



# **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 July 2020**

Barnet and Southgate College Corporation  
Southgate Campus  
High Street  
Southgate  
N14 6BS

## **Contents**

Reference and administrative details .....	2
Strategic Report .....	3
Statement of Corporate Governance and Internal Control.....	12
Statement of Regularity, Propriety and Compliance .....	18
Statement of Responsibilities of the Members of the Board of Governors .....	19
Independent Auditor's Report on the Financial Statements .....	20
Reporting Accountant's Assurance Report on Regularity.....	23
Consolidated Statement of Comprehensive Income and Expenditure.....	25
Consolidated and College Statement of Changes in Reserves .....	26
Balance Sheets .....	27
Statement of Cash Flows .....	28
Notes to the Financial Statements .....	35

## **Reference and Administrative Details**

### **Board of Governors**

The following Governors served during the year ended 31 July 2020 and at the date of signing this report:

A Almeida-Jones (from 1 September 2019) M Archer

S Baldwin (Leave of absence from 31 July 2019 to 1 September 2020)

N Brew (from 26 September 2019) F Bulmer

S Dawson

G Duncan

I Galvin (from 1 September 2019)

A Goldstein (from 27 April 2020; Chair from 15 May 2020)

D Mepham (Chief Executive)

F Hanson Ofori-Quaah (to 1 November 2019)

C Tsattala

A Zinkin (Chair to 14 May 2020)

C O'Riordan (from 10 December 2020)

### **Clerk/Company Secretary**

M Drayson

### **Executive Leadership Team**

D Mepham

N Coker

T McIntosh

M Sellis

E Jones (to 31/10/2019)

### **Principal and Registered Office**

Barnet and Southgate College, High Street, Southgate N14 6BS

### **Professional advisors**

External Auditors MHA MacIntyre Hudson

Internal Auditors Mazars LLP

Solicitors Eversheds Sutherland (International) LLP

Bankers Lloyds Bank

## **STRATEGIC REPORT**

The members of the Board of Governors present their report and the audited financial statements for the year ended 31 July 2020.

A list of all the Governors who served on the Board at any point during 2019-20 and up to the date of signing, together with their roles, is to be found in the statement of corporate governance and internal control.

### **Legal Status**

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

### **Mission, Vision, Strategy and Objectives**

The Board has retained its long-standing overarching vision, mission and strategic objectives which focus on: quality and standards; jobs and progression; and innovation and inspiration. The Board has also agreed clear, thematically grouped objectives for the period to 2021 that includes further development of apprenticeship opportunities, growth in higher education provision and the development of commercial income. The Board has successfully established a dynamic and responsive approach to the local and regional economic needs. A refreshed strategy has been developed for adoption in the year beginning 1<sup>st</sup> August 2020.

The impact of COVID-19 and the recommendations of the Government and Department for Education as regards the virus control measures has had an impact on the College activities and operations. There has been a reduction in the commercial and full cost income generated by the College due to the closure of premises this drop has been partly mitigated by a reduction in non-pay costs. The cancellation of the GCSE and A Level exams and replacement with 'Centre Assessed Grades' has led to further disruption with an implication for 2020-21 enrolments.

During 2019-20 the College had the number of students funded under arrangements made by the Secretary of State for Education set out in table 1 below:

Table 1. Number of students in 2019-20

Type of student	Number
Students (mainly 16-18)	2,941
16-18 Apprentices	41
19+ Apprentices	146
Other adult students	8,159
Higher Education Students (funded by the Office for Students)	306

This is not a comprehensive listing of the College's total student population. Amongst students not listed above are adults not studying for particular qualifications and students studying "non-funded" qualifications designed to improve life chances and social well-being.

## Resources

The College employs 537 people (expressed as full-time equivalents), of whom 256 are teaching staff.

The College enrolled approximately 11,593 students. The College's student population includes 2,941 16 to 18-year-old students, 8,159 adult learners, 187 apprentices and 306 higher education students.

The Group has £14 million of net assets (after allowing for £38 million pension liability) and debt of £15.6 million which is due in one year. Tangible resources include the main College sites and £5.7 million held in current assets and due to the reclassification of the loan the College has temporary net current liability position of £14m. Since year end the loan has been renegotiated and will revert to long term debt in future years. The College occupied six premises during the year, with extensive works carried out on the Southgate Campus completed in July 2020.

- 1) The Wood Street campus in High Barnet including Tudor Hall, plus a rented smaller site known as The Hyde (vacated in October 2019)
- 2) The Southgate Campus, lying to the west of the High Street, which accommodates the Enfield Business Hub
- 3) The Colindale campus which accommodates the local public library and some community facilities.
- 4) Leased premises in Edmonton Green, Enfield.
- 5) Leased premises in Baird Road, Enfield. These premises are occupied by the wholly owned subsidiary company – Minchenden Business Centre Ltd with a plan to vacate in 2020-21
- 6) Outsourced agreement for facilities at Hospitality House in East Finchley, which accommodates hospitality and retail facilities (Vacated in February 2020)

The College has a good reputation locally, regionally and nationally, working closely with partners, and especially employers, to design and deliver provision that meets their needs, those of students and of the local and wider community. Well-established partnerships exist with many organisations, including local and regional businesses, local authorities, NHS trusts, universities, community based organisations and the charitable sector, many of which result in significant enrichment opportunities for students.

Over 1000 employers provide work experience placements across the College as a result of the good links with businesses and other organisations.

The vast majority of curriculum areas have active links and partnerships with employers to enrich and inform curriculum delivery. Increasingly such partnerships are being used effectively to design a distinctive curriculum offer that meets their specific needs and meets employer demand locally and regionally.

## Stakeholders

The College has many stakeholders including:

- its current, future and past students;
- its staff and their trade unions (UCU, Unison and NEU)
- the employers it works with;
- the professional organisations in the sectors where it works;
- its partner school (Holmewood) and the Universities of Derby, Bolton and Hertfordshire;
- the wider College community;
- the London Boroughs of Barnet and Enfield and other local authorities across London, the Greater London Assembly and the London LEAP

During the year the College extended its links and influence with all the above and sought to play a significant part in local business and community affairs. The College is represented at key strategic partnership meetings and works with local resident groups to further the objectives of improving community partnership and strategic collaboration.

## **DEVELOPMENT AND PERFORMANCE**

In December 2018, the College was inspected by Ofsted and was graded as Requires Improvement overall with Good provision for Apprenticeships. The College immediately developed a Post Inspection Action Plan to improve the quality of teaching, learning and assessment across all departments.

In November 2019, Ofsted returned to the College for a monitoring visit and the College was pleased to be graded as making significant progress in two areas and reasonable progress in the third aspect reviewed.

### **Financial Results**

The Group failed to achieve its financial target, generating a deficit before other gains and losses of £2,848k. Adjusting for non-operating costs relating to pensions, the operating position was a deficit of £1,170k.

<b>Deficit before other gains and losses</b>	<b>(£2,848)</b>
Add: LGPS Deficit Reduction Payments	£909k
Add:FRS102 Pension Interest Charge	£712k
Add provision for dilapidation and closure costs	£57k
<b>Operating Deficit</b>	<b>(£1,170k)</b>

Income was £642k lower than in the previous year due to reduction in income from apprenticeship and student funded courses due to COVID closure of the College from March to July 2020.

### **Developments**

The College's redevelopment involved tangible fixed asset additions during the year amounting to £9.06 million. This was split between refurbishment costs of £7.32 million, and equipment purchased of £1.74 million. In the main, this related to the strategic development of the Southgate campus.

### **Reserves**

The Group has accumulated reserves of £14 million and cash and short-term investment balances of £3.4 million. The Group wishes to accumulate reserves and cash balances in order to create a contingency fund and to continue its programme of investment in facilities for students.

## Sources of income

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2019/20 the FE funding bodies provided 89% (86% - 2018/19) of the Group's total income.

## Group companies

The College has one subsidiary company, Minchenden Business Centre Limited. The principal activity was the body and paint training and apprenticeship and vehicle restoration. Any surpluses generated by the subsidiary are transferred to the College under deed of covenant. In the current year, a deficit of £0.2 million was generated, before any release of intercompany debt. The body and paint training and apprenticeship vehicle restoration provision has been wound down as at 31 July 2020 with a view to closing the subsidiary in late 2020.

