

BURNLEY COLLEGE

Report and Financial Statements for
the year ended 31 July 2019



Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

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

Karen Buchanan, Principal and Accounting Officer

Simon Jordan, Deputy Principal

Paul Prior, Director of Finance and Resources until May 2019

Angela Donovan, Assistant Principal

Neil Burrows, Assistant Principal

Board of Governors

A full list of Governors is given on pages 12 and 13 of these financial statements.

Mrs S Lomas acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and regularity reporting accountant:

RSM UK Audit LLP

3 Hardman Street

Manchester

M3 3HF

Internal auditors:

RSM Risk Assurance Services LLP

1 Hollinswood Court

Stafford Park 1

Telford

TF3 3DE

Bankers:

Barclays Bank plc
72/78 St James Street
Burnley
Lancashire
BB11 1GF

Lloyds Bank plc
1st Floor
31/32 Park Row
Leeds
LS1 5JD

Solicitors:

Walker Morris LLP
Kings Court
12 King Street
Leeds
LS1 2HL

Principal place of business:

Burnley College
Princess Way
Burnley
Lancashire
BB12 0AN

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Members' Report

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements of Burnley College ("the College") for the year ended 31 July 2019.

Legal status

The College was established under the Further and Higher Education Act 1992 in the name of Burnley College for the purpose of providing education and training. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Purpose

Burnley College builds futures and changes lives.

Public Benefit

Burnley College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1st September 2013, is regulated by the Secretary of State for Education as Principal Regulator for all Further Education Corporations in England. The members of the Governing Body, who are trustees of the charity are disclosed on pages 12 and 13.

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

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.
- The delivery of public benefit is covered throughout this Members' Report.

Implementation of Strategic Plan

The strategic objectives of the College in 2018/19 were:

- 1 To develop mature and confident young people through excellent sixth form education with academic and vocational pathways.
- 2 To significantly expand the local range of opportunities for university education while maintaining high standards.
- 3 To make a significant contribution to the local and national economy through enhancing the personal growth, enterprise and employability of individuals.
- 4 To maintain teaching and learning and all business support processes at an excellent standard.

Members' Report (continued)

- 5 To promote a culture of excellence where all staff have high aspirations, a positive morale and are able to grow and develop through their contributions to the College's success.
- 6 To assure stable financial health, value for money and environmental sustainability.
- 7 To maintain outstanding equality of opportunity.

The College delivered positive outcomes against all objectives during 2018/19. The College's performance against its specific goals for 2018/19 was as follows:

1 To achieve an excellent achievement rate of 86% or above with high levels of both retention and achievement.

The College success rate for 2018/19 was 94% . The national rate for 2018/19 is not yet available. The national rate for 2017/18 was 83%.

2 To ensure students achieve beyond their potential evidenced by a value added score of above +0.3.

The value added analysis measures distance travelled by students against their expected performance based upon an assessment of their entry qualifications. For 2018/19 it showed a positive value of 0.33.

3 To achieve measured good or outstanding teaching grades in excess of 86% and within that measured outstanding grades in excess of 26%.

In its most recent inspection, the College was graded by OFSTED as an 'outstanding' College. The College maintains a rigorous externally validated process of self assessment which has continued to confirm this grading. In 2018/19 teaching grades were measured at 82% being good or better and within that 26% were measured as outstanding. This was the first time of using the new OFSTED Education Inspection Framework and good or better grades are expected to be at 86% or above in 2019/20.

4 To achieve planned targets in respect of the major funding streams for University Education, Further Education, commercial activities and projects

Apprenticeships were above target and Higher Education was broadly in line with target. Further Education showed growth compared to the previous year.

5 To demonstrate a strong working relationship with employers by listening and responding to the business community.

The operation of Themis Business Solutions continued to grow and expand the level of support provided to the business community. This was reflected in a significant increase in apprenticeship numbers and further growth in commercial training programmes.

6 To demonstrate an innovative utilisation of College assets and practices in order to maximise opportunities for the organisation through our people.

The College has continued to implement innovative developments in respect of teaching and learning, with a focus upon ensuring all students are 'active and engaged' in purposeful learning.

Members' Report (continued)

7 To demonstrate high levels of staff engagement, morale and support whilst maintaining a safe and secure environment as a basis for outstanding performance.

The externally benchmarked staff survey carried out in May 2019 indicated a positive staff morale with Burnley College rating first out of 48 Colleges across the country in 4 out of 6 categories.

8 To achieve the College budget while demonstrating value for money and environmental sustainability.

The College made a deficit for the year of £192,000 (Operational surplus of £710,000 excluding FRS102 charge). The overall income budget was exceeded and pay and non-pay costs were closely controlled throughout the year.

9 To demonstrate equality of opportunity in achieving the above goals

The College maintained a strong commitment to equality of opportunity in its practices, and this was reflected in the equal opportunities analysis of the above goals.

