



**BRIDGWATER  
& TAUNTON  
COLLEGE**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 JULY 2023**

## **Key Management Personnel, Board of Governors and Professional advisers**

### **Key management personnel**

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2022/23:

Andy Berry Principal and Accounting Officer  
Louise Rowley Deputy Principal  
Marcus Holder Vice Principal - Finance & Resources  
Nikki Sendell Vice Principal - HE, Quality & People  
Matt Tudor Vice Principal - Strategy & Partnerships  
Mark Nettle Assistant Principal - Student Experience and Clerk to the Governors  
Jason Kilduff Assistant Principal - Apprenticeships & Workforce Skills  
Jason Gunningham Assistant Principal - Land-based, Sport & Foundation Learning  
Samuel Reilly Assistant Principal - A Levels, Creative, Technical & Professional Education

### **Board of Governors**

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

### **Professional advisers**

#### **Financial statements auditors and reporting accountants:**

PKF Francis Clark  
Ground Floor, Blackbrook Gate 1  
Blackbrook Business Park  
Taunton  
TA1 2PX

#### **Internal auditors:**

RSM Risk Assurance Services LLP  
Hartwell House  
55 - 61 Victoria Street  
Bristol  
BS1 6AD

#### **Bankers:**

Barclays Bank  
3<sup>rd</sup> Floor  
Windsor Court  
3 Windsor Place  
Cardiff  
CF10 3BX

#### **Solicitors:**

Clarke Willmott  
1 Georges Square  
Bath Street  
Bristol  
BS1 6BA

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## Report of the Governing Body

### NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2023. Bridgwater & Taunton College is located in the heart of Somerset with centres in Bridgwater, Taunton and Cannington.

The College has an excellent reputation both regionally and nationally as a highly successful provider of education and training. It is an award winning College and, since merger, an OfSTED designated Good College, with 5 out of 8 standards being awarded Outstanding. It has received 13 National Beacon Awards in recent years, has achieved and been reaccruited with the Matrix Standard for information, advice and guidance services, won the TES FE 2019 Award for Apprenticeship Programme of the Year and was Provider of the year at 2021 National Apprenticeship Awards.

Bridgwater & Taunton College recruited 24,067 (2021/22: 20,980) full and part-time students. The student population in the year ended 31 July 2023 included 2,994 (2021/22: 3,126) 16-18 year olds and 439 (2021/22: 443) students following higher education programmes.

The College now employs c1,000 full time equivalent staff.

BTC Corporate Services Limited, a subsidiary of the College, was incorporated on 16 July 2021 and commenced trading on 1 November 2021. The College has therefore prepared consolidated financial statements, as described in Note 2.

The College also works closely with local and regional employers and has an excellent track record in providing certificated and bespoke training solutions for the business community.

### Legal status

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

The Corporation is directed by the members of the Corporation known as the Board of Governors hereafter.

### Vision and Mission

The College's principle objectives as approved by its members are summarised in its Vision and Mission Statement, which states:

Vision:

Transforming lives and communities through innovative learning and partnerships

Mission Statement:

As a leading college of further and higher education, we will:

- Deliver inspirational teaching, learning and skills development
- Maintain a culture that promotes a supportive, inclusive, and safe environment
- Build highly effective partnerships that positively impact our students
- Positively influence the educational landscape.

The Board of Governors reviewed and reiterated this as part of the Strategic Planning process.

These aims are translated into an annual operating plan, the delivery of which is monitored on a termly basis. The 2022/23 Operating Plan was effective in moving the College's aims and mission forward.

## Public Benefit

Bridgwater & Taunton College is an exempt charity under the Part 3 of the Charities Act 2011 and following the machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 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
- Links with local Enterprise Partnerships (LEPs)

## Implementation of strategic plan

Each year the College prepares a rolling three-year Strategic Plan including Accommodation Strategy and Financial Plan. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's continuing strategic aims are to:

1. Our People – Unlocking potential, enabling everyone to thrive
2. Our Students – Inspiring our students to succeed
3. Our Partnerships – Driving economic development, business innovation & individual success
4. Our Operations – Enabling delivery of our Vision

The College's specific financial objectives for 2022/23 and achievement of those objectives are addressed below.

## Financial objectives

The College's financial objectives set for 2022/23 were achieved and detailed below:

- Financial health grade: At least Good
- Staff costs as a % of income: No greater than 65% of income (after deducting FRS102 Pension costs)
- Cash days (operating payments): No less than 35
- Debt service cover ratio: At least 1.44
- Underlying operating surplus (EBITDA): Greater than £2.4m
- Adjusted current ratio: At least 1.20

The financial targets set for 2023/24 include:

- Financial health grade: At least Good
- Staff costs as a % of income: No greater than 65% of income (after deducting FRS102 Pension costs)
- Cash days (operating payments): No less than 35
- Debt service cover ratio: At least 1.17
- Underlying operating surplus (EBITDA): Greater than £2.4m
- Adjusted current ratio: At least 1.36

The Financial Plan has been designed to underpin these aims whilst delivering robust financial health.

## Performance indicators

The College is committed to continuous improvement and monitors its performance through a range of performance indicators including:

- Student achievement rates
- Customer feedback indicators:
  - Learner Satisfaction surveys (including the College's own surveys, OFSTED Learner View, National Student Surveys, FE Choices)
  - Employer Satisfaction surveys
  - College employee satisfaction surveys
- Learner Destinations
- Financial performance measured through the Education and Skills Funding Agency:
  - Annual Finance Record
  - The 3-year Financial Plan prepared annually

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 Education and Skills Funding Agency as having a "Good" financial health grading for 2022/23.

At the most recent inspection of Bridgwater College & Taunton College by OfSTED (2019) the College was graded as "Good". A "no-notice" Care Standards visit occurred in October 2022 and was very positive with 'outstanding' grade awarded.

## FINANCIAL POSITION

### Financial results

The Group generated total income of £58,426k (2021/22: £56,893k), producing Earnings before Interest, Depreciation, Tax and Amortisation (EBITDA) of £2,505k (2021/22: £3,759k). Overall the Group is reporting Total Comprehensive Income for the year of £18,564k (2021/22: £67,399k). The recurring FRS 102 pension charge for the year was £2,121k (2021/22: £7,065k). Excluding these FRS 102 pension scheme charges, the Group produced an operating surplus of £790k (2021/22: £1,663k surplus).

Net Cash flow from Operating Activities was an inflow of £7,238k (2021/22: £5,661k inflow) due to funds received in advance for capital projects. The consolidated Balance Sheet is showing a positive position with net assets of £52,174k (2021/22: £33,617k) due to the FRS 102 pension adjustment. The net current assets have reduced to £3,969k (2021/22: £4,732k).

Capital Projects investment increased during the year with the additions totalling £6,730k and related grant income received totalling £2,781k, (2021/22: additions totalling £6,203k and related grant income received totalling £5,106k.)

Average pay costs continue to rise, due to the College making a pay award and other factors beyond the College's control such as apprenticeship levy and pension deficit contributions.

The College's LGPS Deficit significantly reduced in the year due to the turmoil in market yield on gilts and corporate bonds. The LGPS employer rate rose from 14.8% to 18% on 1 April 2020. The Deficit Recovery Payment was £330k per annum from 1 April 2022, this then changed to £74k from April 2023 (£330k in 2021/22).

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23 the FE funding bodies provided 59% (2021/22: 60%) of the College's total income.

The College is a member of a company limited by guarantee called The Colleges Partnership Ltd which was acquired through the merger with Somerset College in 2016. The principal activity of that company is the provision of vocational training solutions, apprenticeship management solutions and professional learning and development opportunities through contracts with the MoD. In 2022/23 the College received £240k as payment in recognition it makes to the educational direction of the Company. 50% of the surpluses generated by the Company are attributable to the College; in the current year, the total surplus amounted to £25k.

### Group companies

BTC Corporate Services Ltd is a trading subsidiary, limited by Guarantee that was incorporated on 16 July 2021, it remained dormant to 1 November 2021.

The principal activity of BTC Corporate Services Ltd is cleaning services. Any surpluses generated in the prior year by the subsidiary were retained by the subsidiary due to negative assets caused by the LGPS adjustment. The LGPS adjustment in the current year promoted an asset position on the balance sheet, therefore prior year tax losses will be utilised to cover any tax due. In the current year, the operating surplus generated was £16k before pension adjustments (2021/22: £11k).

### 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's treasury policy is to maintain cash balances to meet the working capital needs of the College, its planned investment in fixed assets and repayment of loans, as they fall due. Any surplus funds are invested in Treasury Deposits, or deposited in a business premium account with the College bankers, Barclays Bank, paying interest at the prevailing rate.

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

## CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

### Student numbers

In 2022/23 the College has delivered activity that produced £39,339k in funding body main allocation funding (2021/22: £38,532k). There were 18,563 funded and 5,098 non-funded students throughout 2022/23.

### Student achievements

Overall the College achievement rate for classroom based provision and apprenticeships was as follows:

	2022/22	2021/22
Study Programmes	81%	84%
Adult Learning Programmes	90%	90%
Apprenticeships	65%	65%

### Curriculum developments

The College has a national reputation for engaging with employers and using this engagement to drive curriculum innovation and change. It has introduced new courses in many areas of the curriculum in order to meet the needs of the students, employers and community.