## FUTURE PROSPECTS

### Developments

The College continues to respond flexibly to the challenges posed by the Covid-19 pandemic. Some teaching and learning is now delivered remotely and attendance at these sessions is good. There will be a negative impact on some commercial income, particularly lettings. Apprentices who have been furloughed by their employers are on formal breaks in learning during this period and it is difficult to recruit new apprentices in many business sectors. The College's campuses are all Covid-secure and there continue to be increased costs for cleaning and equipment to achieve this, some of which have been offset by a GLA grant received. The College has invested in new mobile technology, to facilitate remote working for both staff and students.

The College has continued to invest in its facilities and aims to increase student numbers across the College sites. The College will work closely with the local community and businesses in order to plan courses that meet their needs.

### Financial plan

The College Governors approved a financial plan in July 2020 which sets objectives for the period to 2022.

### Treasury policies and objectives

The College has treasury management policy and arrangements in place to manage cash flows, banking arrangements and the risk associated with those activities. All borrowings require the authorisation of the Board of Governors. The renegotiated loan has been approved by the Board of Governors with the updated terms of a security against the Wood Street Campus and a fixed rate of 5.127% and a margin of 3% rate of interest.

### Cash flows and liquidity

At £1.9m (2018/19 (£4.8m)), net cash inflow from operating activities together with opening cash reserves was used to finance the Southgate Campus refurbishment. The College has sufficient liquidity to pay for its current liabilities with cash reserves of £3.3m, excluding the bank loan.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded. Borrowing in the form of bank loans reduced to £15.6m (£16.4m in 2018/19). The remaining balance on the loan is shown as due in less than one year in accordance with accounting standards as the College breached one of the covenants with Lloyds Bank. Revised loan terms have been agreed after the balance sheet date and the loan remains repayable in installments to 24 June 2033.

## **Reserves**

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £3.9 million (2019: £10 million). It is the Board of Governors' intention to provide reserves for reinvestment over the life of the strategic plan through the generation of annual operating surpluses.

## **Going Concern**

The College breached one of the covenants on its long term bank loan during the year, but has been negotiating with the bank and now has an acceptable offer to refinance the loan.

The Covid-19 pandemic continues to impact the College, in particular in the areas of commercial letting income and apprenticeships, but there is significant growth in sector-based work academies to prepare the unemployed for work.

After making appropriate enquiries, the Board of Governors 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.



## **PRINCIPAL RISKS AND UNCERTAINTIES**

The College has a comprehensive risk management approach that is supported by appropriate policies, procedures and training. A detailed risk register and risk reduction plan is held on the College's 4Risk system and the Executive Leadership Team review strategic corporate risks on a regular basis. During 2019/20 the College has been migrating from this detailed risk register to a more concise and strategic Corporate Risk Register.

The College adopts a 'top down, bottom up' approach to identification, recording and assessment of risk, to ensure all significant risks are identified and assessed appropriately.

The Audit Committee has oversight of the risk management control environment and reviews the risk register. During the year, the Committee has provided input into the development of the revised Corporate Risk Register.

The College uses an electronic version of the risk register to support the management of risk. The following areas were assessed as being the principal risks associated with the delivery of the College's strategic objectives in 2019/20:

- The College's response to Covid-19 was rapid and efficient and has been validated by a recent Ofsted interim review. The College moved to remote learning and working for all staff and students from 23 March 2020 for the first lockdown period, with the exception of provision at the Southgate campus for learners with learning difficulties and disabilities. The return to in-person and blended learning in September 2020 went smoothly following extensive work on risk assessments over the summer period to ensure the College buildings and processes are Covid secure. A rapid response internal track and trace process has been developed to ensure that positive cases are dealt with both safely and with the minimum disruption to learning.
- The College was graded as "Requires Improvement" in December 2018 following an Ofsted Inspection. Steps have been taken since the inspection to put procedures in place to implement improvement plans against the issues highlighted. The College was successful in receiving Strategic College Improvement Fund (SCIF) funding towards the improvement plan and has utilised the funds towards the development plan. The impact of the development plan was highlighted in the monitoring visit by Ofsted, judging significant progress across the 2 of the 3 themes they were monitoring and reasonable progress against the third theme.
- The College's financial position has declined over the past five years. The new Executive Leadership Team has worked with the Governors to produce a Business Improvement Plan to ensure the College returns to at least a financial break-even position in the medium term. This plan includes exiting loss-making provision, re-engineering of low margin activity, growth in targeted curriculum areas and continued focus on business efficiency.

Main Risks identified through the risk register in 2019/20	Key Action taken
Failure to implement medium- and long-term accommodation plans might result in poor learner experience and loss of student income.	The property strategy has focused on the redevelopment of the Southgate campus, which complete in June 2020 with the refurbishment of the 6-storey Main Block, providing modern new classroom, laboratory and office space. The College is now focusing on a medium term property strategy, including disposal of surplus capacity and in the context of change priorities following the Covid-19 pandemic
IT systems failure, leading to loss of key student records, personnel or financial data, disruption to teaching and learning such as register taking, the Virtual Learning Environment or key business processes in MIS or Finance.	Continued replacement of the ageing network infrastructure, and migration to cloud based environments to support increase remote delivery.
Loss or damage to College buildings by fire or other incident, leading to injury or loss of life and disruption to teaching and learning with consequential impact on recruitment, substantial financial loss and / or reputational damage.	The College insures all its premises against fire and other perils with a reputable insurer. Remote working capacity tested during Covid-1 lockdown and operated very successfully with a move to more blended learning in 2020/21. Health & Safety Committee meets monthly, including staff and governor representatives. Regular fire evacuations are held at each site.
Health and safety procedures for students, visitors and staff is insufficient to protect against injury or claim.	Reviewed process management of risk assessment sheets for machinery, working at height. Implement eduTrips system to support the management of trips. Health and Safety Officer appointed
Failure of key external delivery partner	Quarterly meetings to review any issues with partners arising from learner feedback, audits or unannounced visits so that action can be taken.  Due diligence is carried out on all partners before contracting with a standard pre-approved contract to ensure they are financially sound and to reduce the risk.  A new business case process has been developed to assess and evaluate new opportunities
Subsidiary company generating financial losses	Catering contract outsourced from September 2019 and the directors of the subsidiary company have agreed to wind down the paint and training provision with a view to closing the company in 2020/21.
Cyber security	The College computer network is secure. Strong prevention and detection tools are in place to protect the College network from external attacks.

Key performance Indicator	Measure/Target	Actual for 2019/20
Student number targets (16-18)	3,008	2,941
Student overall achievement	85%	84%
Operating Surplus (Deficit)/EBITDA as % of income	5.91%	3.67%
Ofsted rating	Good	Requires Improvement

### **Student achievements**

Students continue to prosper at the College. The overall achievement rate was 84.0% for 2019/20. 95% of students moved into employment, further or higher education after they completed College.

### **OTHER INFORMATION**

#### **Public Benefit**

Barnet and Southgate College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Board of Governors, who are trustees of the charity, are disclosed on page 15 In setting and reviewing the College's strategic objectives, the Board of Governors has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to over 11,593 students, including 316 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and Maths courses. The College adjusts its courses to meet the needs of local employers and provides training to 187 apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

#### **Equality**

The College is committed to ensuring equality of opportunity for all its learners, staff and the broader community which it serves. We welcome, celebrate and value the diversity of our learning community and seek to promote an inclusive learning and working environment where everyone can achieve to their full potential. We have a zero tolerance of discrimination, harassment or bullying of any kind. This policy is monitored and reviewed on an annual basis. The College's Equality, Diversity and Inclusion Policy is published on the College's Intranet and website.

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

The College is a 'Positive about Disabled People' employer and has committed to the principles and objectives of the Positive about Disabled People standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The College achieved the Investors in Diversity Award in February 2017. The College provides training on Equality & Diversity on a regular basis and equality and diversity forms part of the induction training for all new starters.

### **The Single Equality Scheme**

The College's Single Equality Scheme contains a statement on Disability as follows:

The College recognises that people with disabilities, learning difficulties and mental health needs experience discrimination within society.