Financial objectives

During 2018/19 the College's performance against its financial objectives were as follows:

1 To achieve an annual operating surplus of 3% or above as a percentage of income

The College made an operating surplus (surplus excluding the pension valuation adjustment of -£902,000 for the year) of £710,000 this equates to 2.5% of income.

2 To maintain cash balances of not less than £1.5 million

Throughout the year, cash balances were maintained above £1.5 million, and ended the year at £6.55 million.

3 To maintain a general reserve of not less than £1 million

The general reserve was maintained at not less than £1million, and closed the year at £10.9 million (excluding the Pension scheme deficit).

Overall, the financial outturn for the year has served to strengthen the College finances (excluding the pension scheme deficit) and confirm its standing as a going concern.

Performance indicators

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

- Success rates
- Learner destinations
- Learner satisfaction
- Employer satisfaction

The College is committed to observing the importance of sector measures and indicators and use the FE Choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency. Within this record, the financial health grading for the College is 'outstanding'.

Members' Report (continued)

FINANCIAL POSITION

Financial results

The College made a loss before other gains and losses in the year of £192,000 (2017/18 gain of £115,000).

The College made an operating surplus of £710k (2017/18 £986k) prior to the pension scheme actuarial valuation deduction of £902k (2017/18 £871k)

The College has accumulated reserves of £10,932,000 (2017/18 £10,222,000) excluding the pensions deficit of £8,090,000 (2017/18 £4,901,000), and cash balances of £6,546,000 (2017/18 £5,872,000). These will be utilised in line with the purpose and strategic objectives of the College.

Tangible fixed asset additions during the year amounted to £1,018,000. £10,000 was on the acquisition of a piece of land and the remainder on the purchase of equipment.

The College has significant reliance on the Education and Skills Funding Agency for its income, as its principal funding sources, largely from recurrent grants. In 2018/19 this body provided 64.6% of the College's total income.

Treasury policies and objectives

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

The College has a separate treasury management policy in place.

Cash flows

The College generated £674,000 operating cash inflow in the year (2017/18 £1,052,000).

Liquidity

During the year the College has continued to reduce its unsecured loan with Lloyds in line with the agreed payment terms. At the year end, the College had borrowings of £5.83 million (2017/18 - £6.13 million), which had been drawn down to support the construction of the new campus at Princess Way, Burnley.

The size of the College's total borrowing and its approach to interest rates were formulated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year this margin was comfortably exceeded.

Reserves Policy

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 £2,842k (2018: £5,321k). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

Members' Report (continued)

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2018/19 the College has delivered activity that has produced £18,215,000 in funding from the Education and Skills Funding Agency (2017/18– £17,409,000). This income is contained within the 'Funding Council Income' of £19,773,000 as shown in the Statement of Comprehensive Income. The College had approximately 6,000 students on these funded programmes and a further 3,000 students on Higher Education and commercial programmes.

Student achievements

Achievement and standards are outstanding. The overall College success rate is high at 94% with long course Advanced success rates at 91%. GCE 'A' level pass rates at 99.8% are high despite a national decline due to the introduction of Linear A Levels. Achievement rates at A* to C and A* to B are also high. GCSE English and Maths results, are above national averages. The pass rates on Advanced and Pre-advanced Vocational programmes are at 100% for the 16th year running, and have high grade achievement rates which are significantly above the national averages.

Curriculum developments

Methods of teaching and learning are under continuous review and development to ensure that the curriculum meets the needs of the local population. The College continues to implement its Teaching and Learning model that seeks to ensure that students are active and engaged in purposeful studies at all times.

The College has developed and is actively implementing key strategies, notably for 16-18 years olds, University Students, Employer Engagement, Adult Learning and for Apprentices. The Teaching and Learning Model underpins the College's approach to constantly improving quality in the College's core activity.

The College wide modernisation agenda continues to lead to demonstrable best practice in exploiting IT in the essential business processes of the College.

Estate Property Strategy

As our current learner capacity reaches full utilisation and we anticipate further growth in Further Education and University student numbers in the next few years, we recognise the need to maximise and ultimately increase the capacity of our operational space. As part of our strategy for growth, we are in discussion with both Burnley Borough Council (BBC) and private institutions, with a view to growing the Burnley College estate and capacity.

Members' Report (continued)

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. During the period under review, the College has made payments based upon 30 day terms. The College has incurred no interest charges in respect of late payment for this period.

Post balance sheet events

There were no post balance sheet events to note.

Future developments

The Teaching and Learning model will continue to be developed and enhanced to remain abreast of best practice in teaching and learning and the effective use of technology in assisting those practices.

Themis, has been firmly established and will continue to develop the quality and extent of services provided to the business community.

RESOURCES

Premises

The campus at Princess Way, Burnley, was designed with close involvement from staff and students and it provides excellent accommodation.

Financial

The College has £2.8 million (2017/18 £5.3 million) of net assets after charging a £8.1 million deficit (2017/18 £4.9 million) relating to the Local Government Pension Scheme and long term debt of £5.5 million (2017/18 £5.8 million).