We continue to deliver a range of new curriculum to support the Hinkley Point C project as it continues. Curriculum is delivered in specialist centres such as the Centre of Mechanical Excellence at our Construction Skills and Innovation Centre and our Welding Centre of Excellence at our Bridgwater campus. This ranges from employer funded skills testing and re-skilling programmes, through to full apprenticeship programmes.

An overall strategic focus on employer engagement is continuing to drive development of our apprenticeship programme; we are now the largest FE College provider of Apprenticeships in the UK. Growth in our apprenticeship contract has continued for both Levy and SME employers. A high quality and highly responsive offer continues to support skills and the economy. The College in conjunction with the University Centre Somerset (UCS) has shown particular growth in higher and degree apprenticeships, which are closely aligned to our curriculum progression pathways from level 3.

The College continues to develop the UCS with a key strategic priority to grow university provision for the county. The on-going development of new responsive curriculum, including Higher Technical Qualifications underpins this objective.

Health and care continues to be a significant area of provision with further development of our Nursing programmes, both in FE and HE. We have continued to benefit from National Midwifery Council approval to become the first college in the country to be able to deliver Nursing degrees. This has allowed us to widen programmes to include apprentice and undergraduate routes, which has secured growth, and provided a response in partnership with Somerset NHS Trust to a significant workforce challenge in Somerset. To date the College has heavily invested in the expansion of facilities across the UCS faculty of Health and Wellbeing, including new nursing wards to support our curriculum ambitions.

The College as a 2020 provider has successfully continued to implement the new T Level qualifications, with further routes in Business and Engineering. This expansion of curriculum supports the strategic objective to grow 16-18 and specifically Level 3 provision. In addition, we continue to offer the T Level Transition to support students to progress to T Levels and employment. The delivery of T Levels is supported by an on-going investment in high-quality industry resources which enables students to make positive progression. We were subject to an Ofsted thematic review of T Level provision, which confirmed our internal quality processes assessment of this high-quality provision.

The College continues to use its Adult Education Budget to support skills development and social mobility locally, regionally and nationally. Locally the expansion of the offer to accommodate a growth in ESOL demonstrates the on-going commitment to support our community and transforming lives.

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

There are no significant post balance sheet events up to the date of approval of these accounts.

### **Future prospects**

Our Vision is to 'Transform Lives and Communities, through Innovative Learning and Partnerships. This bold and ambitious vision is brought to life through our strategic plan and associated annual operating plan. The strategic plan clearly articulates our four underling strategic priorities and three cross cutting themes. Together these support the delivery of our ambitions each of the types of College provision;

Programmes for School Leavers – To Deliver an Inspirational Experience

University Centre Somerset – To Transform Somerset through University Level Education

Apprenticeships – Transformational change for Employers and Apprentices

Adults – To Deliver high quality, proactive, flexible learning programmes to support adults in achieving their potential

For each of the provision types we use our award-winning approach to employer engagement to inform our curriculum design and delivery. We also set out to extend existing relationships and develop new ones.

We are now the largest FE College provider of Apprenticeships in the UK, we are also the first FE College in the country to deliver Nursing Degrees. These achievements and our work with employers across the UK, including supporting EDF Energy and their supply chain to deliver one of Europe's largest infrastructure projects, Hinkley Point C, have underpinned our national reputation for strategic partnerships with employers. This reputation has brought us to the table with UK policy makers and enables us to influence the development of skills policy.

Examples of future growth and opportunity include, but are not limited to:

The Health & Care sector is a strategic priority for the College and our University Centre Somerset with significant opportunities to work in partnership with the NHS to address the local and national skills shortage. We plan to build on the successful National Midwifery Council (NMC) approval to deliver nursing degrees and move into other Allied Health and Care disciplines. NHS partners are actively working with us to support our ambition to help them close the skills gaps within their sector. We see this a catalyst for further growth of UCS and the launch of the new faculty of Health and Wellbeing.

The Hinkley Point C (HPC) project is well underway with over 10,000 people on site. The College has been actively engaged in training this civil engineering workforce. The next stage of the project is installation of the mechanical and electrical systems; and work is well underway to deliver the essential skills to support this phase. New facilities and curriculum are being established in our new centres of excellence in welding and mechanical engineering. Curriculum includes welding and pipe fitting.



The Gravity Project is a development on the former Royal Ordnance Factory site, a 625-acre location in Puriton. The ambition is to create thousands of employment opportunities in high tech, low carbon and energy sectors. The College has developed a strategic partnership with the Gravity Project and is working closely with the project team to attract potential investors to the site. This has the potential to be a transformational project for our community and the College.

### **Accommodation Developments**

The College continues to progress its Estates Strategic plan with the majority of funding coming from external sources. Significant developments include the following:

- Completion of numerous estate improvements at the Taunton Campus
- Refurbishment of the Sports Hall at the Taunton Campus
- Completion of the refurbishment of the A levels, Business & Computing wing at Bridgwater
- Refurbishment of bedrooms at the Canonsgrove Halls of Residence, Trull
- Progressed refurbishment of three student residential properties in Taunton
- Completion of the rebuild of the Arts & Technology building following fire damage
- Completion of the refurbishment of the restaurant and servery at the Bridgwater Campus to create a new food court

### **Going Concern**

The College has prepared an annual budget for 2023/24 based upon actual funding allocations for the year. Further forecasts have been prepared for the following two years which indicate the College will continue as a going concern for at least the ensuing twelve months.

### **Risk Management**

The College has a comprehensive Risk Management Policy reviewed and approved by the Board of Governors. The Audit Committee monitors the risk register on a termly basis with the full Board of Governors carrying out an annual review. Key risks are linked to the Strategic Plan and include risks associated with:

- Political and economic changes
- Physical resources and external factors
- Student recruitment
- Financial: meeting targets and managing budgets
- Management and staffing
- Reputational

Risk management is fully embedded within the College, with staff at all levels trained and encouraged to consider risks and opportunities in their area of responsibility. Through regular review and monitoring, strategic and operational risks are constantly re-assessed, enabling early planning and re-alignment of operational plans, where appropriate, to effectively manage any emerging issues and mitigate the impact on the College.

## **RESOURCES**

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

Tangible resources include the main College Campuses; Bridgwater, Taunton and Cannington, the McMillan Theatre, Canonsgrove, and Rodway Farm.

### **Financial**

At 31 July 2023 the Group held cash of £12,845k, (2021/22: £11,081k).

### **People**

The Group employs 996 full time equivalent staff, of whom 700 are teaching staff and teaching related support staff.

## **Reputation**

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

## **PRINCIPAL RISKS AND UNCERTAINTIES**

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 Senior Management Team undertakes a comprehensive review of the risks to which the College is exposed.

A risk register is maintained at the College level which is reviewed termly by the Audit Committee and at least annually by the full Board. 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.

The principal financial risks and uncertainties for 2023/24 and beyond are likely to be the impact of the cost of living related matters as a consequence of inflation and persistently high interest rates in the UK economy. The budget set for 2023/24 reflects current anticipated impact in various increased costs.

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

### **Government funding**

The College has considerable reliance on continued government funding through the further education sector funding bodies and through Office for Students. In 2022/23, 59% of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding:

- Funding rates for 16-18 year olds, which may not reflect rising costs
- Capping of the ESFA allowance of Apprenticeship funding
- Funding arrangements to support the training for the nuclear new build at Hinkley Point

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies and larger employers
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Regular dialogue with funding bodies

### **Maintain adequate funding of pension liabilities**

The actuarial position is now an asset position, the College continues to be mindful that changes to underlying assumptions could return this to a net liability position.

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

The financial viability is dependent upon achievement of income targets and the management of costs. There is a risk that the College fails to recruit students to achieve its income targets and/or fails to control expenditure.

The College has robust procedures in place to monitor its financial performance enabling timely action to be taken to address any negative variances arising during the year and thereby maintaining financial viability.

## **STAKEHOLDER RELATIONSHIPS**

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

- Students
- Education sector funding bodies
- Schools, in particular in Bridgwater and Taunton
- Staff
- Local employers (with specific links)
- Local Authorities
- Local Enterprise Partnerships (LEPs)
- Government Offices
- The local community
- Other FE and HE institutions
- Trade Unions
- Professional bodies
- Suppliers
- The College's Partnership
- Charitable bodies, most notably the Edge Foundation

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

### **Equal opportunities**

As an Equal Opportunities employer, the College has made a commitment to support job applicants and staff who may have disabilities, to ensure they receive proper access to employment opportunities. The third year of the Disability Equality Duty was reported to the Disability Commission and has been incorporated into the Single Equality Scheme which covers both staff and students. The College is also recognised by the Employment Service as a "Positive about Disabled" employer. All teaching sections in the College developed and implemented curriculum plans linked to College policies on Equality & Diversity. Staff and student Equality & Diversity statistics were monitored and reviewed to ensure equality of opportunity and to share good working practices.

### **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 Act 2001 and 2005.

#### *Access*

Almost all of the College campus is accessible for wheelchair users. At Bridgwater, Taunton and Cannington Campuses, automatic doors, ramps and lifts have been installed to allow easy access. There are disabled toilets in each part of the building.