Within three years, we want to take substantial and concrete steps to challenge this and to help ensure fairness and equality of access to all aspects of College life. We will:

- actively oppose stereotyped responses to disabled people and work to promote a positive and inclusive environment in relation to education, training and employment in every area of College life
- ensure that students with learning difficulties, disabilities or mental health needs are an integral part of the College community and share fully in a positive ethos and culture of celebrating success
- continue to provide high quality learning through our specialist LLDD Centre of Excellence
- ensure that there is access to all learning and wider College facilities within the framework of the relevant legislation
- ensure that harassment or bullying of students with learning difficulties, disabilities or mental health needs is not tolerated in any area of College life. Any such behaviour will be challenged through appropriate College procedures
- make reasonable adjustments to enable the employment of staff with disabilities or mental health needs on equal terms and conditions with all other staff
- ensure that staff and students from a representative range of learning difficulties, disabilities or mental health needs have full opportunity to impact on College policy and procedure
- continue to work within the principles of the Mindful Employer Charter
- ensure that employment policies and procedures will reflect this position statement.

The Board of Governors aims to ensuring a diversity of make-up, so that its membership reflects the community that the college serves.

## Staff involvement

The Board of Governors considers good communication with its staff to be very important. As such, a number of communication methods are in operation to ensure that information flows throughout the organisation. A range of communication methods have been implemented and discussed with staff to ensure regular and relevant communication flows within the organisation.

Communication methods currently in use include:

- weekly management meetings held with all Heads of Service to communicate key messages from the Executive Leadership Team for cascading to teams;
- weekly newsletters to all staff;
- regular email updates and/or video messages from the CEO and the other members of the Executive Leadership Team;
- regular departmental team meetings;
- termly all staff briefings; half termly meetings with recognised trade unions;
- monthly organisational development Committee meetings with representatives from each department; and
- a staff intranet site.

The information flow and methods of communication have been publicised to all staff to encourage engagement and feedback and are under regular review through the organisational development Committee.

### Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College

Numbers of employees who were provided with union facility time arrangements in the relevant period	14 (all between 1-50% of time)
FTE employee number	1.8FTE in total (based on remission time given)
Total cost of facility time	£90k
Total pay bill	£23m
Percentage of total bill spent on facility time	0.39%
Time spent on paid trade union activities as a percentage of total paid facility time	100%


### Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998 requires Colleges, in the absence of agreement to the contrary, to make payment to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2019 to 31 July 2020, the College paid 90 per cent of its invoices within 30 days.

### 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 Board of Governors on 27<sup>th</sup> January 2021 and signed on its behalf by:



Adam Goldstein

Chair of the Board of Governors

27<sup>th</sup> January 2021

**Statement of Corporate Governance and Internal control**

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. The statement covers the period 1<sup>st</sup> August 2019 to 31<sup>st</sup> July 2020 and up to the date of the annual report and financial statements.

The College endeavours to conduct its business:

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

In the opinion of the Governors, the College complies with all the mandatory provisions of the Code, and it has complied throughout the year ended 31 July 2020. The opinion is based on an internal review of compliance with the Code and an external review of Governance undertaken between October and December 2019. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, although the Board has not formally adopted the Code.

## The Board of Governors

The Governors who served on the Board during the year and up to the date of signature of this report were as listed below. Membership of task and finish Groups is not included.

Name	Date of Appointment & Reappointment	Term of Office	Resignation	Status of Appointment	Committees Served and Attendance 2019-20
Ann Zinkin	01/09/2013 13/07/2017	4 years (to 31/07/2021)		External (Chair of the Board of Governors to 14 May 2020)	Board – 9 of 10 Search – 1 of 1 Remuneration - 1 of 1
Alessandra Almeida-Jones	01/09/2019	4 years		External	Board – 7 of 10 Remuneration – 1 of 1
Mervin Archer	01/09/2013 15/06/2017	4 years (to 31/07/2021)		External	Board – 6 of 10 Audit - 4 of 4
Sue Baldwin	29/01/2015 01/01/2017	4 years plus one Year break in service from 31/07/2019		External	N/A
Nana Brew	26/09/2019	4 years			Board – 7 of 9
Fiona Bulmer	01/09/2013 15/06/2017	4 years (to 31/07/2021)		External	Board - 9 of 10 Search – 2 of 2 Remuneration –1 of 1
Sheila Dawson	01/09/2013 13/07/2017	4 years (to 31/07/2021)		External	Board – 10 of 10 Audit – 4 of 4 Remuneration – 1 of 1
Graham Duncan	01/09/2013 21/06/2017	4 years (to 31/07/2021)		External	Board – 10 of 10 Audit – 4 of 4 Search – 2 of 2 Remuneration - 1 of 1
Imelda Galvin	01/09/2019	4 years		External	Board – 9 of 10 Audit – 2 of 3
Adam Goldstein	27/04/2020	4 years		External (Chair of Board from 14 May 2020)	Board – 3 of 3
Felicia Hanson Ofori-Quaah	02/11/2018	4 years	01/11/2019	External	Board – 1 of 1
Darren Mepham	06/01/2019	Ex-Officio		Chief Executive and Accounting Officer	Board – 10 of 10 Search - 2 of 2
Christalla Tsattala	11/11/201 10/11/2017 9/11/2019	2 years		Staff	Board – 9 of 10
Cait O'Riordan	10/12/2020	4 years		External	

The Board has two positions for student governors but neither were filled during 2019-20  
The Clerk to the Corporation is Melissa Drayson.



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

The Board 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 Board looks after student interests through the receipt of timely student feedback and is developing a strategy to increase engagement with learners. The Board scheduled ten meetings during 2019-20 and had one strategic away day. During the period, the Chair convened two additional Special Board meetings during the period to deal with urgent issues.

The Board of Governors has operated a 'Carver'-style model since 2013. It has three standing committees with Terms of Reference, which have been approved by the Board. These committees are Audit, Remuneration and Search. Full minutes of Board meetings, except those deemed to be confidential by the Corporation, are available from the College website ([barnetsouthgate.ac.uk](http://barnetsouthgate.ac.uk)) and or from Clerk to the Corporation at the College's registered address.

The Board also has the power to convene task and finish groups to provide extra scrutiny of specific areas of business on a time-limited basis. The Board has used this power during 2019/20 to convene task and finish groups to oversee major Capital Projects (the Capital Projects Steering Group); budgetary compliance and planning (The Finance Scrutiny group), and post-Ofsted actions and improvement (The Post Inspection Monitoring Group, renamed the Quality of Teaching and Learner Experience Group).

During the period of College closure, due to Covid-19, the Board of Governors and its Committees continues to meet by video conferencing and was able to perform its statutory duties without interruption or hindrance.

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 Board as a whole.

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

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

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

### **Appointments to the Board of Governors**

Any new appointments to the Board of Governors are a matter for the consideration of the Board as a whole. The Board has a Search Committee, consisting of four Governors, which is responsible for the selection and nomination of any new governor for the Board's consideration. The Board is responsible for ensuring that appropriate training is provided as required.

During the period 2019-20, the Board appointed four new external Governors on the advice of the Search Committee, including a new Chair of Governors.

Governors are appointed for a term of office not exceeding four years and, having regard to the recommendations made in the AoC Code of Good Governance in English Colleges, no more than eight years will normally be served by members unless in exceptional circumstances

### **Board performance**

The Board carried out a self-assessment of its own performance for the year ended 31st July 2020 and graded itself as "Good" on the Ofsted scale.

## Remuneration Committee

Throughout the year ended 31 July 2020, the Board's Remuneration Committee comprised five external Governors, including the Chair and Vice-Chair of the Board to January 2020. The Committee Chair was not the chair of the Board. The Committee's responsibilities are to review the performance of the Accounting Officer, other Senior Post Holders and the Clerk, to determine appropriate salary levels and to advise the Board accordingly.

The Board of Governors has adopted the AOC's Senior Staff Remuneration Code and publishes an annual Remuneration report in line with the Code.

Details of remuneration for the year ended 31 July 2020 are set out in note 7 to the financial statements.

## Audit Committee

The Audit Committee comprises a minimum of three external governors and may co-opt up to two members who are not governors. The Accounting Officer, the Chair of the Board, and staff and student governors are not eligible to be members. The Committee operates in accordance with written Terms of Reference which comply with the requirements of the Post 16 Accounting Code of Practice and are reviewed annually and approved by the Board.

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

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

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

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

The Committee advises the Board on the College's arrangements for risk management and for securing economy, efficiency and effectiveness (value for money). The Committee also oversees the Board's policies on fraud, irregularity and whistleblowing and ensures that all allegations of fraud or irregularity are properly followed up and that investigation outcomes are reported to the auditors and funding body as appropriate.