People

The College employs 440 people (expressed as full time equivalents), of whom 248 are teaching staff.

Reputation

The College has a positive reputation both locally and nationally. It is characterised by outstanding student achievement, high standards and aspirations; a very orderly learning environment and a strong commitment to valuing equally all of its staff and students.

Members' Report (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

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

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

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

Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and through Office for Students (formerly HEFCE). In 2018/19, 70% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

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

Members' Report (continued)

Tuition fee policy

Ministers have confirmed that the fee assumption remains at 50%. In line with the majority of other colleges, Burnley College will seek to increase tuition fees in accordance with the fee assumptions. The risk for the College is that demand falls off as fees increase. This will impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students
- Close monitoring of the demand for courses as prices change

Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

STAKEHOLDER RELATIONSHIPS

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

- Students
- Education Sector Funding Bodies
- Staff
- Local employers (with specific links)
- Local Authorities
- Government Offices/Regional Development Agencies/Local Enterprise Partnerships
- The local community
- Other Further Education institutions
- Trade unions
- Professional bodies
- FE Commissioner
- Universities
- The College recognises the importance of these relationships and engages in regular communication with them through various channels.

Members' Report (continued)

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 relevant period	FTE employee number
5	4.6

Percentage of time	Number of employees
0%	0
1-50%	5
51-99%	0
100%	0

Total cost of facility time	£12,192.37
Total Pay bill	£16,752,000
Percentage of total paid facility time	0.07%

Time spent on paid trade union activities as a percentage of total paid facility time	0%
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Equal opportunities and employment of disabled persons

Burnley College is committed to ensuring equality of opportunity for all who learn and work at the College. We respect and value positively across all protected characteristics. We strive vigorously to remove conditions which place people at a disadvantage. This policy is resourced, implemented and monitored on a planned basis.

The College's Single Equality Policy including Race Relations and Transgender Policies, is published on the College's website.

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

Members' Report (continued)

Disability statement

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

- a) the short and medium term accommodation strategy provides for virtually all of the College facilities to be accessible to people with a disability;
- b) there is a list of specialist equipment, which the College can make available for use by students;
- c) Appeals against a decision not to offer a place are dealt with under the complaints policy;
- d) the College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development;
- e) to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- f) specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard college format;
- g) counselling and welfare services are also available.

Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

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



David Meakin
Chair

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 College endeavours to conduct its business:

- i. in accordance with the values and behaviours outlined in the seven principles of Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and those added in March 2015 through the Code of Good Governance for English Colleges (respectful, professional, prudent and passionate about education and good governance)
- ii. in the spirit of the guidance to colleges from the Association of Colleges in the Code of Good Governance for English Colleges; and
- iii. having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College/Board. The Board indicated it was determined to adopt and implement the spirit of the English Code of Governance having regard to its contents with the exception of paragraph 9.29 – Terms of Office at its June 2015 meeting. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with all the provisions of the Code other than paragraph 9.29 Terms of Office, and it has complied throughout the year ended 31 July 2019, where it has felt it could improve upon its arrangements actions have been agreed and are being implemented (report to the Board in October 2015). 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 spirit of the Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted in June 2015 and the Audit and Accountability Annex to the Foundation Code that was issued in March 2013 and adopted by the College in June 2013.

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

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Statement of Corporate Governance and Internal Control (continued)

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report are as follows:

Name	Date of appointment	Term of Office	Date of Resignation	Status of appointment	Committees served	Corporation meeting % attendance
David Meakin	Jul-96 Jun-00 Sep-03 Reappointed Nov 2007 May-11 Nov-15	4 years 4 years 2 years 4 years 4 years 4 years		Business Governor (Public Sector -Finance)	Chairman: Corporation. Member: Remuneration, Search & Governance and Finance.	100%
Karen Buchanan	May-18			Principal	Member: HR. Audit (by invitation only). Curriculum & Standards, Finance and Search & Governance all ex officio.	100%
Richard Thorley	Jun-95 Reappointed Jun-99 Sep-03 Sep-07 Jun-11 Jun-15 Jun-19	4 years 4 years 4 years 4 years 4 years 4 years		Business Governor (Private Sector -Manufacturing)	Chairman: Finance. Member: Search and Governance, Remuneration.	75%
Philip Turner	Jun-93 Reappointed Apr-97 Apr-01 May-05 May-09 May-13 Jun-17	4 years 4 years 4 years 4 years 4 years 4 years		Business Governor (Private Sector -Legal)	Chairman: Human Resources. Member: Remuneration.	100%
Jim Sutcliffe	Nov-97 Reappointed Apr-01 May-05 Jun-09 Jun-13 Jun-17	4 years 4 years 4 years 4 years 4 years		Business Governor (Private Sector -Business)	Chairman: Audit. Member: Human Resources, Remuneration, Search and Governance.	100%
David Brown	May-05 May-09 May-13 Jun-17	4 years 4 years 4 years 4 years		Business Governor (Public Sector -Planning)	Chairman: Remuneration, Search & Governance. Vice Chair: Corporation. Member: Audit	100%
Paul Ragnall	Jan-11 Jan-15 Jan-19	4 years 4 years 4 years		Business Governor (Public Sector -Pensions & Health & Safety)	Chairman: Curriculum & Standards. Member: Audit, HR, Search & Governance	100%
Paul Henderson	Oct-14 Oct-18	4 years 4 years		Business Governor (Private Sector -Chartered Surveyor)	Member: Finance, Search & Governance	67%
Guy Thomas	Dec-14	4 years		Business Governor (Private Sector -Manufacturing)	Vice chair: Finance. Member: Search & Governance	75%