#### *Specialist equipment*

Information about specialist equipment and software for students to use is widely available and listed in the information packs given to all students. The information can be made available on tapes, large print and in Braille.

#### *Admission Policy*

The College Charter describes the Admission Policy for all students. Appeals against a decision not to offer a place are dealt with through a Complaints Policy.

### *Specialist staffing*

The College has appointed specialist staff to support students with learning and sensory disabilities. These include learning support assistants, note takers, hearing impaired facilitators and specialist tutors of those with Special Learning Difficulties. In addition, the College buys in the services of educational psychologists.

There is a total of more than 75 FTE learning support staff that provide a variety of support for learning encompassing personal care, physiotherapy, transport support, note taking and behaviour support. There is a continuing programme of staff development for these staff which includes a mandatory induction programme either with options to take part in NVQ units and Learning Support qualifications.

### *Specialist programmes*

Specialist programmes are described in the College prospectus and information guides. Achievements and destinations are recorded and published in the standard College format.

### *Counselling and Welfare Services*

Counselling and welfare services are available for all students and are described in the College Charter, Student Handbook and College website.

## **Response to climate crisis**

### *Addressing environmental impact*

Bridgwater & Taunton College continues to actively reduce its carbon usage and impact on the wider environment on its journey to net zero.

During 2022/23 the College's strategic priorities were:

- Decarbonisation of the College operations and estate
- Build sustainability into College activities and encourage biodiversity across our campuses
- Maximise student engagement and learner voice in climate action and awareness
- Promote and raise awareness of the role we all play in creating a sustainable future
- Drive curriculum innovation to ensure we deliver green skills for a new zero future

## **Environmental Statement**

The College seeks to continuously improve its environmental performance in the areas of infrastructure and operations, academic courses and communication. It has drawn up an Environmental Action Plan which aims to:

- Give all students the opportunity to raise their awareness of environmental issues through incorporation of material on environment and sustainable development into courses.
- Provide education, training and encouragement on environmental issues to College employees so that they can pursue their work in an environmentally responsible way.
- Reduce the volume of waste produced and recycle where appropriate.
- Assess the environmental impact of all purchases, as far as possible, in terms of their raw materials, manufacture, distribution, use and disposal.
- Encourage the use of environmentally-friendly transport by staff and students.
- Reduce energy consumption and incorporate long-term strategies for energy efficiency into planning and development.
- Reduce, where possible, harmful environmental impacts of College sites/buildings and future developments/alterations.
- Work with the local community and others to develop and pursue environmental initiatives.
- Set minimum target of BREEAM 'Very Good' for all new buildings and, where possible, 'Excellent'.

**Trade Union Facility Time**

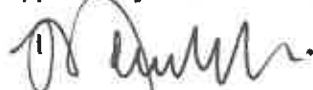
The Trade Union (Facility Time Publication Requirements) Regulations 2017 require Bridgwater & Taunton College to publish information on facility time arrangements for trade union. This is show below:

	2023 £'000 College	2022 £'000 College
<b>Relevant Union Officials during the period</b>		
Number of employees	4	7
Full time equivalent number of employees	4	6.1
<b>Percentage of time spent on facility time</b>		
4 employees who were relevant Union Officials spent between 1 and 50% of their working hours on facility time (2022: 7 employees)		
<b>Percentage of pay bill spent on facility time</b>		
Total cost of facility time (£000's)	17	9
Total pay bill (£000's)	34,347	33,337
Percentage of total bill spent on facility time	0.05%	0.03%

**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 6 December 2023 and signed on its behalf by:



**Mr D I Randall**  
Chair of Governors

## Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in partial accordance with the guidance to Colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
- iii. having due regard to the UK Corporate Governance Code 2020 insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code with the exception of length of terms of office of Governors. It has not adopted and therefore does not apply the UK Corporate Governance Code. However, it has reported on Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code considered to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with all the provisions of the Code that it has committed to, and it has complied throughout the year ended 31 July 2023. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes partial account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 15 October 2015.

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

## The Corporation

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

Name	Date of Re/ Appointment	Term of Office	Date of end of term in office/Date of resignation	Status	Committees Served	Full Board & Committee Attendance
Mr D Randall (Chair of the Board)	July 2021	4 years	July 2025	Full	Chair of FPGP; Search and Remuneration	100%
Mr A Berry	June 2017	Ex officio		Principal & CEO	Buildings, FPGP, Search, Standards	100%
Mr L Brett	March 2022	4 years	March 2026	Full	Chair of Buildings	100%
Mr D Rayner	September 2021	4 years	July 2025	Full	FPGP Chair of Audit, Search	93%
Mr A Hunt	July 2022	4 years	July 2026	Full	Chair of Standards	100%
Mr N Skyrme	July 2022	4 years	July 2026	Full	FPGP, Quality & Standards	88%
Mrs C Pearce	October 2017	4 years	July 2023	Full	Audit, Search, Climate Action Committee	50%
Mr D Taylor	June 2020	4 years	July 2024	Full	Quality & Standards and Safeguarding, Audit	82%
Mr M Westlake	June 2020	4 Years	July 2024	Full	-	40%
Mr D Selway	July 2019	4 years	July 2023	Full	Buildings	63%
Ms B Hawkins	September 2021	4 Years	July 2025	Full	Quality & Standards	75%
Ms H Stapleton	February 2022	4 Years	July 2026	Full	-	100%
Mr A Collett	September 2021	4 Years	July 2025	Staff Governor	Quality & Standards	75%
Ms H Lenthall	September 2021	4 Years	July 2025	Staff Governor	Quality & Standards	63%
Ms S Harris-Roberts	September 2022	4 Years	July 2026	Staff Governor	Quality & Standards	100%
Mr J George	August 2022	1 Year	July 2023	Student Governor	Quality & Standards	100%
Ms B Nodwell	August 2022	1 Year	July 2023	Student Governor	Quality & Standards	57%

M Nettle acted as Clerk to the Board of Governors.

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 at least once 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 Finance, Personnel and General Purposes, Quality & Standards, Remuneration, Search, Audit and Building Projects Committee. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at [www.btc.ac.uk](http://www.btc.ac.uk) or from the Clerk to the Corporation at:

Bridgwater & Taunton College  
College Way, Bath Road  
Bridgwater  
Somerset TA6 4PZ

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

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

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings, and are also available in a secure online space for Governors. Briefings are provided on an ad hoc basis.

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

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

### **Appointments to the Corporation**

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

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

### **Corporation performance**

The Board of Governors conducts an annual self-assessment to review and consider its performance over the past year and set targets for the next year. The most recent assessment was carried out in October 2023 where it was determined that all major targets set for 2022/23 had been achieved.

### **Remuneration Committee**

Throughout the year ending 31 July 2023 the College's Remuneration Committee comprised three members of the Board of Governors. 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 2023 are set out in note 7 to the financial statements.

### **Audit Committee**

The Audit Committee comprises three members of the Board of Governors (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.

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

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

The Audit Committee also advises the Board of Governors 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 Board of Governors 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 Board of Governors has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Bridgwater & Taunton College and the funding bodies. He is also responsible for reporting to the Board of Governors 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 Bridgwater & Taunton College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

### *Capacity to handle risk*

The Board of Governors 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. They are of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Governors.

### *The risk and control framework*

Internal controls were continuously reviewed with the introduction of working from home, the remote log in allowed all existing Financial internal controls to remain unaffected. Reports to the governing body were approved by the board and submitted within the timeframe. The Senior Management Team were provided with timely information in order to be able to react to changing circumstances.

A number of planned Internal audits were conducted remotely whilst the College was under limited access.

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

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

Bridgwater & Taunton College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board of Governors 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.

### *Responsibilities under funding agreements*

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

### *Review of effectiveness*

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

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

The Accounting Officer has been advised 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 Board of Governors' agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the Board of Governors considered reports on assurance by considering documentation from the senior management team, internal and external audit, and taking account of events since 31 July 2023.

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**

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

**Approved by order of the members of the Corporation on 6 December 2023 and signed on its behalf by:**



**Derek Randall**  
Chair of Governors



**Andy Berry**  
Principal and Chief Executive

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

As accounting officer, I confirm that the corporation has had due regard to the framework of authorities governing regularity, priority and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

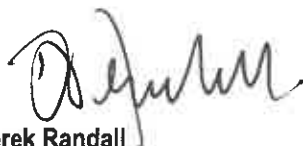
I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the framework of authorities and the terms and conditions of funding under the corporation's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

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



**Andy Berry**  
**Accounting Officer**  
**6 December 2023**

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



**Derek Randall**  
**Chair of Governors**  
**6 December 2023**

## Statement of Responsibilities of the Members of the Corporation

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

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

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

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

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

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

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

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

**Approved by order of the members of the Corporation on 6 December 2023 and signed on its behalf by:**



**Derek Randall**  
**Chair of Governors**

## Independent Auditor's Report to the Corporation of Bridgwater & Taunton College

We have audited the financial statements of Bridgwater and Taunton College (the 'College') and its subsidiaries (the 'group') for the year ended 31 July 2023 which comprise the Group and College's Statement of Comprehensive Income, the Group and College's Statement of Changes in Reserves, the Group and College's Balance Sheet, the Group's Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

### In our opinion, the financial statements:

- Give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and of the College's affairs as at 31 July 2023 and of the Group's deficit of income over expenditure for the year then ended;
- Have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice;
- Have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- Meet the requirements of the current College Accounts Direction issued by the Office for Students; and
- Meet the requirements in HM Treasury's document, 'Managing Public Money', and other related obligations.