## Internal Control

### *Scope of responsibility*

The Board 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 has delegated the day-to-day responsibility to the Chief Executive, 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 they are personally responsible, in accordance with the responsibilities assigned to him in the Funding Agreement between Barnet and Southgate College and the funding bodies. He is also responsible for reporting to the Board 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 on-going 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 Barnet and Southgate College for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

*Capacity to handle risk*

The Board is (and has been through the year) aware of the main risks (finance, quality, COVID-19) facing the College and the actions that are in place. The Board is of the view that there is a regular review of the College's strategic risks by the Executive Leadership Team for the period ended 31 July 2020 and up to the date of approval of the annual report and accounts. Risk Management arrangements are reviewed by the Board through the Audit Committee.

*The risk and control framework*

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board of Governors
- Regular reviews by the Board of Governors 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.

The College engages 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. In addition to regular reports to Audit Committee, the internal auditor provides the Board of Governors with an annual report on internal audit activity in the College. The report includes the service provider's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

**Risks faced by the Corporation and significant control weaknesses identified**

The principal risks faced by the Corporation are described in the section 'Principal Risk and Uncertainties' on page 8.

The Internal Auditor's annual report for 2019/20 provided overall limited assurance. Certain weaknesses and exceptions were highlighted by the internal audit work. In particular, the auditors concluded that the College has not been operating under a robust process for regular review and monitoring of its corporate risks during 2019/20. There were also weaknesses identified around the integrity of data within staff utilisation and there were gaps in the design of the Business Continuity Framework as well as some non-compliance in delivering Disaster Recovery plans during Covid-19, albeit no significant issues were experienced during this period. They also noted College processes for tracking the implementation of previous audit recommendations had not operated effectively during the period. Internal audit conducted a follow up review to consider the status of all previous audit actions; the recommendations arising from these findings were discussed with the auditors and the recommendations have been, or are in the process of being addressed, as detailed in individual internal audit reports.

**Responsibilities under funding agreements**

The College has met its responsibilities under funding agreements with the ESFA and Greater London Authority by providing regular and accurate reporting through Individualised Learner Records (ILR) and other returns as required.

**Statement from the audit Committee**

The Audit Committee has advised the Board of Governors that the corporation has an adequate framework for governance and internal control in place.

The Committee considers that the College's Internal and External Audit arrangements are operating effectively and that they are adequate, both in terms of resource input and the scope of the work, to provide assurance on the key risks facing the College.

The specific areas of work undertaken by the Audit Committee in 2019/20 and up to the date of the approval of the financial statements included the following.

- Commissioning and monitoring the completion of internal audit work. Whilst there were delays to completion of three of the planned audits due to Covid-19, these were finalised in early 2020-21. Audits focused on Bursary Claims, Staff Utilisation, Key Financial Controls (Creditors and Cash Management), Budgetary Processes, New Finance System, Business Continuity, Partnership and Learner Numbers. Of the nine audits completed in 2019/20, 7 were assurance based and of these, 2 were rated 'red', four 'amber' and one 'green'. This compares with 5 assurance-based audits in the previous year of which all were rated 'amber'. It was not possible for an overall assurance opinion to be given for the Learner Numbers audit due to the non-availability of information for some aspects of the review. No assurance opinion was given for the Partnerships work as this was an advisory review. As stated above, the Internal Auditors gave a limited assurance opinion in their annual report.
- A follow up audit by the Internal Audit Services of previous audit recommendations. This reviewed the status of 78 recommendations made in 2018/19 and previous years. Of these, 53 recommendations were verified as implemented, 4 were superseded and 21 remained in progress. There were no priority 1 recommendations outstanding.
- A financial statements and regularity audit, which concluded that good progress had been made to address deficiencies in financial controls identified the previous year. An unqualified regularity audit opinion was given.
- An annual self-assessment for Audit Committee performance, which judged that the Committee had complied with all statutory and regulatory requirements, but that progress on its priorities for

the year had been limited. Two of these related to the review and development of the College's approach to risk management and assurance mapping.

- A review of the compliance of the Board of Governors with the Association of College's Code of Governance for English Colleges in September 2019, concluding that the Board complies with all of the Code's mandatory provisions. Areas for further work were identified for inclusion within the Board's improvement plan for 2020-21

The Audit Committee has met and monitored the completion of internal audit work during the period of college closure due to Covid-19.

#### *Review of effectiveness*

As Accounting Officer, the Chief Executive 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:

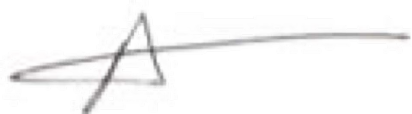
- The work of the internal auditors
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- Comments made by the College's financial statements and regularity auditors in their management letters and other reports.

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

The Executive Leadership 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 Executive Leadership 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's agenda includes a regular report on risk and control from the Audit Committee and the Executive Leadership Team. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2020 meeting, the Audit Committee carried out the annual assessment of risk and internal control for the year ended 31 July 2020 by considering documentation from the Executive Leadership Team and internal audit, and taking account of events since 31 July 2020.

Based on the advice of the Audit Committee and the Accounting Officer, the Board is of the opinion that the College's framework for governance, the management of strategic risks and internal control is adequate, and that the Board has fulfilled its statutory responsibility for "effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

Approved by order of the members of the Corporation on 27<sup>th</sup> January 2021 and signed on its behalf by:



Adam Goldstein  
Chair of the Board of Governors



Darren Mepham  
Accounting Officer

**Statement of Regularity, Propriety and Compliance**

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

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

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



Adam Goldstein  
Chair of the Board of Governors



Darren Mepham  
Accounting Officer

## STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

The members of Corporation, as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the College'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 2015 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 College 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 Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

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

The Corporation is responsible for keeping adequate 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 the College's 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 by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA 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. Members of 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 so of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA are not put at risk.

Approved by order of the members of the Corporation on 27<sup>th</sup> January 2021 and signed on its behalf by:



Adam Goldstein, Chair of the Board of Governors



## **INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BARNET AND SOUTHGATE COLLEGE**

### **Opinion**

We have audited the financial statements of the Corporation of Barnet and Southgate College (the 'College') for the year ended 31 July 2020 which comprise the statement of comprehensive income and expenditure, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2020 and of its deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The members of the Corporation are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BARNET AND SOUTHGATE COLLEGE (Contd)**

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

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

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

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

### **Responsibilities of the members of the Corporation**

As explained more fully in the statement of responsibilities of the members of the Corporation, the members of the Corporation are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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 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 of the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BARNET AND SOUTHGATE COLLEGE (Contd)**

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 auditor's report.

**Use of our report**

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

The logo for MHA MacIntyre Hudson is displayed in a white, cursive script on a black rectangular background. The letters 'MHA' are in a bold, blocky font, while 'MacIntyre Hudson' is in a flowing, handwritten style.

MHA MacIntyre Hudson  
Chartered Accountants and Registered  
2 London Wall Place  
London  
EC2Y 5AU

Date: 28/01/2021

**Barnet and Southgate College Reporting Accountant's Assurance Report on Regularity****To: The Members of the Corporation of Barnet and Southgate College and Secretary of State for Education acting through the Education and Skills Funding Agency ("the ESFA")**

In accordance with the terms of our engagement letter dated 26 October 2019 and further to the requirements of the financial memorandum with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by the Corporation of Barnet and Southgate College during the period 1 August 2019 to 31 July 2020 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 generated through the Individualised Learner Record (ILR) returns, for which the Department has other assurance arrangements in place.