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Louise Robinson	Dec-16	4 years		Business Governor (Private Sector -Human Resources)	Members: Curriculum & Standards	75%
Richard Robinson	Dec-17	4 years		Business Governor (Private Sector -Finance)	Member: Audit	100%
Adam Smith	Dec-17	1 year	Dec-18	Student Governor	Curriculum & Standards	100%
Chloe Bond	Dec-17	1 year	Dec-18	Student Governor	Curriculum & Standards	100%
Humera Khan	Apr-18	2 years		Staff Governor	Member: Curriculum & Standards	75%
Keeley Seamans	Apr-18	2 years		Staff Governor	Member: Curriculum & Standards	100%
Gillian Bardin	Jun-18	4 years		Business Governor (Private Sector -Finance)	Member: Curriculum & Standards (until 11 Dec 18), Finance (from 12 Dec 18)	75%
Kate Quinn	Jun-19	4 years		Public Sector - Human Resources	Member: Curriculum & Standards	n/a
Gerald Griggs	Jun-19	4 years		Public Sector - Higher Education	Member: Curriculum & Standards	n/a
Katy Wyld	Jan-19	1 year		Student Governor	Member: Curriculum and Standards	100%
Sam Jackson-Smith	Jan-19	1 year		Student Governor	Member: Curriculum and Standards	100%
Fiona Lugiano	Dec-18	4 years		Public Sector - Education	Member: HR	50%

Simone Lomas is Clerk to the Governing Board.

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

Statement of Corporate Governance and Internal Control (continued)

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance, Human Resources, Curriculum and Standards, Remuneration, Search and Governance, and Audit. The Governors have also appointed the Accommodation Group to act on their behalf on the new build. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Burnley College
Princess Way
Burnley
BB12 0AN

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

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

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

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

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

Appointments to the Corporation

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

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

Statement of Corporate Governance and Internal Control (continued)

Corporation performance

At the last Ofsted and Provider Financial Audit inspection the College was assessed as outstanding in every respect. Many positive comments were made and a selection of those related to governance are included within this report. It is the Board's belief that they have maintained that standard. The College was subsequently awarded Beacon status as an outstanding provider as well as receiving the City and Guilds Beacon Award for Staff Development in Further Education. As evidence of our continuing progress, our HE provision was subject to a Quality Assurance Review in May 2017 with many areas of best practice being identified in the report. The College Sixth Form is regularly in the top 10% of colleges nationally based on our Ofsted report and examination results.

Remuneration committee

Throughout the year ending 31 July 2019, the College's Remuneration Committee comprised six members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders.

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

Audit committee

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

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

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

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

The Audit Committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

Statement of Corporate Governance and Internal Control (continued)

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum. The Principal is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

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

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

Statement of Corporate Governance and Internal Control (continued)

The risk and control framework

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

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

Burnley College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Joint Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum annually, the internal audit provider provides the governing body with a report on internal audit activity in the College.

Statement of Corporate Governance and Internal Control (continued)

Review of effectiveness

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

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

The Principal has been advised on the implications of the result of their 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 Principal and senior management team receive 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 Principal and senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2019 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2019 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2019.

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

Statement of Corporate Governance and Internal Control (continued)

Going concern

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

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



David Meakin

Chair



Karen Buchanan

Principal and Accounting Officer

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

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the Financial Memorandum. As part of its consideration the Corporation has had due regard to the requirements of the Financial Memorandum.

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of its knowledge, the Corporation believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the ESFA's terms and conditions of funding under the College's Financial Memorandum.

We further 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 the statement, these will be notified to the ESFA.



David Meakin
Chair



Karen Buchanan
Principal and Accounting Officer

Statement of Responsibilities of the Members of the Corporation

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

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

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

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

The Corporation is responsible for keeping paper records which disclose with reasonable accuracy, at any time, the financial position of the College, and enable it to ensure that the financial statements are prepared in accordance with the Charities Act 2011 and other relevant accounting standards. It is responsible for taking steps in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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

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

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



David Meakin
Chair

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BURNLEY COLLEGE

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BURNLEY COLLEGE

Other information

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

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.

