due to salary sacrifice (January 2014); pay increases for other staff during the previous 4 years; performance against personal objectives; performance of the organisation; sector data on pay of accounting officers and benchmarking to the broader market. Performance was measured by the financial recovery of the College and the improved academic performance including the QAR outcome data.

A similar approach was used to determine the remuneration of other key management personnel.

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	2019	2018
	No	No
Basic salary as a multiple of median basic salary of staff	5	4
Total remuneration as a multiple of median total remuneration of staff	4	4

Governors' remuneration

The Accounting Officer and staff members only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the college in respect of their roles as governors.

Details of expenses paid to or on behalf of the Governors are disclosed in note 21.

8 Other operating expenses

	2019	2018
	£'000	£'000
Teaching costs	742	488
Non-teaching costs	2,914	2,660
Premises costs	620	592
Total	4,276	3,740

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

8 Other operating expenses (continued)

Surplus before taxation is stated after charging/(crediting)	2019 £'000	2018 £'000
Fees payable to RSM UK LLP and its associates in respect of both audit and non-audit fees:		
Audit of college	18	18
Other assurance services	2	2
Other non-audit services	5	3
Internal audit	4	12
Operating lease rentals	345	350

9 Interest payable and other finance costs

	2019 £'000	2018 £'000
On bank loans, overdrafts and other loans	159	263
Net interest on defined pension liability (note 20)	236	221
Total	395	484

10 Intangible fixed assets

	Business goodwill £'000
Cost or valuation	
At 1 August 2018	
Additions	39
At 31 July 2019	39
Amortisation	
At 1 August 2018	
Charge for the year	4
At 31 July 2019	4
Net book value at 31 July 2019	35
Net book value at 31 July 2018	

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

11 Tangible fixed assets

	Land and buildings (freehold)	Equipment and machinery	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2018	35,701	3,569	14	39,284
Additions	5	711	741	1,457
Transfers	5	9	(14)	
At 31 July 2019	35,711	4,289	741	40,741
Depreciation				
At 1 August 2018	5,538	2,674		8,212
Charge for the year	615	320		935
At 31 July 2019	6,153	2,994		9,147
Net book value at 31 July 2019	29,558	1,295	741	31,594
Net book value at 31 July 2018	30,163	895	14	31,072

If freehold land and buildings had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amount;

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

12 Fixed asset investments

The College owns 100 per cent of the issued ordinary £1 shares of BCA Landbase Limited, a company incorporated in England and Wales. This company became dormant on 1 August 1998 and is therefore carried in the financial statements at a net book value of £nil (2018: £nil). Original cost was £2,000.

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

13 Debtors

	2019	2018
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	70	63
Amounts due from subsidiary undertaking	3	3
Prepayments and accrued income	220	<u>308</u>
Total	<u>293</u>	<u>374</u>

14 Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Bank loans and overdrafts	296	283
Trade creditors	292	217
Other taxation and social security	158	138
Accruals and deferred income	751	739
Deferred income - government capital grants	420	346
Deferred income - government revenue grants	169	
Amounts owed to the ESFA	142	<u></u>
Total	<u>2,228</u>	<u>1,723</u>

15 Creditors: amounts falling due after one year

	2019	2018
	£'000	£'000
Bank loans	1,979	2,276
Other loans	1,300	1,300
Deferred income - government capital grants	13,347	<u>12,817</u>
Total	<u>16,626</u>	<u>16,393</u>

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

16 Maturity of debt

Bank loans, other loans and overdrafts

Bank loans, other loans and overdrafts are repayable as follows:

	2019	2018
	£'000	£'000
In one year or less	296	283
Between one and two years	314	296
Between two and five years	1,117	1,084
In five years or more	1,848	<u>2,196</u>
Total	<u>3,575</u>	<u>3,859</u>

The College has four loans with its bankers, Lloyds Bank plc. Loan 1 of £440k (2018: £561k) bears fixed interest of 5.730% and is repayable in instalments to August 2022. Loan 2 of £417k (2018: £501k) bears fixed interest of 6.050% and is repayable in instalments to August 2023. Loan 3 of £921k (2018: £964k) bears fixed interest of 5.690% and is repayable in instalments to July 2033. Loan 4 of £497k (2018: £531k) bears fixed interest of 5.033% and is repayable in instalments to April 2030.

In November 2015, loans 5 and 6 along with £500k of the College's overdraft facility were converted to a three - year loan totalling £3,950k. As part of the restructuring exercise during the prior year the college was able to secure additional funding of £5,900k from the Department for Education. Of this amount £4,600k was a grant and the remaining £1,300k was made up of a loan which does not become repayable until October 2021. These additional funds were used in the prior year to repay the college's bank overdraft as well as the Lloyds loans 5 and 6.

The remaining debts are the outstanding balance of £nil (2018: £2k) on a £40k loan to refurbish the North Cafe at the College.

The loans are secured by fixed charges over the freehold property of the College.

