

# Consolidated Financial Statements for the year ended 31 July 2024



## Bishop Auckland College Group

Annual Report and Consolidated Financial Statements  
for the year ended 31 July 2024

# Consolidated Financial Statements for the year ended 31 July 2024

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# Consolidated Financial Statements for the year ended 31 July 2024

## Reference and Administrative Details

### Board of Governors

P Lonergan (Chair)  
Shaun Hope (Joined 5<sup>th</sup> February 24)  
N Davison-Terranova (Resigned 31<sup>st</sup> December 23)  
K Ivory  
K Nielsen  
S Robson  
C Hutchinson  
M Dilukshan  
Mo Dixon  
P Topping  
E Perry  
D Raymont  
J Allen  
M Andelin  
P Petty  
G McIntyre  
D Gowland (Resigned 13<sup>th</sup> December 23)  
J Yarrow (Resigned 13<sup>th</sup> December 23)  
G Sowerby (Resigned 19<sup>th</sup> September 23)  
S Trevor, Staff member (Resigned 1<sup>st</sup> March 24)  
S Peacock, Student member (Term ended 31<sup>st</sup> October 24)

### Clerk

Ann Robinson Ruddock

### Senior management team

Shaun Hope	-	Principal and Chief Executive (Joined 5 <sup>th</sup> February-24)
J Layfield	-	Vice Principal, Curriculum & Quality
L Heighton	-	Assistant Principal, Finance & Resources
N Davison-Terranova	-	Principal and Chief Executive (Resigned 31 <sup>st</sup> December 24)
C Groves	-	Director of Service Standards (Left 17 <sup>th</sup> May 24)

**Principal and registered office** – Woodhouse Lane, Bishop Auckland, County Durham, DL14 6JZ

### Professional advisors

#### Financial statements auditors and reporting accountants:

Armstrong Watson  
One Strawberry Lane  
Newcastle upon Tyne  
NE1 4BX

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**Internal auditors:**

Wylie+Bissett  
168 Bath Street  
Glasgow  
G2 4TP

**Bankers:**

Barclays Bank plc  
PO Box 378  
71 Grey Street  
Newcastle  
NE99 1JP

**Solicitors:**

Muckle LLP  
Time Central  
32 Gallowgate  
Newcastle upon Tyne  
NE1 4BF

# Consolidated Financial Statements for the year ended 31 July 2024

## Strategic report

### OBJECTIVES AND STRATEGY

The governing body present their annual report together with the financial statements and auditor's report for Bishop Auckland College for the year ended 31 July 2024.

### Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of governing Bishop Auckland College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011. The annual report and financial statements represent the consolidated accounts of the Bishop Auckland College Group. The Group comprises the College and South West Durham Training, which is a wholly owned subsidiary of the College. The College registered with the Office for Students for the delivery of higher education on 10 June 2019.

### Mission, Vision, Strategy and Objectives

During the 2020/21 year, Bishop Auckland College revised its strategic plan, setting out its vision, mission and five strategic priorities for the period 2021 to 2024.

The Financial Statement for the period ending 31<sup>st</sup> July 2024 are based on the strategies, vision, mission and strategic priorities outlined with the 2021 to 2024 strategic plan. The 2024 to 2027 plan will commence from the 1<sup>st</sup> September 2024.

### Vision: Shaping the future

The Bishop Auckland College Group will continue to evolve by responding to individual, community and business needs with high quality specialist provision that builds prosperity for all people and catalyses local economic regeneration.

### Mission: The passion that drives us

Get the skills, get the job: High quality vocational learning that creates bright futures for all.

### Values

**These are the values that guide all of our activities:**

**Caring**  
**Ambition**  
**Respect**  
**Equality**  
**Excellence**  
**Resilience**

We are passionate about people and concerned for the wellbeing of all students and staff
We empower students to aim high and achieve their full potential
Regardless of our differences, everyone is valued and treated with kindness
We are inclusive and enable all members of our community to thrive
We strive for exceptional standards in everything we do
When faced with challenges, we work together to adapt and bounce back more determined than before

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## Strategic report (continued)

### Strategic Priorities

#### Strategic Priority 1 - Vocational courses supporting local people into employment.

Effective partnerships and business planning mean that courses respond to actual local priorities, helping to build prosperity in south Durham.