This report is made solely to the members of the Corporation of Barnet and Southgate 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 members of the Corporation of Barnet and Southgate 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 members of the Corporation of Barnet and Southgate College and the ESFA for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of the Corporation of Barnet and Southgate College and the reporting accountant**

The Corporation of Barnet and Southgate 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 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

**Reporting accountant's assurance report on regularity (continued)**

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

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

The work undertaken to draw to our conclusion includes:

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

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**MHA MacIntyre Hudson**

Chartered Accountants and Registered Auditor  
2 London Wall Place  
London  
EC2Y 5AU

Date: 28/01/2021

**Barnet and Southgate College**  
**Consolidated Statements of Comprehensive Income and Expenditure**

	Notes	Year ended 31 July 2020		Year ended 31 July 2019	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
<b>INCOME</b>					
Funding body grants	2	31,990	31,971	31,684	31,649
Tuition fees and education contracts	3	7,331	7,331	7,752	7,752
Other grants and contracts	4	169	169	200	200
Other income	5	893	824	1,344	700
Endowment and investment income	6	57	57	102	102
<b>Total income</b>		<b>40,440</b>	<b>40,352</b>	<b>41,082</b>	<b>40,403</b>
<b>EXPENDITURE</b>					
Staff costs	7	25,935	25,703	25,207	24,671
Other operating expenses	8	13,017	12,976	16,155	17,216
Depreciation	11	2,684	2,675	2,748	2,740
Interest and other finance costs	9	1,652	1,652	1,785	1,785
<b>Total expenditure</b>		<b>43,288</b>	<b>43,006</b>	<b>45,895</b>	<b>46,412</b>
<b>(Deficit)/surplus before other gains and losses</b>		<b>(2,848)</b>	<b>(2,654)</b>	<b>(4,813)</b>	<b>(6,009)</b>
Profit on disposal of assets	11	9	9	1,409	1,409
<b>(Deficit)/surplus before tax</b>		<b>(2,839)</b>	<b>(2,645)</b>	<b>(3,404)</b>	<b>(4,600)</b>
Taxation	10	-	-	-	-
<b>(Deficit)/surplus for the year</b>		<b>(2,839)</b>	<b>(2,645)</b>	<b>(3,404)</b>	<b>(4,600)</b>
Unrealised surplus on revaluation of assets		-	-	-	-
Actuarial loss in respect of pensions schemes		(3,550)	(3,550)	(4,922)	(4,922)
<b>Total comprehensive income for the year</b>		<b>(6,389)</b>	<b>(6,195)</b>	<b>(8,326)</b>	<b>(9,522)</b>

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

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Group</b>			
<b>Balance at 1st August 2018</b>	18,177	10,875	29,052
Surplus/(deficit) from the income and expenditure account	(3,404)	-	(3,404)
Other comprehensive income	(4,922)	-	(4,922)
Transfers between revaluation and income and expenditure reserves	201	(201)	-
	<u>(8,125)</u>	<u>(201)</u>	<u>(8,326)</u>
<b>Balance at 31st July 2019</b>	10,052	10,674	20,726
Surplus/(deficit) from the income and expenditure account	(2,839)	-	(2,839)
Other comprehensive income	(3,550)	-	(3,550)
Transfers between revaluation and income and expenditure Reserves	203	(203)	-
<b>Total comprehensive income for the year</b>	<u>(6,186)</u>	<u>(203)</u>	<u>(6,389)</u>
<b>Balance at 31st July 2020</b>	<b><u>3,866</u></b>	<b><u>10,471</u></b>	<b><u>14,337</u></b>
<b>College</b>			
<b>Balance at 1st August 2018</b>	19,317	10,875	30,192
Surplus/(deficit) from the income and expenditure account	(4,600)	-	(4,600)
Other comprehensive income	(4,922)	-	(4,922)
Transfers between revaluation and income and expenditure reserves	201	(201)	-
	<u>(9,321)</u>	<u>(201)</u>	<u>(9,522)</u>
<b>Balance at 31st July 2019</b>	9,996	10,674	20,670
Surplus/(deficit) from the income and expenditure account	(2,645)	-	(2,645)
Other comprehensive income	(3,550)	-	(3,550)
Transfers between revaluation and income and expenditure reserves	203	(203)	-
<b>Total comprehensive income for the year</b>	<u>(5,992)</u>	<u>(203)</u>	<u>(6,195)</u>
<b>Balance at 31st July 2020</b>	<b><u>4,004</u></b>	<b><u>10,471</u></b>	<b><u>14,475</u></b>

**Barnet and southgate College**  
**Balance sheets as at 31 July**

	Notes	Group	College	Group	College
		2020	2020	2019	2019
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible fixed assets	11	89,914	89,902	83,543	83,522
Investments	12	-	-	-	-
		<b>89,914</b>	<b>89,902</b>	<b>83,543</b>	<b>83,522</b>
<b>Current assets</b>					
Stocks		15	-	31	-
Trade and other receivables	13	2,252	2,469	2,229	2,201
Investments	14	4,081	4,081	9,075	9,075
Cash and cash equivalents	21	(690)	(735)	3,057	3,029
		<b>5,658</b>	<b>5,815</b>	<b>14,392</b>	<b>14,305</b>
<b>Less: Creditors – amounts falling due within one year</b>	15	(19,735)	(19,742)	(4,451)	(4,399)
<b>Net current assets</b>		<b>(14,077)</b>	<b>(13,927)</b>	<b>9,941</b>	<b>9,906</b>
<b>Total assets less current liabilities</b>		<b>75,837</b>	<b>75,975</b>	<b>93,484</b>	<b>93,428</b>
Less: Creditors – amounts falling due after more than one Year	16	(22,525)	(22,525)	(38,733)	(38,733)
<b>Provisions</b>					
Defined benefit obligations	20	(38,498)	(38,498)	(33,562)	(33,562)
Other provisions	20	(477)	(477)	(463)	(463)
<b>Total net assets</b>		<b>14,337</b>	<b>14,475</b>	<b>20,726</b>	<b>20,670</b>
<b>Unrestricted reserves</b>					
Income and expenditure account		3,866	4,004	10,052	9,996
Revaluation reserve	19	10,471	10,471	10,674	10,674
<b>Total unrestricted reserves</b>		<b>14,337</b>	<b>14,475</b>	<b>20,726</b>	<b>20,670</b>
<b>Total reserves</b>		<b>14,337</b>	<b>14,475</b>	<b>20,726</b>	<b>20,670</b>

The financial statements on pages 29 to 55 were approved and authorised for issue by the Corporation on 27<sup>th</sup> January 2021 and were signed on its behalf on that date by:



**Adam Goldstein**  
**Chair of the Board of Governors**



**Darren Mepham**  
**Accounting Officer**



**Barnet and Southgate College**  
**Consolidated Statement of Cash Flows**

	Notes	2020 £'000	2019 £'000
<b>Cash inflow from operating activities</b>			
Surplus/(deficit) for the year		(2,839)	(3,404)
<b>Adjustment for non cash items</b>			
Depreciation		2,684	2,748
(Increase)/decrease in stocks		16	(1)
(Increase)/decrease in debtors		(23)	706
Increase/(decrease) in creditors due within one year		430	(6,200)
Increase/(decrease) in provisions		(47)	(165)
Pensions costs less contributions payable		726	411
Deferred capital grants released to income		(584)	(623)
<b>Adjustment for investing or financing activities</b>			
Investment income		(57)	(102)
Interest payable		1,652	1,785
(Profit)/Loss on sale of fixed assets		(9)	-
		<b><u>1,949</u></b>	<b><u>(4,845)</u></b>
<b>Net cash flow from operating activities</b>			
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		9	-
Investment income		57	102
Deferred capital grants received		14	425
Payments made to acquire fixed assets		(9,055)	(4,889)
		<b><u>(8,975)</u></b>	<b><u>(4,362)</u></b>
<b>Cash flows from financing activities</b>			
Interest paid		(931)	(1,020)
Repayments of amounts borrowed		(784)	(676)
		<b><u>(1,715)</u></b>	<b><u>(1,696)</u></b>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>			
		<b><u>(8,741)</u></b>	<b><u>(10,903)</u></b>
Cash and cash equivalents at beginning of the year	21	12,132	23,035
Cash and cash equivalents at end of the year	21	3,391	12,132

## 1. Accounting policies

### 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 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2019 to 2020 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 accounting

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

#### Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, Minchenden Business Centre Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities and currently does not have a student union.

All financial statements are made up to 31 July 2020.

#### Going concern

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

The College currently has £15.64m of loans outstanding which has been renegotiated on new terms post breach of covenant, the new terms have been agreed in January 2021. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Accordingly the Governors have assessed the use of going concern and have considered possible events or conditions that might cast significant doubt on the ability of the College to continue as a going concern including the impact of Covid-19. The Governors have made this assessment for a period of at least one year from the date of the approval of these financial statements. The Governors have concluded that there is a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. The College therefore continues to adopt the going concern basis in preparing these 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.

## **1. Accounting policies (contd.)**

### **Recognition of income**

#### *Revenue grant funding (cont.)*

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

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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

#### *Capital grant funding*

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

#### *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.

#### *Agency arrangements*

The College acts as an agent in the collection and payment of certain bursary 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.