### 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 group and 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 to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

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

### Other information

The other information comprises the information included in the Report of the Governing Body, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify 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, and we are required to report that fact.

We have nothing to report in this regard.

## Report on other legal and regulatory requirements

We are required to report on the following matters by the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency:

We have nothing to report in respect of the following matters where, in our opinion:

- Proper accounting records have not been kept; and
- The financial statements are not in agreement with the accounting records; and
- All information and explanations required for the audit were not received.

We are required to report on the following matters by the Accounts Direction issued by the Office for Students:

We have nothing to report in respect of the following matters in our opinion:

- The provider's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; and
- The provider's expenditure on access and participation activities for the financial year has been materially misstated.

## Responsibilities of the Members of the Corporation of Bridgwater and Taunton College

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 20, the College's Corporation is responsible for the preparation of the financial statements which give a true and fair view and for such internal control as the Members of the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of our audit planning, we obtained an understanding of the legal and regulatory framework that is applicable to the group and College. We gained an understanding of the industry in which the group operates as part of this assessment to identify the key laws and regulations affecting the group. As part of this, we reviewed the College's website for indication of any regulations and certification in place and discussed these with the relevant individuals responsible for compliance. The key regulations we identified were the regulations of the Department for Education, the Education & Skills Funding Agency (ESFA), the Office for Students (OfS) and Ofsted, as well as health and safety regulations, employment law and breaches of The General Data Protection Regulation (GDPR). We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the College Accounts Direction for 2022 to 2023 and the Post-16 Audit Code of Practice issued by the ESFA and HM Treasury's 'Managing Public Money' document.

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the group's ability to continue operating and the risk of material misstatement to the accounts. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements.
- Review of the College's risk register and minutes of Board and Audit Committee meetings for any potential or actual instances of non-compliance.
- Review of the College's GDPR policy and enquiries of the College's compliance officer as to the occurrence and outcome of any reportable breaches.
- Review of the Information Commissioner's Office (ICO) website for any enforcement actions or decision notices impacting the College.
- Review of Ofsted reports, and inquiries of management of points raised and action plans developed.
- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.

As part of our enquiries, we discussed with management whether there had been any instances of known or alleged fraud, of which management confirmed there were none.

We assessed the susceptibility of the financial statements to material misstatement through management override or fraud and obtained an understanding of the controls in place to mitigate the risk of fraud. We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements. Based upon our understanding we designed and conducted audit procedures including:

- Auditing the risk of fraud in revenue recognition, including testing of sales cut-off and deferred income.
- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

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

### Use of our report

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



**PKF Francis Clark**  
Registered Auditors  
Ground Floor, Blackbrook Gate 1  
Blackbrook Business Park  
Taunton  
TA1 2PX

## **Reporting Accountant's Assurance Report on Regularity for the Year Ended 31 July 2023**

To: The Corporation of Bridgwater and Taunton College and Secretary of State for Education Acting through the Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 20 July 2020 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Bridgwater & Taunton College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

### **Respective responsibilities of Bridgwater and Taunton College and the reporting accountant**

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

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

### **Approach**

We conducted our engagement in accordance with the Post 16 Audit Code of Practice issued by the ESFA. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw to our conclusion includes:

- Inspection and review of documentation providing evidence of governance procedures, including the self-assessment questionnaire prepared by Bridgwater and Taunton College;
- Evaluation of the system of internal controls for authorisation and approval; and
- Performing substantive tests on relevant transactions.



- Review of the scope, methodology and findings of the work of internal audit, in particular in respect of ESFA Funding Rules compliance.

### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**PKF Francis Clark**

Chartered Accountants and Registered Auditors  
Ground Floor, Blackbrook Gate 1  
Blackbrook Business Park  
Taunton  
TA1 2PX

## Statement of Comprehensive Income and Expenditure

For the year ended 31 July 2023

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Group £'000	College £'000	Group £'000	College £'000
<b>INCOME</b>					
Funding body grants	2	41,805	41,805	40,975	40,975
Tuition fees and education contracts	3	7,729	7,729	8,403	8,403
Other grants and contracts	4	1,108	1,108	481	481
Other income	5	7,483	7,547	6,996	7,036
Investment income	6	301	301	38	38
<b>Total income</b>		<b>58,426</b>	<b>58,490</b>	<b>56,893</b>	<b>56,933</b>
<b>EXPENDITURE</b>					
Staff costs	7	36,743	36,019	39,597	38,965
Other operating expenses	8	18,670	19,447	17,287	17,814
Depreciation	11	3,477	3,471	3,522	3,518
Interest and other finance costs	9	867	861	1,889	1,883
<b>Total expenditure</b>		<b>59,757</b>	<b>59,798</b>	<b>62,295</b>	<b>62,180</b>
<i>Operating surplus on continuing activities</i>		<i>790</i>	<i>775</i>	<i>1,663</i>	<i>1,652</i>
<i>FRS 102 pension adjustments - recurring</i>		<i>(2,121)</i>	<i>(2,083)</i>	<i>(7,065)</i>	<i>(6,899)</i>
		<i>(1,331)</i>	<i>(1,308)</i>	<i>(5,402)</i>	<i>(5,247)</i>
<b>(Deficit) before other gains and losses</b>	10	<b>(1,331)</b>	<b>(1,308)</b>	<b>(5,402)</b>	<b>(5,247)</b>
Gain on revaluation of investment property		-	-	-	-
<b>(Deficit) for the year</b>		<b>(1,331)</b>	<b>(1,308)</b>	<b>(5,402)</b>	<b>(5,247)</b>
Gain on disposal of assets		-	-	-	-
Actuarial gain in respect of pensions schemes	25	19,895	19,636	72,801	72,383
<b>Total Comprehensive Income for the year</b>		<b>18,564</b>	<b>18,328</b>	<b>67,399</b>	<b>67,136</b>

All comprehensive income is unrestricted.

All items of income and expenditure relate to continuing activities.

**Consolidated and College Statement of Changes in Reserves**

For the year ended 31 July 2023

	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
<b>Group</b>			
<b>Balance at 1 August 2021</b>	(38,703)	5,446	(33,257)
Pension transferred in	(473)	-	(473)
(Deficit) from the income and expenditure account	(5,402)	-	(5,402)
Other comprehensive income	72,801	-	72,801
Investment revaluation	-	(52)	(52)
Transfers between revaluation and income and expenditure reserves	110	(110)	-
<b>Balance at 31 July 2022</b>	<b>28,333</b>	<b>5,284</b>	<b>33,617</b>
<b>Balance at 1 August 2022</b>	<b>28,333</b>	<b>5,284</b>	<b>33,617</b>
(Deficit) from the income and expenditure account	(1,331)	-	(1,331)
Other comprehensive income	19,895	-	19,895
Investment revaluation	-	(7)	(7)
Transfers between revaluation and income and expenditure reserves	101	(101)	-
<b>Balance at 31 July 2023</b>	<b>46,998</b>	<b>5,176</b>	<b>52,174</b>

	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
<b>College</b>			
<b>Balance at 1 August 2021</b>	(38,703)	5,446	(33,257)
(Deficit) from the income and expenditure account	(5,247)	-	(5,247)
Other comprehensive income	72,383	-	72,383
Investment revaluation	-	(52)	(52)
Transfers between revaluation and income and expenditure reserves	110	(110)	-
<b>Balance at 31 July 2022</b>	<b>28,543</b>	<b>5,284</b>	<b>33,827</b>
<b>Balance at 1 August 2022</b>	<b>28,543</b>	<b>5,284</b>	<b>33,827</b>
(Deficit) from the income and expenditure account	(1,308)	-	(1,308)
Other comprehensive income	19,636	-	19,636
Investment revaluation	-	(7)	(7)
Transfers between revaluation and income and expenditure reserves	101	(101)	-
<b>Balance at 31 July 2023</b>	<b>46,972</b>	<b>5,176</b>	<b>52,148</b>