17 Provisions for liabilities

	At 1 August 2018	Amount utilised	Additions charged to SCI	At 31 July 2019
	£'000	£'000	£'000	£'000
Defined benefit obligations (note 20)	9,262	(772)	2,334	<u>10,824</u>

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

18 Financial instruments

	2019	2018
	£'000	£'000
Financial assets		
Debt instruments measured at amortised cost	88	<u>191</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>4,654</u>	<u>4,577</u>

19 Lease obligations

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

	2019	2018
	£'000	£'000
Payments due		
Not later than one year	167	292
Later than one year and not later than five years	149	<u>227</u>
	<u>316</u>	<u>519</u>

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

20 Retirement benefits

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

Total pension cost for the year	2019	2018
	£000	£000
Teachers' Pension Scheme: contributions paid	451	393
Local Government Pension Scheme:		
Contributions paid	772	657
FRS 102(28) charge	577	371
Charge to the Statement of Comprehensive Income	<u>1,349</u>	<u>1,028</u>
Total Pension Cost for Year within staff costs	<u>1,800</u>	<u>1,421</u>

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 2016 and of the LGPS 31 March 2016. Contributions amounting to £141k (2018: £117k) were payable to the scheme at 31 July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. 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.

The TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan and therefore it has accounted for its contributions to the scheme as if it were a defined-contribution plan.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending. The valuation report was published in April 2019.

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

20 Retirement benefits (continued)

Valuation of the Teachers' Pension Scheme (continued)

The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion

Discount rate is 2.4% in excess of CPI.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

However, legal challenge to the 2015 public sector pension reforms could have a further impact on the scheme, which would have retrospective application.

The pension costs paid to TPS in the year amounted to £451k (2018: £393k).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Royal Borough of Windsor and Maidenhead Local Authority. The total contributions made for the year ended 31 July 2019 were £976k, of which employer's contributions totalled £772k and employees' contributions totalled £204k. The agreed contribution rates for future years are 17.3% for employers and range from 5.5% to 7.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2019 by a qualified independent actuary.

	At 31 July 2019	At 31 July 2018
Rate of increase in salaries	3.65%	3.65%
Future pensions increases	2.35%	2.35%
Discount rate for scheme liabilities	2.15%	2.65%
Inflation assumption (CPI)	2.35%	2.35%

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

20 Retirement benefits (continued)

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 2019	At 31 July 2018
	years	years
<i>Retiring today</i>		
Males	22.0	23.1
Females	24.0	25.2
<i>Retiring in 20 years</i>		
Males	23.7	25.3
Females	25.8	27.5

The College's share of the assets in the plan at the balance sheet date:

	Fair Value at 31 July 2019	Fair Value at 31 July 2018
	£'000	£'000
Equities	5,623	4,227
Cash	702	1,336
Other bonds	1,588	1,345
Property	1,427	1,241
Target return portfolio	503	362
Longevity Insurance	(584)	(273)
Commodities	81	163
Infrastructure	974	<u>600</u>
Total fair value of plan assets	10,314	<u>9,001</u>
Actual return on plan assets	<u>412</u>	<u>398</u>

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

20 Retirement benefits (continued)

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

	2019	2018
	£'000	£'000
Amounts included in staff costs		
Service cost	1,235	1,028
Past service costs	114	
	<u>1,349</u>	<u>1,028</u>
Amounts included in interest and other finance costs		
Net interest on defined pension liability	<u>236</u>	<u>221</u>
Amount recognised in other comprehensive income		
Return on pension plan assets	412	398
Changes in assumptions underlying the present value of plan liabilities	{1,161}	(820)
Other actuarial gains on assets		<u>271</u>
Amount recognised in Other Comprehensive Income	<u>(749)</u>	<u>(151)</u>

2019
£'000

Changes in the present value of defined benefit obligations

Defined benefit obligations at start of period	18,263
Current service cost	1,226
Interest cost	483
Contributions by Scheme participants	204
Changes in financial assumptions	2,312
Estimated benefits paid	(313)
Past service cost	114
Change in demographic assumptions	{1,151}
Defined benefit obligations at end of period	<u>21,138</u>

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

20 Retirement benefits (continued)

	2019 £'000
Changes in fair value of plan assets	
Fair value of plan assets at start of period	9,001
Interest on plan assets	247
Return on plan assets	412
Administration expenses	(9)
Employer contributions	772
Contributions by Scheme participants	204
Estimated benefits paid	(313)
Fair value of plan assets at end of period	<u>10,314</u>

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Service Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

The current valuation reflects the implications of the Mccloud judgement. A past service cost of £114k has been recognised in the year as a result of this.

21 Related party transactions

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

The total expenses paid to or on behalf of the governors during the year was £552 (2018: £677). Expenses represent travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meeting and charity events in their official capacity.

The College received rent of £nil (2018: £39,000) and received £17,944 (2018: £30,585) for educational activities from entities in which governors are statutory directors. In relation to the amounts charged during the year there was no amounts outstanding at the year end.

Berkshire College of Agriculture

For the year ended 31 July 2019

Notes to the financial statements

22 Amounts disbursed as agent

	2019	2018
	£'000	£'000
Learner support funds		
Funding body grants - 16-19 bursary support	278	232
Funding body grants - residential bursaries	21	18
	299	250
Disbursed to students	(274)	(226)
Administration costs	(13)	(11)
Balance unspent as at 31 July, included in creditors	12	13

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

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF BERKSHIRE COLLEGE OF AGRICULTURE AND THE SECRETARY OF EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 11 June 2018 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Berkshire College of Agriculture during the period 1 August 2018 to 31 July 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the "ACoP") issued by the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the ESFA has other assurance arrangements in place.

We are independent of the Berkshire College of Agriculture in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Governing Body of Berkshire College of Agriculture for regularity

The Corporation of Berkshire College of Agriculture is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of Berkshire College of Agriculture is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the ACoP.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

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

RSM **lit.J;\..**

RSM UK AUDIT LLP

Chartered Accountants

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