### **Accounting for post-employment benefits**

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

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

## 1. Accounting policies (contd.)

### *Barnet 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.

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

### **Access and participation plan**

The College has not signed up to the access and participation expenditure plan with Office for Students.

### **Non-current assets - tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

#### *Land and buildings*

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure reserve on an annual basis.

Building improvements and additions made since July 2000 are included in the balance sheet at cost. Freehold land is not depreciated. Freehold and leasehold buildings are depreciated over their expected useful economic life to the College of 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of 50 years.

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

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

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

## 1. Accounting policies (contd.)

Land and buildings acquired between in Corporation and July 2000 are included at a frozen valuation on adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1994, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

### *Assets under construction*

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

### *Subsequent expenditure on existing fixed assets*

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

- a. Asset capacity increases
- b. Substantial improvement in the quality of output or reduction in operating costs
- c. Significant extension of the asset's life beyond that conferred by repairs and maintenance
- d. Market value of the fixed asset has subsequently improved

### *Equipment*

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at valuation.

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

- e. equipment – 5 years on a straight-line basis
- f. motor vehicles – 4 years on a straight-line basis
- g. computer equipment and software – 5 years on a straight-line basis
- h. furniture, fixtures and fittings – 10 years on a straight-line basis.

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

### **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.

### **Investments**

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

### **Inventories**

Stocks are stated at the lower of their cost and net realisable value. Where necessary, a provision is made for obsolete, slow moving and defective stocks.

### **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.

## **1. Accounting policies (contd.)**

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 3% of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary company is subject to Corporation Tax and VAT in the same way as any commercial organisation.

### **Cash and cash equivalents**

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

### **Financial liabilities and equity**

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

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group 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.

### **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.

## 1. Accounting policies (contd.)

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

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group'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.

#### *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.

- *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 26, 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 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. 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.

**Barnet and Southgate College**  
**Notes to the Accounts (continued)**

**2 Funding council grants**

	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency/GLA – adult	13,183	13,183	13,453	13,453
Education and Skills Funding Agency – 16 -18	16,541	16,541	16,319	16,319
Education and Skills Funding Agency - apprenticeships	905	886	1,206	1,171
Higher Education Funding Council	144	144	83	83
<b>Specific grants</b>				
Teachers pension scheme grant	633	633	-	-
Releases of government capital grants	584	584	623	623
<b>Total</b>	<b>31,990</b>	<b>31,971</b>	<b>31,684</b>	<b>31,649</b>

**3 Tuition fees and education contracts**

	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	1,399	1,399	1,953	1,953
Fees for FE loan supported courses	699	699	926	926
Fees for HE loan supported courses	1,368	1,368	1,523	1,523
International students fees	-	-	12	12
Total tuition fees	3,466	3,466	4,414	4,414
Education contracts	3,865	3,865	3,338	3,338
<b>Total</b>	<b>7,331</b>	<b>7,331</b>	<b>7,752</b>	<b>7,752</b>

**4 Other grants and contracts**

	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
European Commission	136	136	198	198
Coronavirus Job Retention scheme Grant	33	33		
Other grants and contracts	-	-	2	2
<b>Total</b>	<b>169</b>	<b>169</b>	<b>200</b>	<b>200</b>

The corporation furloughed some sales, customer services and estate staff under the government's Coronavirus Job Retention Scheme. The funding received of £33k relates to staff costs which are included within the staff costs note below as appropriate.



**Barnet and Southgate College**  
**Notes to the Accounts (continued)**

**5 Other income**

	Year ended 31 July 2020		Year ended 31 July 2019	
	Group £'000	College £'000	Group £'000	College £'000
Catering and residences	7	3	414	-
Other income generating activities	825	821	702	700
Miscellaneous income	61	-	228	-
<b>Total</b>	<b>893</b>	<b>824</b>	<b>1,344</b>	<b>700</b>

**6 Investment income**

	Year ended 31 July 2020		Year ended 31 July 2019	
	Group £'000	College £'000	Group £'000	College £'000
Other investment income	57	57	102	102
<b>Total</b>	<b>57</b>	<b>57</b>	<b>102</b>	<b>102</b>

**Barnet and Southgate College**  
**Notes to the Accounts (continued)**

**7 Staff costs - Group and College**

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

			<b>2020</b>	<b>2019</b>
			<b>No.</b>	<b>No.</b>
Teaching staff			256	254
Non teaching staff			<u>281</u>	<u>281</u>
			<b><u>537</u></b>	<b><u>535</u></b>
<b>Staff costs for the above persons</b>				
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	16,859	16,699	16,251	15,826
Social security costs	1,604	1,589	1,547	1,512
Other pension costs	<u>4,715</u>	<u>4,692</u>	<u>3,906</u>	<u>3,878</u>
<b>Payroll sub total</b>	<b>23,178</b>	<b>22,980</b>	<b>21,704</b>	<b>21,216</b>
Contracted out staffing services	<u>2,437</u>	<u>2,420</u>	<u>3,196</u>	<u>3,148</u>
	<b>25,615</b>	<b>25,400</b>	<b>24,900</b>	<b>24,364</b>
Fundamental restructuring costs - Contractual	<u>320</u>	<u>303</u>	<u>307</u>	<u>307</u>
<b>Total</b>	<b><u>25,935</u></b>	<b><u>25,703</u></b>	<b><u>25,207</u></b>	<b><u>24,671</u></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 the Executive Leadership Team which comprises the Chief Executive Officer, College Principal, Executive Director of Corporate Services and Executive Director of Employer Partnerships. Staff costs include compensation paid to key management personnel for loss of office.

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
The number of key management personnel including the Accounting Officer was:	4	4
	<u>          </u>	<u>          </u>

**Barnet and Southgate College**  
**Notes to the Accounts (continued)**

**7 Staff costs - Group and College**

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions

	Key Personnel		Other Staff	
	Management		2020 No.	2019 No.
	2020 No.	2019 No.		
£0 to £10,000	-	-	-	-
£10,001 to £15,000	1	-	-	-
£60,001 to £65,000	-	-	-	-
£65,001 to £70,000	-	1	2	4
£70,001 to £75,000	-	-	2	3
£90,001 to £95,000	-	2	3	-
£95,001 to £100,000	1	1	-	-
£100,001 to £105,000	1	-	-	-
£110,001 to £115,000	-	-	-	-
£115,001 to £120,000	-	-	1	1
£130,001 to £135,000	1	-	-	-
£150,001 to £155,000	-	-	-	-
£170,001 to £175,000	1	-	-	1
	<u>5</u>	<u>4</u>	<u>8</u>	<u>9</u>

Key management personnel compensation is made up as follows:

	2020 £'000	2019 £'000
Salaries - gross of salary sacrifice and waived emoluments	503	406
Employers National Insurance	64	51
Benefits in kind	-	-
	<u>567</u>	<u>457</u>
Pension contributions	105	73
<b>Total emoluments</b>	<u><b>672</b></u>	<u><b>530</b></u>

There were no amounts due to key management personnel that were waived in the year. The College has cycle to work and child care vouchers salary sacrifice arrangements in place.

The above compensation includes amounts payable to the Chief Executive Officer who is the Accounting Officer (who is also the highest paid member of staff), Their pay and remuneration is as follows:

	2020 £'000	2019 £'000
Salaries	<u>172</u>	<u>97</u>
Pension contributions	<u>35</u>	<u>16</u>

The salary for the accounting officer in 2019 is for the period of 7 months starting from year ended 31 July 2019. The former accounting officer retired at end of December 2018.

The governing body adopted AoC's Senior Staff remuneration Code in July 2019 and assesses pay in line with its principles.

The remuneration package of the key management staff, including the Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. The remuneration Committee assess the corporation's performance against KPI's and the attainment of the students in they year, as well as the progress against College's long term strategic objectives when reviewing the remuneration package of the key management personnel, including the Chief Executive. Qualitative measures of success, such as level of engagement of the staff and students are considered.

## Barnet and Southgate College Notes to the Accounts (continued)

The level of pay is benchmarked against pay of similar Colleges in the prior financial year, taken from their financial statements, and the general trend within the sector is also considered.