**Balance sheets as at 31 July 2023**

	Notes	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
<b>Non current assets</b>					
Tangible Fixed assets	11	91,523	91,496	88,325	88,311
Investment Properties	12	3,687	3,687	3,582	3,582
Investments	13	49	49	56	56
		<b>95,259</b>	<b>95,232</b>	<b>91,963</b>	<b>91,949</b>
<b>Current assets</b>					
Stocks		316	316	305	305
Trade and other receivables	15	4,179	4,304	6,067	6,192
Cash and cash equivalents	20	12,845	12,818	11,081	11,022
		<b>17,340</b>	<b>17,438</b>	<b>17,453</b>	<b>17,519</b>
<b>Less: Creditors – amounts falling due within one year</b>	16	<b>(13,371)</b>	<b>(13,468)</b>	<b>(12,721)</b>	<b>(12,784)</b>
<b>Net current assets</b>		<b>3,969</b>	<b>3,970</b>	<b>4,732</b>	<b>4,735</b>
<b>Total assets less current liabilities</b>		<b>99,228</b>	<b>99,202</b>	<b>96,695</b>	<b>96,684</b>
Creditors – amounts falling due after more than one year	17	(46,686)	(46,686)	(44,897)	(44,897)
<b>Provisions</b>					
Defined benefit obligations	19	-	-	(17,754)	(17,533)
Other provisions	19	(368)	(368)	(427)	(427)
<b>Total net assets/(liabilities)</b>		<b>52,174</b>	<b>52,148</b>	<b>33,617</b>	<b>33,827</b>
<b>Unrestricted Reserves</b>					
Income and expenditure account		46,998	46,972	28,333	28,543
Revaluation reserve		5,176	5,176	5,284	5,284
<b>Total unrestricted reserves</b>		<b>52,174</b>	<b>52,148</b>	<b>33,617</b>	<b>33,827</b>

The financial statements on pages 28 to 53 were approved and authorised for issue by the Corporation on 6 December 2023 and were signed on its behalf by:



Derek Randall

Chair of Governors



Andy Berry

Accounting Officer

## Consolidated Statement of Cash Flows

For the year ended 31 July 2023

	Notes	2023 £'000	2022 £'000
<b>Cash flow from operating activities</b>			
Deficit for the year		(1,331)	(5,402)
<b>Adjustments for non-cash items</b>			
Depreciation		3,477	3,522
Amortisation of deferred capital grant		(1,949)	(2,063)
(Increase) in stocks		(12)	(68)
Decrease (Increase) in debtors		1,859	(191)
Increase in creditors due within one year		3,031	2,511
Pensions costs less contributions payable		2,107	7,029
<b>Adjustments for investing or financing activities</b>			
Investment income		(301)	(38)
Interest payable		328	359
Loss on sale of fixed assets		29	2
<b>Net cash flow from operating activities</b>		<u>7,238</u>	<u>5,661</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		-	8
Investment income		301	38
Payments made to acquire fixed assets		(6,730)	(6,018)
Payments made to acquire investment property		(105)	
Capital grants received		2,781	4,785
		<u>(3,753)</u>	<u>(1,187)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(328)	(359)
Repayments of amounts borrowed		(1,379)	(1,171)
Capital element of finance lease rental payments		(14)	(19)
		<u>(1,721)</u>	<u>(1,549)</u>
<b>Increase in cash and cash equivalents in the year</b>		<u>1,764</u>	<u>2,925</u>
Cash and cash equivalents at beginning of the year	20	11,081	8,156
Cash and cash equivalents at end of the year	20	12,845	11,081

## Notes to the Accounts

### 1. Statement of accounting policies and estimation techniques

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

#### Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2022 to 2023 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

#### Basis of consolidation

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

#### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention except that, as disclosed in the accounting policies, certain items are shown at fair value.

#### Going concern

The activities of the College, together with the factors likely to affect its future development and performance and including the impact of UK economic uncertainty of inflation, the ongoing potential for pandemic reoccurrence, and Government policy in respect of the FE College sector. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes.

The Governing Body continues to adopt the going concern basis of preparation in light of the group's net current assets of £3,969k (2022: net current assets of £4,732k) and net assets of £52.174m (2022: net assets of £33.617m), and the ongoing success of the College, and for the following reasons.

- Included within creditors falling due within one year, and in accordance with FRS 102 and the SORP, is deferred income relating to government capital grants of £2,119m and other deferred income (included within accruals and deferred income) of £69k – neither of these liabilities represent future cash outflows and will be released to the Statement of Comprehensive Income in subsequent accounting periods.
- The College currently has £1.067k of fixed term (for 25 years to 2028) loans outstanding with bankers, £2.0m from BIS and £4.637m Somerset County Council for a fixed term of 20 years to 2040 with interest capitalised until November 2021. Bank borrowing is secured by a fixed and floating charge on certain College assets and is subject to a number of financial covenants. The Governing Body have, in assessing both the availability of the existing facilities and capacity to obtain new facilities if required, considered the forecast for the period to December 2024 and to the date of approval of these financial statements, the financial projections and its on-going relationship with (and most recent assurances received from) the bankers. Whilst accepting there can be no certainty, the Governing Body are satisfied that the College will continue to operate within, and meet the scheduled repayments of, its existing facilities for the foreseeable future.

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

## Recognition of income

### *Revenue Grant Funding*

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

The recurrent grant from Office for Students represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

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

### *Capital Grant Funding*

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

### *Fee Income*

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

### *Investment Income*

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

## Accounting for post-employment benefits

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

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

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

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

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

underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

### **Short term Employment benefits**

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

### **Enhanced Pensions**

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

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

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

#### *Land and buildings*

Freehold buildings, including major adaptations, are depreciated over their expected useful economic life to the College of between 5 and 50 years.

Where land and buildings, including major adaptations, are acquired with the aid of specific grants, they are capitalised and depreciated as above. Freehold land is not depreciated as it is considered to have an infinite useful life. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

#### *Assets under construction*

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

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

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

#### *Equipment*

Equipment costing less than £2,500 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- |                                    |                                  |
|------------------------------------|----------------------------------|
| • technical equipment              | 15% per year straight line       |
| • motor vehicles                   | 15% - 40% per year straight line |
| • furniture, fixtures and fittings | 2% - 30% per year straight line  |
| • computer equipment               | 3% - 40% per year straight line  |



## **Borrowing costs**

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

## **Leased assets**

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

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

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

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

## **Investments**

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

### **Joint Ventures**

The College's investment in its joint venture operation is stated at cost. These financial statements do not consolidate the results and financial position of the joint venture although details of these are included in Note 14 to these financial statements.

## **Investment property**

Certain of the College's properties are held for long-term investment. Investment properties are accounted for in accordance with FRS 102 as follows:

No depreciation is provided in respect of investment properties. Investment properties for which fair value can be measured reliably without cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the profit and loss account.

## **Stocks**

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

## **Cash and cash equivalents**

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

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

## **Financial liabilities and equity**

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

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

## **Foreign currency translation**

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

## **Taxation**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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 around 0.91% 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 and contingent liabilities**

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

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

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

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

## **Agency arrangements**

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

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

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

- Determine whether the going concern basis of preparation remains appropriate, as described above.
- 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 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.
- Determine which properties owned by the College meet the definition of operating properties (tangible fixed assets) or investment properties in accordance with FRS 102 and the SORP

### *Other key sources of estimation uncertainty*

- **Tangible fixed assets**

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

- **Investment Property**

Investment properties are carried at fair value, which requires estimation as to the current market value of the properties. An independent chartered surveyor valuation has been obtained as at 31 July 2020, with a Governors valuation undertaken as of 31 July 2023, details of which are disclosed in Note 12.

- **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 25, 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 2021 has been used by the actuary in valuing the pensions liability at 31 July 2023. 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.

As at 31 July 2023, the actuarial valuation for the College includes a surplus totalling £6,737k (2021/22 deficit £17,754k). This surplus has not been recognised within the financial statements.

High UK corporate bond yields have resulted in high accounting discount rates which contributed to the closing surplus position. There is no specific guidance in FRS 102 in relation to surplus balances, therefore reference has been made to IAS 19. This requires any surplus recognition to be limited to the present value of economic benefits available in the form of either refunds or reduced future contributions (the asset ceiling).

The right to a refund would occur in the form of a credit payable to the College, for example on exiting the pension fund. Whether any refund is provided is governed by Regulation 64 of the 2013 Local Government Pension Scheme Regulations and set out in the specific local authority funding strategy statement. The payment of this credit is at the discretion of the local authority based on a variety of pre-determined factors. Given there are no circumstances to suggest an exit from the fund and the determination of any credit is outside the control of the College, there is no basis to recognise any surplus.

With regards to reduced contributions, IAS 19 references minimum funding requirements used by certain schemes which limit the scope for contribution reductions. The LGPS administering authority must obtain a rates and adjustments certificate every three years that shows the contributions to be paid by each employer to the pension fund for the following three years, thereby limiting the availability of any contribution reductions. Additionally, the local authority funding strategy statement provides for potential reductions in future contributions, but these would be at the discretion of the local authority with, in the majority of cases, academies being part of a stabilisation approach which sets a limit on any change to contributions e.g. to 1% of pay

per year. This suggests minimum funding requirements are applicable to the College as determined by IAS19. When actuarial asset ceiling calculations assume that minimum funding requirements exist, they provide an asset ceiling value of £Nil.

Based on the above, it cannot be determined that a flow of future benefits is probable therefore no asset has been recognised.

**2 Funding body grants**

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency - adult	5,409	5,409	5,848	5,848
Education and Skills Funding Agency – 16-18	21,664	21,664	22,000	22,000
Education and Skills Funding Agency - apprenticeships	11,360	11,360	9,898	9,898
Office for students	482	482	346	346
<b>Specific grants</b>				
Teacher Pension Scheme contribution grant	906	906	786	786
Releases of government capital grants	1,949	1,949	2,063	2,063
LSF Administration Fee	35	35	34	34
<b>Total</b>	<b>41,805</b>	<b>41,805</b>	<b>40,975</b>	<b>40,975</b>

**Office for Students (OfS)**

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Grant income from OfS	438	438	346	346
<b>Total</b>	<b>438</b>	<b>438</b>	<b>346</b>	<b>346</b>

The OfS regulates higher education in colleges. The information in the table above relates to courses at Level 4 and above. In order to meet the requirements of the OfS Accounts Direction a separate note showing the analysis of HE income is required in the accounts.