Matter on which we require to report by exception

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

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

Responsibilities of the Corporation of Burnley College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 21, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BURNLEY COLLEGE

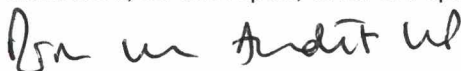
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 5 June 2018. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.



RSM UK AUDIT LLP
Chartered Accountants
9th Floor
3 Hardman Street
Manchester
M3 3HF

17 December 2019

Burnley College Statement of Comprehensive Income

	Notes	Year ended 31-Jul-19	Year ended 31-Jul-18
		£'000	£'000
INCOME			
Funding body grants	2	19,773	19,024
Tuition fees and education contracts	3	5,315	5,220
Other grants and contracts	4	981	901
Other income	5	2,113	2,190
Investment income	6	28	11
Total income		28,210	27,346
EXPENDITURE			
Staff costs	7	17,382	16,981
Other operating expenses	8	8,232	7,401
Depreciation	10	2,338	2,342
Interest and other finance costs	9	450	507
Total expenditure		28,402	27,231
(Deficit)/Surplus for the year		(192)	115
Other Comprehensive income			
Re-measurement of net defined pension liability	19	(2,287)	2,976
Other comprehensive income		(2,287)	2,976
Total Comprehensive Income for the year		(2,479)	3,091

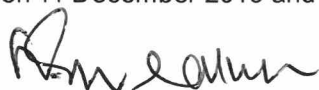
The below table does not form part of the Financial Statements

(Deficit)/Surplus for the year	(192)	115
Defined Benefit Obligation FRS102 (LGPS)	902	871
Adjusted Operating Surplus	710	986

Burnley College Balance sheet as at 31 July 2019

	Notes	Year ended 31-Jul-19 £'000	Year ended 31-Jul-18 £'000
Non current assets			
Tangible fixed assets	10	<u>56,681</u>	<u>58,001</u>
		56,681	58,001
Current assets			
Debtors	11	675	808
Cash and cash equivalents	16	6,546	5,872
		<u>7,221</u>	<u>6,680</u>
Creditors – amounts falling due within one year	12	(3,840)	(3,917)
Net current assets		<u>3,381</u>	<u>2,763</u>
Total assets less current liabilities		60,062	60,764
Creditors – amounts falling due after more than one year	13	(49,130)	(50,542)
Provisions for liabilities			
Pension scheme defined benefit obligations	19	(8,090)	(4,901)
Total net assets		<u><u>2,842</u></u>	<u><u>5,321</u></u>
Unrestricted Reserves			
Income and expenditure account		2,842	5,321
Revaluation reserve		-	-
Total unrestricted reserves		<u><u>2,842</u></u>	<u><u>5,321</u></u>

The financial statements on pages 25 to 48 were approved and authorised for issue by the Corporation on 11 December 2019 and were signed on its behalf on that date by:



David Meakin
Chair



Karen Buchanan
Accounting Officer

Burnley College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1 August 2017	1,940	303	2,243
Revaluation of current asset held for resale	-	(13)	(13)
Surplus from the income and expenditure account	115	-	115
Actuarial gain in respect of Local Government Pension scheme (note 19)	2,976	-	2,976
Transfers between revaluation and income and expenditure reserves	290	(290)	-
Total comprehensive income for the year	3,381	(303)	3,078
Balance at 1 August 2018	5,321	-	5,321
Deficit from the income and expenditure account	(192)	-	(192)
Actuarial gain in respect of Local Government Pension scheme (note 19)	(2,287)	-	(2,287)
Transfers between revaluation and income and expenditure reserves	-	-	-
Total comprehensive income for the year	(2,479)	-	(2,479)
Balance at 31 July 2019	2,842	-	2,842

Burnley College Statement of Cash Flows

	Notes	2019 £'000	2018 £'000
Cash flow from operating activities			
(Deficit)/Surplus for the year		(192)	115
Adjustment for non-cash items			
Depreciation		2,338	2,342
Decrease in debtors		133	(252)
(Decrease) in creditors due within one year		(112)	(180)
Government capital grant released		(1,098)	(1,311)
Pensions costs less contributions payable		902	871
Adjustment for investing or financing activities			
Investment income		(28)	(11)
Interest payable		450	507
Sale of current asset		-	312
Net cash flow from operating activities		<u>2,393</u>	<u>2,393</u>
Cash flows from investing activities			
Investment income		28	11
Payments made to acquire fixed assets		(1,018)	(653)
Capital grants received		21	94
Net cash flow from investing activities		<u>(969)</u>	<u>(548)</u>
Cash flows from financing activities			
Interest paid		(450)	(507)
Repayments of amounts borrowed		(300)	(286)
Net cash flow from financing activities		<u>(750)</u>	<u>(793)</u>
Increase in cash and cash equivalents in the year		674	1,052
Cash and cash equivalents at beginning of the year		5,872	4,820
Cash and cash equivalents at end of the year		<u>6,546</u>	<u>5,872</u>

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

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

BASIS OF PREPARATION

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

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

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

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

GOING CONCERN

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members' Report. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. The College currently has £5.8m of loans outstanding with bankers on terms negotiated in 2008. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

RECOGNITION OF INCOME

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

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

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

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

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.