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

	2020	2019
- Basic salary as a multiple of the median of staff	5.3	4.5
- Total remuneration as a multiple of the median of staff	5.0	4.5

### Compensation for loss of office paid to former key management personnel

No payments were made for compensation for loss of office to former key management personnel (2019: Nil)

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

### 8 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	8,057	8,037	9,106	9,047
Non teaching costs	2,384	2,363	3,840	5,241
Premises costs	2,576	2,576	3,209	2,928
<b>Total</b>	<b>13,017</b>	<b>12,976</b>	<b>16,155</b>	<b>17,216</b>

### Other operating expenses include:

	2020	2019
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	43	39
Internal audit	39	24
Other services provided by the internal auditors	0	42
Hire of assets under operating leases	34	43

### 9 Interest payable - Group and College

	2020	2019
	£'000	£'000
On bank loans, overdrafts and other loans:	931	998
Net interest on defined pension liability (note 26)	721	787
<b>Total</b>	<b>1,652</b>	<b>1,785</b>

### 10 Taxation - group only

The members do not believe that the College was liable for any Corporation Tax arising out of its activities during either year.

**Barnet and Southgate College**  
**Notes to the Accounts (continued)**

**11 Tangible fixed assets (Group)**

	Land and buildings		Equipment	Assets in the course of construction	Total
	Long				
	Freehold £'000	leasehold £'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2019	94,847	1,280	6,471	4,550	107,148
Transfer	4,550	-	-	(4,550)	-
Additions	6,458	-	1,740	857	9,055
Disposals	-	-	-	-	-
<b>At 31 July 2020</b>	<b>105,855</b>	<b>1,280</b>	<b>8,211</b>	<b>857</b>	<b>116,203</b>
<b>Depreciation</b>					
At 1 August 2019	18,497	763	4,345	-	23,605
Charge for the year	1,788	86	810	-	2,684
Elimination in respect of disposals	-	-	-	-	-
<b>At 31 July 2020</b>	<b>20,285</b>	<b>849</b>	<b>5,155</b>	<b>-</b>	<b>26,289</b>
<b>Net book value at 31 July 2020</b>	<b>85,570</b>	<b>431</b>	<b>3,056</b>	<b>857</b>	<b>89,914</b>
Net book value at 31 July 2019	76,350	517	2,126	4,550	83,543

**Barnet and Southgate College**  
**Notes to the Accounts (continued)**

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

	Land and buildings		Equipment	Assets in the course of construction	Total
	Freehold £'000	Long leasehold £'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2019	94,847	1,280	6,210	4,550	106,887
Transfer	4,550			(4,550)	
Additions	6,458	-	1,740	857	9,055
Disposals	-	-	-	-	-
<b>At 31 July 2020</b>	<b>105,855</b>	<b>1,280</b>	<b>7,950</b>	<b>857</b>	<b>115,942</b>
<b>Depreciation</b>					
At 1 August 2019	18,497	763	4,105	-	23,365
Charge for the year	1,788	86	801	-	2,675
Elimination in respect of disposals	-	-	-	-	-
<b>At 31 July 2020</b>	<b>20,285</b>	<b>849</b>	<b>4,906</b>	<b>-</b>	<b>26,040</b>
<b>Net book value at 31 July 2020</b>	<b>85,570</b>	<b>431</b>	<b>3,044</b>	<b>857</b>	<b>89,902</b>
Net book value at 31 July 2019	76,350	517	2,105	4,550	83,522

Land and buildings which then belonged to Barnet College were revalued at 31st July 1998 on the basis of depreciation replacement cost by CB Hillier Parker Ltd in accordance with guidance issued by the Royal Institute of Chartered Surveyors. Land and buildings which then belonged to Southgate College were revalued at 31st July 1994 on the basis of depreciated cost by the London Borough of Enfield in accordance with guidance issued by the Royal Institute of Chartered Surveyors.

Buildings with a net book value of £21,912k have been partially financed by exchequer funds through the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the LSC and its successor organisations, to surrender the proceeds.

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

Cost or Valuation	<b>Freehold Land and Buildings</b>
Aggregate depreciation	75,401
Net book value based on cost	<u>(11,321)</u>
	<u>64,080</u>

**Barnet and Southgate College**  
**Notes to the Accounts (continued)**

**12 Non current investments**

	College 2020 £'000	College 2019 £'000
Investments in subsidiary companies	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

The College owns 100 per cent of the issued ordinary £1 shares of Minchenden Business Centre Limited (MBC Ltd) a company incorporated in England and Wales whose principal activity during the year was providing a range of courses and training to commercial and other organisations, primarily with the motor and allied trades and insurance industry, leading to qualifications recognised by the ATA, IMI and other professional bodies. This investment was written down to £ nil in 2014.

**13 Trade and other receivables**

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Amounts falling due within one year:				
Trade receivables	982	1,036	1,158	1,133
Other Debtors	-	-	-	-
Amounts owed by group undertakings:				
Subsidiary undertakings	-	-	-	-
Prepayments and accrued income	1,270	1,433	665	662
Amounts owed by the ESFA	-	-	406	406
<b>Total</b>	<b><u>2,252</u></b>	<b><u>2,469</u></b>	<b><u>2,229</u></b>	<b><u>2,201</u></b>

**14 Current investments**

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Short term deposits	4,081	4,081	9,075	9,075
<b>Total</b>	<b><u>4,081</u></b>	<b><u>4,081</u></b>	<b><u>9,075</u></b>	<b><u>9,075</u></b>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

**Barnet and Southgate College**  
**Notes to the Accounts (continued)**

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

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	15,638	15,638	784	784
Capital creditors	-	-	-	-
Trade payables	1,024	1,024	946	927
Other taxation and social security	-	-	-	-
Accruals and deferred income	1,497	1,489	1,802	1,800
Deferred income - government capital grants	586	585	586	585
Other creditors	990	1,006	333	303
<b>Total</b>	<b><u>19,735</u></b>	<b><u>19,742</u></b>	<b><u>4,451</u></b>	<b><u>4,399</u></b>

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

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans	-	-	15,638	15,638
Deferred income - government capital grants	22,525	22,525	23,095	23,095
<b>Total</b>	<b><u>22,525</u></b>	<b><u>22,525</u></b>	<b><u>38,733</u></b>	<b><u>38,733</u></b>

**17 Maturity of debt**

**Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	837	837	784	784
Between one and two years	886	886	837	837
Between two and five years	2,981	2,981	2,561	2,561
In five years or more	<u>10,934</u>	<u>10,934</u>	<u>12,240</u>	<u>12,240</u>
<b>Total</b>	<b><u>15,638</u></b>	<b><u>15,638</u></b>	<b><u>16,422</u></b>	<b><u>16,422</u></b>

A loan facility of £28,395k was entered into by the Corporation on 16 September 2008. As at 31 July 2012, £20,300k had been drawn. Interest on the principal element of the £19,742k loan is fixed at a rate of 5.785% and became repayable as at 31 July 2020 due to the breach in covenant and a renegotiated loan terms have been agreed in January 2021.

The remaining balance on the loan is shown as due in less than one year in accordance with accounting standards as the College breached one of the covenants with Lloyds Bank. Revised loan terms have been agreed after the balance sheet date and the loan remains repayable in installments to 24 June 2033 and is secured against the Wood Street Campus.



**Barnet and Southgate College**  
**Notes to the Accounts (continued)**

**18 Deferred capital grants (Group and College)**

	<b>Funding Body Grants £'000</b>	<b>Other Grants £'000</b>	<b>Total £'000</b>
At 1 August 2019	20,193	3,487	23,680
Cash received		14	14
Released to income and expenditure	(376)	(208)	(584)
<b>At 31 July 2020</b>	<b>19,817</b>	<b>3,293</b>	<b>23,110</b>

**19 Revaluation reserve (Group and College)**

	<b>2020 £'000</b>	<b>2019 £'000</b>
At 1 August	10,674	10,875
Transfer from revaluation reserve to general reserve in respect of: Depreciation of revalued Assets	(203)	(201)
<b>At 31 July</b>	<b>10,471</b>	<b>10,674</b>

**20 Provisions**

	<b>Defined benefit Obligations £'000</b>	<b>Group and College</b>			<b>Total £'000</b>
		<b>Restructuring £'000</b>	<b>Enhanced pensions £'000</b>	<b>Other £'000</b>	
At 1 August 2019	33,562	-	463	-	34,025
Expenditure in the period	1,574	-	9	-	1,583
Transferred from income and expenditure account	771	-	(47)	-	724
Actuarial loss/(gain) during the year	2,591	-	52	-	2,643
<b>At 31 July 2020</b>	<b>38,498</b>	<b>0</b>	<b>477</b>	<b>-</b>	<b>38,975</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 relates to the cost of staff who have already left the College's employ and commitments for reorganization costs from which the College cannot reasonably withdraw at the balance sheet date.