**3 Tuition fees and education contracts**

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Adult education fees	3,141	3,141	3,263	3,263
Apprenticeship fees and contracts	1,034	1,034	1,030	1,030
Fees for HE loan supported courses	2,790	2,790	2,686	2,686
LEA and Schools Activity	115	115	104	104
International students fees	-	-	187	187
Total tuition fees	7,080	7,080	7,270	7,270
Education contracts	649	649	1,133	1,133
<b>Total</b>	<b>7,729</b>	<b>7,729</b>	<b>8,403</b>	<b>8,403</b>

**4 Other grants and contracts**

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Erasmus	327	327	84	84
Other grants and contracts	781	781	330	330
Coronavirus Job Retention Scheme grant	-	-	67	67
<b>Total</b>	<b>1,108</b>	<b>1,108</b>	<b>481</b>	<b>481</b>

The College furloughed nil (2021/22: 54) non funded staff under the government's Coronavirus Job Retention Scheme. The funding received of £nil (2021/22: £67k) relates to staff costs which are included within the staff costs note below.

## 5 Other income

	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	2,734	2,734	2,824	2,824
Farming activities	1,263	1,263	967	967
Other income generating activities	2,267	2,331	2,125	2,165
Miscellaneous income	1,219	1,219	1,080	1,080
<b>Total</b>	<b>7,483</b>	<b>7,547</b>	<b>6,996</b>	<b>7,036</b>

## 6 Investment income

	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	301	301	38	38
<b>Total</b>	<b>301</b>	<b>301</b>	<b>38</b>	<b>38</b>

## 7 Staff costs – Group

The average number of persons (including key management personnel) employed by the Group during the year was:

	2023	2022
	No.	No.
Teaching staff	775	827
Non-teaching staff	380	372
	<b>1,155</b>	<b>1,199</b>

### Staff costs for the above persons

	2023	2022
	£'000	£'000
Wages and salaries	26,951	26,358
Social security costs	2,363	2,262
Employer pension costs	5,033	4,717
FRS 102 recurring pension costs	1,582	5,753
<b>Payroll sub total</b>	<b>35,929</b>	<b>39,090</b>
Contracted out staffing services	771	472
	<b>36,700</b>	<b>39,562</b>
Restructuring costs - Contractual	43	35
<b>Total Staff costs</b>	<b>36,743</b>	<b>39,597</b>

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by Senior Management Team which comprises the Principal and Chief Executive, Vice Principal, Assistant Principals and Directors.

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

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	<u>9</u>	<u>9</u>

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

	Key management personnel		Other staff	
	2023 No.	2022 No.	2023 No.	2022 No.
£60,001 to £65,000 p.a.	-	-	4	-
£65,001 to £70,000 p.a.	-	-	-	-
£70,001 to £75,000 p.a.	-	-	-	-
£75,001 to £80,000 p.a.	-	-	-	-
£80,001 to £85,000 p.a.	-	1	-	-
£85,001 to £90,000 p.a.	-	-	-	-
£90,001 to £95,000 p.a.	-	-	-	-
£95,001 to £100,000 p.a.	1	-	-	-
£100,001 to £105,000 p.a.	5	6	-	-
£105,001 to £110,000 p.a.	-	-	-	-
£110,001 to £115,000 p.a.	1	-	-	-
£115,001 to £120,000 p.a.	-	-	-	-
£120,001 to £125,000 p.a.	-	-	-	-
£125,001 to £130,000 p.a.	-	1	-	-
£130,001 to £135,000 p.a.	1	-	-	-
£135,001 to £140,000 p.a.	-	-	-	-
£140,001 to £145,000 p.a.	-	-	-	-
£145,001 to £150,000 p.a.	-	-	-	-
£150,001 to £155,000 p.a.	-	-	-	-
£155,001 to £160,000 p.a.	-	-	-	-
£160,001 to £165,000 p.a.	-	-	-	-
£165,001 to £170,000 p.a.	-	-	-	-
£170,001 to £175,000 p.a.	-	-	-	-
£175,001 to £180,000 p.a.	1	1	-	-
	<u>9</u>	<u>9</u>	<u>4</u>	<u>-</u>

Key management personnel remuneration is made up as follows:

	2023	2022
	£'000	£'000
Salaries – gross of salary sacrifice and waived enrolments	1,042	997
Employers National Insurance	134	132
	<b>1,176</b>	<b>1,129</b>
Pension contributions	236	227
<b>Total key management personnel remuneration</b>	<b>1,412</b>	<b>1,356</b>

The above compensation includes amount paid to the Principal and Chief Executive who is the accounting officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2023	2022
	£'000	£'000
<b>Highest paid officer</b>		
Salary (excluding employers NI)	180	180
Pension contributions	43	43
	<b>223</b>	<b>223</b>

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

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

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

	2023	2022 (Restated)
Principal's basic salary as a multiple of the median of all staff	6.00	6.24
Principal and CEO's total remuneration as a multiple of the median of all staff	6.17	6.54

The Multiples for 2022 have been restated due to the recalculation to match methodology

#### Severance payments for all staff

The group paid 2 severance payments in the year, disclosed in the following bands:

0 - £25,000	2
£25,001 - £50,000	0
£50,001 - £100,000	0
£100,001 - £150,000	-
£150,000+	-

Included in staff restructuring costs are special severance payments totalling £27,500 (2022: £nil). Individually, the payments were: £27,500



**8 Other operating expenses**

	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	10,169	10,169	9,698	9,698
Non-teaching costs	4,184	4,961	4,326	4,325
Premises costs	4,317	4,317	3,263	3,791
<b>Total</b>	<b>18,670</b>	<b>19,447</b>	<b>17,287</b>	<b>17,814</b>

**Other operating expenses include:**

	2023	2022
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	50	49
Other services provided by financial statements auditors	11	4
Internal audit	46	45
Subcontracting	1,832	1,045
Losses on disposal of non-current assets	29	2
Hire of assets under operating leases	310	253

	2023	2022
	£'000	£'000
Access investment	75	75
Financial support to students (Bursaries)	30	30
	<b>105</b>	<b>105</b>

The College has an access and participation plan that has been approved by the OfS's director of fair access and participation.

**Write offs and losses**

The total value of debts written off in the year ending 31 July 2023 for the group was £67k. No debt written off was valued over £5k.

**Guarantees, letters of comfort and indemnities**

The group has not provided any guarantees, letters of comfort or indemnities in the year ending 31 July 2023

**Compensation payments and ex-gratia payments**

The group has not made any compensation payments or ex-gratia payments in the year ending 31 July 2023

**9 Interest and other finance costs – Group and College**

	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
On bank loans, overdrafts and other loans:	328	328	577	577
	<b>328</b>	<b>328</b>	<b>577</b>	<b>577</b>
Net interest on defined pension liability (note 25)	525	519	1,304	1,298
Net interest on enhanced pension liability	14	14	8	8
<b>Total</b>	<b>867</b>	<b>861</b>	<b>1,889</b>	<b>1,883</b>

**10 Deficit on continuing operations for the year – Group and College**

The deficit on continuing operations for the year is made up as follows:-

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Operating surplus on continuing activities before FRS 102 pension adjustments	790	775	1,663	1,652
FRS 102 Pension adjustments - Recurring	(2,121)	(2,083)	(7,065)	(6,899)
<b>(Deficit) before other gains and losses</b>	<b>(1,331)</b>	<b>(1,308)</b>	<b>(5,402)</b>	<b>(5,247)</b>

**11 Tangible fixed assets (Group)**

	Biological Assets	Land and buildings		Equipment	Assets in the course of construction	Total
	Dairy Herd	Freehold	Temporary			
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>						
At 1 August 2022	521	108,423	764	9,524	4,479	123,711
Additions	-	-	-	312	6,418	6,730
Transfers	-	7,613	670	1,479	(9,762)	-
Disposals	(20)	(7)	-	(206)	(2)	(235)
<b>At 31 July 2023</b>	<b>501</b>	<b>116,029</b>	<b>1,434</b>	<b>11,109</b>	<b>1,133</b>	<b>130,206</b>
<b>Depreciation</b>						
At 1 August 2022	-	28,630	246	6,510	-	35,386
Charge for the year	-	2,438	58	981	-	3,477
Elimination in respect of disposals	-	(7)	-	(173)	-	(180)
<b>At 31 July 2023</b>	<b>-</b>	<b>31,061</b>	<b>304</b>	<b>7,318</b>	<b>-</b>	<b>38,683</b>
<b>Net book value at 31 July 2023</b>	<b>501</b>	<b>84,968</b>	<b>1,130</b>	<b>3,791</b>	<b>1,133</b>	<b>91,523</b>
<b>Net book value at 31 July 2022</b>	<b>521</b>	<b>79,793</b>	<b>518</b>	<b>3,014</b>	<b>4,479</b>	<b>88,325</b>