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

RETIREMENT BENEFITS

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective benefit method. As stated in Note 19, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year. Differences between contributions payable in the year and actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme and the assets are held separately from those of the college in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income and expenditure account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

SHORT TERM EMPLOYMENT BENEFITS

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

ENHANCED PENSIONS

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

TANGIBLE FIXED ASSETS

Land and buildings

Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 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.

SUBSEQUENT EXPENDITURE ON EXISTING FIXED ASSETS

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

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

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.

All assets are depreciated over their useful economic life as follows:

Motor vehicles	- 25% per year
IT equipment	- In a range of 20% to 25% per year
General equipment	- In a range of 10% to 20% per year

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.

Where carrying value is found to be less than recoverable value, an impairment loss is recognised to write down the asset to its recoverable value. Impairment losses are recognised in the income and expenditure account in the period in which they are incurred.

ASSETS UNDER CONSTRUCTION

Assets under construction are not depreciated until they are brought into use.

LEASED ASSETS

Costs in respect of operating leases are charged on a straight-line basis over the lease term. The College does not have any assets held under finance leases.

MAINTENANCE OF PREMISES

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

CASH AND CASH EQUIVALENTS

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

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

FINANCIAL LIABILITIES AND EQUITY

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

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

TAXATION

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

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

ASSETS HELD FOR SALE

Assets held for sale are measured at the lower of carrying amount or fair value. Any impairment loss or gain is recognised in the SOCI or revaluation reserve (if the asset had been measured at a revalued amount). Assets held for sale are not depreciated.

AGENCY ARRANGEMENTS

The College acts as an agent in the collection and payment of Bursary support funds from the funding bodies. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 21.

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 College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation 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 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants

	2019	2018
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency - 16-18	11,368	11,093
Education and Skills Funding Agency - adult	1,955	1,887
Education and Skills Funding Agency - apprenticeships	4,878	4,389
Office for Students	441	496
Specific grants		
Education and Skills Funding Agency	14	40
Releases of government capital grants	1,117	1,119
	<hr/>	<hr/>
Total	<u>19,773</u>	<u>19,024</u>

3 Tuition fees and education contracts

	2019	2018
	£'000	£'000
Tuition fees	673	386
Fees for HE courses	4,574	4,694
Education contracts	68	140
	<hr/>	<hr/>
Total	<u>5,315</u>	<u>5,220</u>

4 Other grants and contracts

	2019	2018
	£'000	£'000
European funds – non funding body	484	268
Other grants and contracts	497	633
	<hr/>	<hr/>
Total	<u>981</u>	<u>901</u>

5 Other income

	2019	2018
	£'000	£'000
Catering and residences	361	394
Commercial courses	389	416
Release of non funding body capital grants	263	275
Facilities management	339	322
Student educational visits	96	106
Student travel income	151	155
Miscellaneous income	514	522
Total	<u>2,113</u>	<u>2,190</u>

6 Investment income

	2019	2018
	£'000	£'000
Other interest receivable	<u>28</u>	<u>11</u>

7 Staff costs

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

	2019	2018
	No.	No.
Teaching staff	248	252
Non-teaching staff	192	189
	<u>440</u>	<u>441</u>

Staff costs for the above persons

	2019	2018
	£'000	£'000
Wages and salaries	13,436	13,128
Social security costs	1,217	1,214
Other pension costs	2,729	2,639
Total Staff costs	<u>17,382</u>	<u>16,981</u>

7 Staff costs (continued)

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 Senior Management Team which during the year comprised of the Principal, Deputy Principal and 3 other Senior Managers.

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

	2019	2018
	No.	No.
The number of key management personnel including the Accounting Officer was:	<u>5</u>	<u>5</u>

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

	2019	2018
	No.	No.
£5,001 to £10,000		
£10,001 to £15,000	1	1
£70,001 to £75,000 p.a.	2	1
£80,001 to £90,000 p.a.	-	-
£90,001 to £95,000 p.a.	-	1
£100,001 to £110,000 p.a.	1	-
£110,001 to £115,000 p.a.		1
£150,001 to £155,000 p.a.	1	-
£160,001 to £170,000 p.a.	-	1
	<u>5</u>	<u>5</u>

Key management personnel emoluments are made up as follows:

	2019	2018
	£'000	£'000
Salaries	439	509
Benefits in kind	-	-
	<u>439</u>	<u>509</u>
Pension contributions	68	67
Total emoluments	<u>507</u>	<u>576</u>

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

7 Staff costs (continued)

The above emoluments include amounts payable to the Accounting Officer in post up to May 2018 of:

	2019	2018
	£'000	£'000
Salaries	-	160
Benefits in kind	-	-
	<u>-</u>	<u>160</u>
	<u>-</u>	<u>160</u>
Pension contributions	-	21
	<u>-</u>	<u>21</u>

and amounts payable to the Accounting Officer in post from May 2018 of:

	2019	2018
	£'000	£'000
Salaries	151	36
Benefits in kind	-	-
	<u>151</u>	<u>36</u>
	<u>151</u>	<u>36</u>
Pension contributions	24	5
	<u>24</u>	<u>5</u>

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

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

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

The remuneration package of Key management staff, including the Principal, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal reports to the Chair of Governing Board, who undertakes an annual review of her performance against the college's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Principal pay and remuneration expressed as a multiple

	2019	2018
	£,000	£,000
Principal's basic salary as a multiple of the median of all staff	5.6	5.5
Principal's total remuneration as a multiple of the median of all staff	5.8	5.7

8 Other operating expenses

	2019	2018
	£'000	£'000
Teaching costs	4,000	3,446
Non-teaching costs	2,421	2,198
Premises costs	1,809	1,570
Sub contracting expenditure	2	187
Total	<u>8,232</u>	<u>7,401</u>

Other operating expenses include:

Auditors' remuneration:		
Financial statements audit	24	26
Internal Audit	8	15
Hire of assets under operating leases	79	81

9 Interest and other finance costs

	2019	2018
	£'000	£'000
On bank loans, overdrafts and other loans:	319	334
Pension finance costs (note 19)	131	173
Total	<u>450</u>	<u>507</u>

10 Tangible fixed assets

	Land and buildings £'000	Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2018	67,278	10,816	78,094
Additions	10	1,008	1,018
At 31 July 2019	<u>67,288</u>	<u>11,824</u>	<u>79,112</u>
Depreciation			
At 1 August 2018	11,287	8,806	20,093
Charge for the year	1,297	1,041	2,338
At 31 July 2019	<u>12,584</u>	<u>9,847</u>	<u>22,431</u>
Net book value at 31 July 2019	<u>54,704</u>	<u>1,977</u>	<u>56,681</u>
Net book value at 31 July 2018	55,991	2,010	58,001
	<u> </u>	<u> </u>	<u> </u>

Burnley College Report and Financial Statements for the year ended 31 July 2019

11 Debtors	2019	2018
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	110	76
Prepayments and accrued income	223	169
Amounts owed by the Education and Skills Funding Agency	342	563
Total	<u>675</u>	<u>808</u>

12 Creditors: amounts falling due within one year	2019	2018
	£'000	£'000
Bank loans and overdrafts	315	301
Trade payables	266	566
Other taxation and social security	515	526
Accrual and deferred income	1,216	720
Holiday pay accrual	409	424
Deferred income - government capital grants	1,119	1380
Total	<u>3,840</u>	<u>3,917</u>

13 Creditors: amounts falling due after one year	2019	2018
	£'000	£'000
Bank loans	5,516	5,830
Deferred income - government capital grants	43,614	44,712
Total	<u>49,130</u>	<u>50,542</u>

14 Maturity of debt

(a) Bank loans

Bank loans are repayable as follows:

	2019	2018
	£'000	£'000
In one year or less	315	301
Between one and two years	333	315
Between two and five years	1,013	1,043
In five years or more	4,170	4,472
Total	<u>5,831</u>	<u>6,131</u>

The above figure contains a £5,535k loan that is unsecured and interest is charged at a fixed rate of 5.57%. A further loan of £296k is unsecured and interest is charged at 0.38% above the 3 month London Inter Bank Offered Rate (LIBOR).

15 Financial instruments

	2019	2018
	£'000	£'000
Financial assets measured at amortised cost comprise trade debtors, other debtors.	499	717
Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors.	(7,829)	(8,291)
	<u>(7,330)</u>	<u>(7,574)</u>

16 Cash and cash equivalents

	At 1 August 2018	Cash flows	Other changes	At 31 July 2019
	£'000	£'000	£'000	£'000
Cash and cash equivalents	5,872	674	-	6,546
Total	<u>5,872</u>	<u>674</u>	<u>-</u>	<u>6,546</u>

17 Capital and other commitments

	2019 £'000	2018 £'000
Commitments contracted for at 31 July	<u>354</u>	<u>556</u>

18 Lease obligations

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

	2019 £'000	2018 £'000
Future minimum lease payments due		
Equipment		
Not later than one year	-	79
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>79</u>

19 Defined benefit obligations

The College's employees belong to two principle pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lancashire County Council. Both are multi-employer defined-benefit schemes.