**21 Cash and cash equivalents**

	<b>At 1 August 2019 £'000</b>	<b>Cash flows £'000</b>	<b>Other changes £'000</b>	<b>At 31 July 2020 £'000</b>
Short term investments	9,075	(4,994)	-	4,081
Cash and cash equivalents	3,057	(3,747)	-	(690)
<b>Total</b>	<b>12,132</b>	<b>(8,741)</b>	<b>-</b>	<b>3,391</b>

Cash equivalents balance is showing as overdrawn due to reconciling items.

**22 Capital commitments**

	<b>Group and College</b>	
	<b>2020 £'000</b>	<b>2019 £'000</b>
Commitments contracted for at 31 July	-	4,905
Authorised but not contracted as 31 July	-	3,500

**Barnet and Southgate College**  
**Notes to the Accounts (continued)**

**23 Lease Obligations**

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

	<b>Group and College</b>	
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	72	144
Later than one year and not later than five years	<u>266</u>	<u>153</u>
	338	297
<b>Other</b>		
Not later than one year	26	7
Later than one year and not later than five years	96	65
later than five years	-	-
	<u>122</u>	<u>72</u>
Total lease payments due	460	369

**24 Contingent liabilities**

No contingent liabilities existed at the end of the accounting period

**25 Events after the reporting period**

The college has renegotiated the loan with new terms from January 2021, repayable by June 2033. The loan is secured against the Wood Street Campus

## Barnet and Southgate College Notes to the Accounts (continued)

### 26 Defined benefit obligations

The College's employees belong to two principal post-employment benefits plan; the Teachers' Pension scheme England and Wales (TPS) for academic and related staff; and the Barnet Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of TPS was at 31 March 2019 and of the LGPS at 31 March 2020.

<b>Total pension cost for the year</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Teachers Pension Scheme: contributions paid	2,664	2,026
Local Government Pension Scheme:		
Contributions paid	1,325	1,469
FRS 102 (28) charge	<u>726</u>	<u>411</u>
Charge to the Statement of Comprehensive Income	2,051	1,880
Enhanced pension charge to Statement of Comprehensive Income	-	-
<b>Total Pension Cost for Year</b>	<b><u>4,715</u></b>	<b><u>3,906</u></b>

### 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.

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.

## Barnet and Southgate College Notes to the Accounts (continued)

### 26 Defined benefit obligations (continued)

#### FRS 102 (28)

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

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

The pension costs paid to TPS in the year amounted to £2,664,000 (2019: £2,026,000)

#### Local government pension scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by London Borough of Barnet. The total contribution made for the year ended 31 July 2020 was £1,717,000, of which employer's contributions totaled £1,278,000 and employees' contributions totaled £439,000. The agreed contribution rates for future years are 19.3% for employers and range from 7.4% to 11.7% cent for employees, depending on salary according to a national scale.

#### Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 March 2020 by a qualified independent actuary

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	2.90%	2.70%
Future pensions increases	2.20%	2.70%
Discount rate for scheme liabilities	1.40%	2.10%
Inflation assumption (CPI)	2.40%	2.40%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2020	At 31 July 2019
	years	years
<i>Retiring today</i>		
Males	21.70	21.00
Females	24.00	23.30
<i>Retiring in 20 years</i>		
Males	22.90	22.30
Females	25.70	25.10

#### Sensitivity analysis

	At 31 July 2020	At 31 July 2019
	£'000	£'000
Discount rate -0.5%	(8,156)	(8,284)
CPI rate +0.5%	(7,177)	(6,996)

**Barnet and Southgate College**  
**Notes to the Accounts (continued)**

**26 Defined benefit obligations (continued)**

**Local government pension scheme (Continued)**

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

	Long-term rate of return expected at 31 July 2020	Fair Value at 31 July 2020	Long-term rate of return expected at 31 July 2019	Fair Value at 31 July 2019
		£'000		£'000
Equities		22,728		23,103
Bonds		12,810		12,565
Property		2,066		<u>1,216</u>
Cash		3,719		3,648
<b>Total market value of assets</b>		<b><u>41,323</u></b>		<b><u>40,532</u></b>
<b>Weighted average expected long term rate of return</b>	<b>7.30%</b>		<b>7.30%</b>	
<b>Actual return on plan assets</b>		<b><u>(907)</u></b>		<b><u>1,662</u></b>

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

	2020 £'000	2019 £'000
Fair value of plan assets	41,323	40,352
Present value of plan liabilities	(79,821)	(74,094)
[Present value of unfunded liabilities]	<u>-</u>	<u>-</u>
<b>Net pensions (liability)/asset (Note 19)</b>	<b><u>(38,498)</u></b>	<b><u>(33,562)</u></b>

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

	2020 £'000	2019 £'000
<b>Amounts included in staff costs</b>		
Current service cost	2,955	2,254
Past service cost	102	152
<b>Total</b>	<b><u>3,057</u></b>	<b><u>2,406</u></b>

**Amounts included in investment income**

Net interest income	(862)	(768)
	<b><u>(862)</u></b>	<b><u>(768)</u></b>

**Amounts recognised in other comprehensive income**

Return on pension plan assets	(907)	1,662
Experience losses arising on defined benefit obligations	(1,322)	3,911
Changes in assumptions underlying the present value of plan liabilities	(7,883)	(10,634)
Other experience	6,614	-
<b>Amount recognised in Other Comprehensive Income</b>	<b><u>(3,498)</u></b>	<b><u>(5,061)</u></b>

**Barnet and Southgate College**  
**Notes to the Accounts (continued)**

**26 Defined benefit obligations (continued)**

**Local government pension scheme (Continued)**

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Surplus/(deficit) in scheme at 1 August	(33,562)	(27,322)
Movement in year:		
Current service cost	(2,955)	(2,254)
Employer contributions	2,331	1,995
Past service cost	(102)	(152)
Net interest on the defined (liability)/asset	(712)	(768)
Actuarial gain or loss	(3,498)	(5,061)
<b>Net defined benefit (liability)/asset at 31 July</b>	<b><u>(38,498)</u></b>	<b><u>(33,562)</u></b>

**Asset and Liability Reconciliation**

	<b>2020</b>	<b>2019</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>	(74,094)	(64,131)
Current Service cost	(2,955)	(2,254)
Interest cost	(1,574)	(1,812)
Contributions by Scheme participants	(438)	(360)
Experience gains and losses on defined benefit obligations	(1,322)	3,911
Changes in financial assumptions	(7,883)	(10,634)
Estimated benefits paid	1,933	1,338
Past Service cost	(102)	(152)
Curtailments and settlements	-	-
Other experience	6,614	-
<b>Defined benefit obligations at end of period</b>	<b><u>(79,821)</u></b>	<b><u>(74,094)</u></b>

**Reconciliation of assets**

<b>Fair value of plan assets at start of period</b>	40,532	36,809
Interest on plan assets	862	1,044
Return on plan assets	(907)	1,662
Employer contributions	2,331	1,995
Contributions by Scheme participants	438	360
Estimated benefits paid	(1,933)	(1,338)
<b>Fair value of plan assets at end of period</b>	<b><u>41,323</u></b>	<b><u>40,532</u></b>

These accounts show a past service costs of £102k in respect of the McCloud/Sergeant judgement which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constitute age discrimination. This provision is just under 0.1% of the total scheme liability as at 31 July 2020. The calculation of the adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgement is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption

## **Barnet and Southgate College**

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

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long-term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.

## Barnet and Southgate College

### Notes to the Accounts (continued)

#### 27 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 College is a member of Collab Group. The Collab Group's purpose is to develop a strong Further Education College sector in England. Transactions processed on behalf of Collab Group by the College total

£Nil in the year (2019: £Nil).

The College has taken advantage of the exemptions allowed under FRS 8 not to disclose its transactions with its subsidiary undertakings.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2019: £Nil)

#### 28 Amounts disbursed as agent

##### Learner support funds

	2020 £'000	2019 £'000
Amount underspent previous year	248	413
Funding body grants – bursary support	409	458
Other Funding body grants	222	306
	<u>879</u>	<u>1,177</u>
Disbursed to students	(556)	(817)
Administration costs	(52)	(74)
Clawback	(68)	(38)
Balance unspent as at 31 July, included in creditors	<u>203</u>	<u>248</u>

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.