**Tangible fixed assets (College only)**

	Biological Assets	Land and buildings		Equipment	Assets in the course of construction	Total
	Dairy Herd	Freehold	Temporary			
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>						
At 1 August 2022	521	108,423	764	9,506	4,479	123,693
Additions	-	-	-	293	6,418	6,711
Transfers	-	7,613	670	1,479	(9,762)	-
Disposals	(20)	(7)	-	(206)	(2)	(235)
<b>At 31 July 2023</b>	<b>501</b>	<b>116,029</b>	<b>1,434</b>	<b>11,072</b>	<b>1,133</b>	<b>130,169</b>
<b>Depreciation</b>						
At 1 August 2022	-	28,630	246	6,506	-	35,382
Charge for the year	-	2,438	58	975	-	3,471
Elimination in respect of disposals	-	(7)	-	(173)	-	(180)
<b>At 31 July 2023</b>	<b>-</b>	<b>31,061</b>	<b>304</b>	<b>7,308</b>	<b>-</b>	<b>38,673</b>
<b>Net book value at 31 July 2023</b>	<b>501</b>	<b>84,968</b>	<b>1,130</b>	<b>3,764</b>	<b>1,133</b>	<b>91,496</b>
<b>Net book value at 31 July 2022</b>	<b>521</b>	<b>79,793</b>	<b>518</b>	<b>3,000</b>	<b>4,479</b>	<b>88,311</b>

The net book value of equipment includes an amount of £40k (2022: £60k) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £20k (2022: £20k).

**12 Investment properties – College and Group**

	2023	2022
	Group	Group
	£'000	£'000
Valuation brought forward	3,582	3,582
Additions	105	-
Revaluation to market value	-	-
<b>Total</b>	<b>3,687</b>	<b>3,582</b>

The property was valued on a fair value basis at £3,500k by Alder King LLP, an independent chartered surveyor, as at 31 July 2020. A Governors' Valuation was undertaken on 31 July 2023, the property was valued on a fair value basis of £3,582k.

**13 Non-current investments – College and Group**

	2023	2022
	Group	Group
	£'000	£'000
Other non-current asset investments	49	56
<b>Total</b>	<b>49</b>	<b>56</b>

The College owns 607 £1 shares of National Milk Records plc, a company incorporated in England and Wales, and 1,941 £1 shares of Genus plc, a company incorporated in England and Wales.

BTC Corporate Services Ltd, a company limited by guarantee, was incorporated on 16 July 2021. It remained dormant until 1 November 2021, after which the principal activity of the company is combined facility support services.

#### 14 Joint venture arrangements

Through the merger with Somerset College of Arts and Technology the College formally established a joint venture arrangement with Wiltshire College through The Colleges' Partnership Limited (formerly Wiltshire and Somerset Colleges' Partnership Limited) a Company limited by guarantee. The Company is recognised by HMRC as a charity for tax purposes.

The investment in the joint venture is shown in the balance sheet at cost of acquisition (ie zero).

There are no issued shares held by each member as the entity has been constituted as a company limited by guarantee.

The Company is involved in the delivery of education, training and assessment, with the majority of the current turnover relating to the delivery of apprenticeships to soldiers of the Royal Corps of Signals and the Royal Armoured Corps/Armoured Infantry.

The accounting period is coterminous with the College at 31 July 2023.

The balance sheet of the joint venture company at 31 July 2023 comprises the following:

	2023	2022
	£'000	£'000
Tangible fixed assets	109	176
Current assets	2,701	3,534
Creditors due within one year	(1,685)	(2,872)
Creditors due after one year	-	-
<b>Total</b>	<b>1,125</b>	<b>838</b>
<b>50% share</b>	<b>563</b>	<b>419</b>

The joint venture company reported the following performance for the year ended 31 July 2023

	2023	2022
	£'000	£'000
Turnover	4,997	5,907
Cost of sales	(3,406)	(3,247)
<b>Gross profit</b>	<b>1,591</b>	<b>2,660</b>
Administrative expenses	(1,571)	(2,635)
Interest receivable and similar income	5	-
<b>Profit before and after tax</b>	<b>25</b>	<b>25</b>
<b>50% share</b>	<b>13</b>	<b>13</b>

#### 15 Trade and other receivables

	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	968	968	1,258	1,258
Amounts due from group undertakings	-	125	-	125
Prepayments and accrued income	2,161	2,161	2,996	2,996
Amounts owed by the Education and Skills Funding Agency (ESFA)	1,050	1,050	1,813	1,813
<b>Total</b>	<b>4,179</b>	<b>4,304</b>	<b>6,067</b>	<b>6,192</b>

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

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Bank loans	386	386	379	379
ESFA loan	1,000	1,000	1,000	1,000
Obligations under finance leases	14	14	14	14
Trade payables	2,321	2,321	2,275	2,193
Amounts due from group undertakings	-	110	-	82
Other taxation and social security	589	582	581	576
Accruals and deferred income	6,157	6,151	5,590	5,658
Deferred income - government capital grants	2,119	2,119	1,987	1,987
Amounts owed to the Education and Skills Funding Agency	785	785	895	895
<b>Total</b>	<b>13,371</b>	<b>13,468</b>	<b>12,721</b>	<b>12,784</b>

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

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Bank loans	5,318	5,318	5,704	5,704
ESFA loan	1,000	1,000	2,000	2,000
Obligations under finance leases	27	27	41	41
Accruals	4,448	4,448	1,959	1,959
Deferred income - government capital grants	35,893	35,893	35,193	35,193
<b>Total</b>	<b>46,686</b>	<b>46,686</b>	<b>44,897</b>	<b>44,897</b>

Government Capital Grants have been accounted for as follows:-

	SFA/BIS £'000 Restated	Other £'000 Restated	Total £'000
Balance on 1 August 2022	25,576	11,604	37,180
Cash received during year	2,684	97	2,781
Grant released to Income	(1,529)	(420)	(1,949)
Balance on 31 July 2023	<b>26,731</b>	<b>11,281</b>	<b>38,012</b>
Being:			
Under 12 months	1,555	564	2,119
Over 12 months	25,176	10,717	35,893
<b>Total</b>	<b>26,731</b>	<b>11,281</b>	<b>38,012</b>

**18 Maturity of debt****(a) Loans**

Loans are repayable as follows:

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
In one year or less	1,386	1,386	1,379	1,379
Between one and two years	1,394	1,394	1,386	1,386
Between two and five years	1,232	1,232	2,206	2,206
In five years or more	3,692	3,692	4,112	4,112
<b>Total</b>	<b>7,704</b>	<b>7,704</b>	<b>9,083</b>	<b>9,083</b>

Bank loans totalling £1,067k (2022: £1,280k) are repayable by instalments falling due between 1 August 2022 and 31 May 2028. Interest is charged at 7.275% per annum and the loans are secured on a portion of the freehold land and buildings of the College.

A loan with the ESFA totalling £2,000k (2022: £3,000k) is repayable by instalments falling due between 1 August 2022 and 31 July 2025. Interest is charged at 1.038% per annum, and the loan is unsecured.

A loan with Somerset Council (formerly Sedgemoor District Council) totalling £4,637k (2022: £4,803k) is repayable by instalments falling due between November 2022 and October 2040. Interest is charged at 4.50% per annum, and the loan is unsecured.

**(b) Finance leases**

The net finance lease obligations to which the institution is committed are:

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
In one year or less	14	14	14	14
Between two and five years	27	27	41	41
<b>Total</b>	<b>41</b>	<b>41</b>	<b>55</b>	<b>55</b>

Finance lease obligations are secured on the assets to which they relate.

**19 Provisions**

	Defined benefit obligations £'000	Group Enhanced pensions £'000	Total £'000
At 1 August 2022	17,754	427	18,181
Expenditure in the period	2,107	(24)	2,083
Transferred from income and expenditure account	(19,861)	(35)	(19,896)
<b>At 31 July 2023</b>	<b>-</b>	<b>368</b>	<b>368</b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in note 25.

The enhanced pension provision was transferred in upon the merger with Somerset College of Arts and Technology, and relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. The principal assumptions for this calculation are:

	2023	2022
Price inflation	2.8%	2.8%
Discount rate	5.15%	3.4%

**20 Cash and cash equivalents – Group**

	At 1 August 2022	Cash flows	At 31 July 2023
	£'000	£'000	£'000
Cash and cash equivalents	11,081	1,764	12,845
<b>Total</b>	<b>11,081</b>	<b>1,764</b>	<b>12,845</b>

**Analysis of cash and cash equivalents and net debt**

	At 1 August 2022	Cash flow	Non-cash movements	At 31 July 2023
	£'000	£'000	£'000	£'000
<i>Net cash:</i>				
Cash in hand and at bank	11,081	1,764	-	12,845
	11,081	1,764	-	12,845
<i>Debt:</i>				
Debt due within 1 year	(1,379)	1,379	(1386)	(1,386)
Debt due after 1 year	(7,704)	-	1,386	(6,318)
Finance lease obligations due within 1 year	(14)	14	(14)	(14)
Finance lease obligations due after 1 year	(41)	-	14	(27)
	(9,138)	1,393	-	(7,745)
<b>Net debt</b>	<b>1,943</b>	<b>3,157</b>	<b>-</b>	<b>5,100</b>

**21 Capital and other commitments**

	2023	2022
	Group and College	
	£'000	£'000
Commitments contracted for at 31 July	2,070	3,620

**22 Lease obligations**

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

	<b>2023</b>	<b>2022</b>
	<b>Group and College</b>	
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>
<b>Other</b>		
Not later than one year	39	202
Later than one year and not later than five years	11	71
Later than five years	-	2
	<u>50</u>	<u>275</u>

**23 Contingent liabilities**

There are no contingent liabilities to report.