Total pension cost for the year	2019 £'000	2018 £'000
Teachers' Pension Scheme: contributions paid	1,251	1,241
Local Government Pension Scheme:		
Contributions paid	730	701
FRS 102 (28) charge	<u>771</u>	<u>698</u>
Charge to the Statement of Comprehensive Income	1,501	1,399
Enhanced pension charge to Statement of Comprehensive Income	-	-
	<u>-</u>	<u>-</u>
Total Pension Cost for Year within staff costs	<u>2,752</u>	<u>2,640</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2016. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

19 Defined benefit obligations (continued).

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.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education 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 2018/9. 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 £1,251,000 (2018: £1,241,000)

19 Defined benefit obligations (continued).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Lancashire County Council. The total contributions made for the year ended 31 July 2019 were £1,015,000, of which employer's contributions totalled £730,000 and employees' contributions totalled £285,000. The agreed contribution rates for future years are 13.2% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Deficit contributions

The College has entered into an agreement with the LGPS to make additional annual contributions of £129k in addition to normal funding levels until the next full valuation at which point the situation will be reviewed again.

The estimated value of employer contributions for the year ended 31 July 2019 is £733k.

Guaranteed Minimum Pension equalisation

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2019) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2016 by a qualified independent actuary.

	At 31 July 2019	At 31 July 2018
Rate of increase in salaries	3.70%	3.60%
Future pensions increases	2.30%	2.20%
Discount rate for scheme liabilities	2.20%	2.90%
Inflation assumption (CPI)	2.20%	2.10%
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 2019	At 31 July 2018
	Years	Years
Retiring today		
Males	22.80	22.70
Females	25.50	25.40
Retiring in 20 years		
Males	25.40	25.00
Females	28.20	28.00

19 Defined benefit obligations (continued).

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

	Fair Value at 31 July 2019	Fair Value at 31 July 2018
	£'000	£'000
Equity instruments	12,479	9,836
Government Bonds	0	762
Other Bonds	418	134
Property	2,298	2,061
Cash	470	202
Other	10,444	9,411
Total fair value of plan assets	<u>26,109</u>	<u>22,406</u>
Actual return on plan assets	<u>3,350</u>	<u>1666</u>

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

	2019 £'000	2018 £'000
Fair value of plan assets	26,109	22,406
Present value of plan liabilities	(34,199)	(27,307)
Net pensions liability	<u>(8,090)</u>	<u>(4,901)</u>

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

	2019 £'000	2018 £'000
Amounts included in staff costs		
Current service cost	1,273	1,377
Past service cost	205	-
Total	<u>1,478</u>	<u>1377</u>

Amounts included in interest and other finance costs

Net interest payable	131	173
	<u>131</u>	<u>173</u>

Amount recognised in Other Comprehensive Income

Return on pension plan assets	2,695	1,133
Changes in assumptions underlying the present value of plan liabilities	(4,982)	1,843
Amount recognised in Other Comprehensive Income	<u>(2,287)</u>	<u>2,976</u>

19 Defined benefit obligations (continued).

Asset and Liability Reconciliation

	2019	2018
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	27,307	27,288
Current service cost	1,273	1,377
Interest cost	786	707
Contributions by Scheme participants	285	273
Changes in financial assumptions	4,982	(1,843)
Experience gain	-	-
Estimated benefits paid	(639)	(495)
Past Service cost	205	-
Defined benefit obligations at end of period	34,199	27,307
	2019	2018
	£'000	£'000
Changes in fair value of plan assets		
Fair value of plan assets at start of period	22,406	20,282
Return on plan assets	655	534
Employer contributions	730	701
Contributions by Scheme participants	285	273
Changes in financial assumptions	2,695	1,133
Estimated benefits paid	(639)	(495)
Administration costs	(23)	(22)
Fair value of plan assets at end of period	26,109	22,406

These accounts show a past service cost of £205,000 in respect of the McCloud/Sargeant judgment in December 2018 which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination.

20 Related party transactions

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

Burnley College Report and Financial Statements for the year ended 31 July 2019

The College is one of fourteen members of The Lancashire Colleges Limited, a company limited by guarantee and registered in England and Wales. The principal activity of The Lancashire Colleges Limited is to co-ordinate bids for ESF and other external funding. The College's investment is not considered to be material to consolidate.

Louise Robinson was a member of the Governing Board during the year and works at Safran Nacelles Limited. During the year the College supplied training services to Safran Nacelles Limited (formerly known as Aircelle) to the value of £110k (2017/18 £100k). Fiona Lugiano is employed at Ascentis, as an awarding body the College has paid £61k to Ascentis in respect of examinations.

21 Amounts disbursed as agent

Learner support funds

	2019	2018
	£'000	£'000
Funding body grants – hardship funds including	515	510
Disbursed to students	(491)	(500)
Administration costs	(24)	(10)
Balance unspent as at 31 July, included in creditors	<u><u>-</u></u>	<u><u>-</u></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.

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

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 5 June 2018 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Burnley College during the period for which the annual report and financial statements (annual accounts) have been prepared to 31 July 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Basis for conclusion

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

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

Responsibilities of Corporation of Burnley College for regularity

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

Reporting accountant's responsibilities for reporting on regularity

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

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

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

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

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

Use of our report

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



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17 December 2019