**24 Events after the reporting period**

There are no post balance sheet events to report.

**25 Defined benefit obligations**

The Group'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 Somerset Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Somerset County Council Pension Scheme. Both are multi-employer defined-benefit plans.

<b>Total pension cost for the year</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Teachers' Pension Scheme: contributions paid	2,455	2,428
Local Government Pension Scheme:		
Contributions paid	2,578	2,289
FRS 102 charge	1,582	5,753
Charge to the Statement of Comprehensive Income	<u>4,160</u>	<u>8,042</u>
<b>Total Pension Cost for Year within staff costs</b>	<b><u>6,615</u></b>	<b><u>10,470</u></b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2019 and of the LGPS 31 March 2022.

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



### Teachers' Pension Scheme

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

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

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

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

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

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

### Valuation of the Teachers' Pension Scheme

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2022/23 academic year.

The pension costs paid to TPS in the year amounted to £2,455,000 (2022: £2,428,000)

### Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Somerset County Council. The total contributions made for the year ended 31 July 2023 were £3,423,121 of which employer's contributions totalled £2,573,997 and employees' contributions totalled £849,124. The employer contribution rate increased in year from 14.8% to 18%. Employee's contributions range between 5.5% and 12.5%, depending upon salary.

### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2022 by a qualified independent actuary.

	At 31 July 2023 Subsidiary	At 31 July 2023 College	At 31 July 2022 Subsidiary	At 31 July 2022 College
Rate of increase in salaries	3.85%	2.40%	3.85%	2.40%
Future pensions increases	2.85%	2.80%	2.85%	2.80%
Discount rate for scheme liabilities	5.20%	5.15%	3.40%	3.40%
Inflation assumption (CPI)	2.85%	2.80%	2.85%	2.85%
Commutation of pensions to lump sums	50%	50%	50%	50%

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

	<b>Group and College</b>	
	<b>At 31 July 2023</b>	<b>At 31 July 2022</b>
	<b>Years</b>	<b>Years</b>
<i>Retiring today</i>		
Males	21.1	21.4
Females	22.9	23.2
<i>Retiring in 20 years</i>		
Males	22.3	22.6
Females	24.3	24.6

The Group's share of the assets in the plan at the balance sheet date and the expected rates of return were:

	<b>Fair Value at 31 July 2023 £'000</b>	<b>Fair Value at 31 July 2022 £'000</b>
Equity instruments	72,966	67,148
Debt instruments	3,046	4,167
Other bonds	9,747	8,902
Property	7,494	8,663
Cash	2,923	4,412
<b>Total fair value of plan assets</b>	<b>96,176</b>	<b>93,292</b>
<b>Weighted average expected long term rate of return</b>	<b>2.94%</b>	<b>-0.97%</b>
<b>Actual return on plan assets</b>	<b>2,758</b>	<b>(945)</b>

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

	<b>2023 £'000</b>	<b>2022 £'000</b>
Fair value of plan assets	96,176	93,292
Present value of plan liabilities	(89,356)	(110,995)
Present value of unfunded liabilities	(38)	(51)
<b>Net pensions liability (Note 19)</b>	<b>6,782</b>	<b>(17,754)</b>
Asset ceiling restriction	(6,782)	-
<b>Amount recognised in balance sheet</b>	<b>-</b>	<b>(17,754)</b>

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

	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	4,453	8,085
Past service cost	-	86
<b>Total</b>	<b>4,453</b>	<b>8,171</b>

**Amounts included in investment income**

Net interest income	525	1,304
<b>Total</b>	<b>525</b>	<b>1,304</b>

**Amounts recognised in Other Comprehensive Income**

Return on pension plan assets	(434)	(2,450)
Changes in assumptions underlying the present value of plan liabilities	44,661	75,597
Experience gains arising on defined benefit obligations	(18,430)	(405)
Asset ceiling restriction	(6,782)	-
<b>Total</b>	<b>19,015</b>	<b>72,742</b>

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

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit liability in scheme at 1 August	(17,754)	(82,966)
BTC Corporate Services Ltd net benefit introduced at 1 November	-	(473)
Movement in year:		
Current service cost	(4,453)	(8,085)
Employer contributions	2,944	2,602
Past service cost	-	(86)
Administration expenses	(73)	(184)
Net interest on the defined liability	(525)	(1,304)
Actuarial gain	26,643	72,742
Asset ceiling restriction	(6,782)	-
<b>Net defined benefit liability at 31 July</b>	<b>-</b>	<b>(17,754)</b>

**Asset and Liability Reconciliation**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>111,046</b>	<b>176,101</b>
BTC Corporate Services Ltd net benefit introduced at 1 November	-	1,266
Current service cost	4,453	8,085
Interest cost	3,717	2,809
Contributions by Scheme participants	855	794
Experience gains and losses on defined benefit obligations	18,430	405
Changes in financial assumptions	(43,171)	(62,685)
Change in demographic assumptions	(3,316)	(12,912)
Estimated benefits paid	(5)	(5)
Past Service cost	-	86
Curtailments and settlements	(2,615)	(2,898)
<b>Defined benefit obligations at end of period</b>	<b>89,394</b>	<b>111,046</b>

**Changes in fair value of plan assets**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Fair value of plan assets at start of period</b>	93,292	93,135
BTC Corporate Services Ltd net benefit introduced at 1 November	-	793
Interest on plan assets	3,192	1,505
Return on plan assets	(434)	(2,450)
Employer contributions	2,944	2,602
Contributions by Scheme participants	855	794
Estimated benefits paid	(2,620)	(2,903)
Administration expenses	(73)	(184)
Other actuarial loss	(980)	-
Asset ceiling restriction	(6,782)	-
<b>Fair value of plan assets at end of period</b>	<b>89,394</b>	<b>93,292</b>

**26 Related party transactions**

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

The total expenses paid to or on behalf of the Governors during the year was £3k; 4 governors (2022: £1k; 2 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2022: None).

**Senior Management Team***Bridgwater College Trust*

Sales transactions in the year amounted to £1k (2022 – £1k). The outstanding amount owed to the College was £1k at the year-end (2022 – nil)

*Bridgwater College Academy*

Sales transactions in the year amounted to £49k (2022 – £68k). The outstanding amount owed to the College was £12k at the year-end (2022 – £12k)

*Robert Blake Science School*

Sales transactions in the year amounted to £40k (2022 – £26k). The outstanding amount owed to the College was £2k at the year-end (2022 – £2k)

*Brymore Academy*

Sales transactions in the year amounted to £nil (2022 – £nil). There was no outstanding amount owed to the College at the year-end (2022 – £nil)

*Chilton Trinity Technology College*

Sales transactions in the year amounted to £26k (2022 - £nil). The outstanding amount owed to the College was £1k at the year-end (2022 – nil)

*BTC Corporate Services Ltd*

Purchase transactions in the year amounted to £943k (2022 - £613k). The outstanding amount owed by the College was £110k at the year-end (2022 - £82k). A management fee was charged by Bridgwater & Taunton College to BTC Corporate services in the year amounting to £64k (2022 - £40k). The outstanding amount owed to the College from BTC Corporate Services was £114k (2022 -£125k)

*The Colleges' Partnership Limited*

The Company previously paid an educational support fee to the College, in conjunction with its joint venture partner Wiltshire College.

During the period 1 August 2022 to 31 July 2023 no invoices were raised by the College. The outstanding amount owed to the College was £240k (2022 - £747k)

*Association of Colleges*

Purchase transactions in the year amounted to £51k (2022 - £51k) The outstanding amount owed by the College was £51k (2022 - £nil)

*South West Institute of Technology*

Purchase transactions in the year amounted to £nil (2022 - £nil)

*Landex*

Purchase transactions in the year amounted to £7k (2022 - £7k) The outstanding amount owed by the College was £nil (2022 - £nil)

**Governors**

One of the Governors is on the board of Exeter University. Purchase transactions in the year amounted to £nil (2022 - £nil) The outstanding amount owed by the College was £nil (2022 - £nil)

**27 Amounts disbursed as agent - Learner support funds**

	2023 £'000	2022 £'000
Funding body grants – bursary support	30	46
Funding body grants – discretionary learner support	1,280	1,020
Funding body grants – residential bursaries	96	96
	<u>1,406</u>	<u>1,162</u>
Disbursed to students	(774)	(404)
Administration costs	(35)	(34)
	<u>597</u>	<u>724</u>
Balance unspent as at 31 July, included in creditors		

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.

**28 Past Balance Sheet Events**

There are no events after the reporting period.