#### Strategic Priority 2 - Expert staff; inclusive teaching, assessment and support.

Inclusive and effective teaching, assessment and support means that all students are engaged, inspired and enjoy learning.

#### Strategic Priority 3

##### Outstanding student outcomes

Progress, achievement and positive destination rates reflect best-in-class performance for all areas of activity.

#### Strategic Priority 4

##### Reputation for excellence

Students, parents, employers, staff and other stakeholders are proud of Bishop Auckland College and passionate about the role that we play.

#### Strategic Priority 5

##### A thriving and environmentally conscious business

The college operates as an efficient and environmentally conscious business, constantly innovating to build capacity, improve value for money, achieve excellence in business operations and reduce our carbon footprint.

### Key performance indicators

The 2021/24 strategic plan included a range of key performance indicators (KPIs) and targets covering all aspects of Group performance (i.e. Bishop Auckland College and South West Durham Training). Performance is reviewed regularly against these targets. Performance against headline KPIs for the 2023/24 year is summarised below.

#### Key Performance Indicators 2023/24

	Key performance indicator	2023/24 Performance
1	Meet recruitment targets for all sectors of Group provision, as agreed through a market-led business planning and budget building process.	<b>Bishop Auckland College:</b> 14-16: 107% 16-18: 107% Adult skills: 97% Adult Loans: 80% Apprenticeships 16-18/19+: 81%, Higher education: 96% <b>South West Durham Training:</b> 16-18: 63%, Apprenticeships: 105% Commercial: 28%
2	All teachers provide a consistently high quality of education.	Curriculum Implementation (Ofsted criteria): 79% good or better.
3	Achievement rate in top decile nationally for each qualification type and all types of provision, including 16-18, adults and apprenticeships.	Achievement rates: <ul style="list-style-type: none"> <li>• 16-18: 83.3%</li> <li>• Adults: 93.5%</li> <li>• Apprenticeships: 74.6%</li> </ul>

# Consolidated Financial Statements for the year ended 31 July 2024

4	Achieve overall satisfaction rating of 90% for all stakeholder groups (students, employers, parents/carers, staff).	<ul style="list-style-type: none"> <li>All students: 96% (mid year survey)</li> <li>Parents: 100%</li> <li>Employers – 100% would recommend the college</li> <li>Staff: 99%</li> </ul>
5	Meet contribution targets for all sectors of Group provision-mean 55%.	<ul style="list-style-type: none"> <li>51%</li> </ul>
6	Return a minimum of 2% surplus on income excluding pensions adjustments	<ul style="list-style-type: none"> <li>-3.3%</li> </ul>

## Strategic Plan – Bishop Auckland College Group 2024 -2027

The 2021-24 strategic plan will be replaced by the Bishop Auckland College Group Strategy 2024 to 2027.

The focus of the 2024 to 2027 Group Strategic Plan will strive to create positive change through education and learning.

## Bishop Auckland College Group

One Page Strategy 2024 - 2027



## The Strategy

### Resources

The Group has various resources that it can deploy in pursuit of its strategic objectives. The Group employs 194 people (expressed as full-time equivalents), of whom 147 are teaching staff.

The Group enrolled approximately 2240 students. The Group's student population includes 49 direct funded 14-16-year-old students, 666 16-18-year-old students, 123 new apprentices (162 existing), 160 higher education students.

The Group has £4.531m of net assets (and £115k of pension liability) and long-term debt of £3.7m. Tangible resources include the main college site, the Skills and Employment Centre at Spennymoor,

# Consolidated Financial Statements for the year ended 31 July 2024

Business Training Services and South West Durham Training in Newton Aycliffe and £5.3m held in current assets.

The Group has a good reputation locally and regionally, as demonstrated by positive feedback from stakeholders. Maintaining a quality brand is essential for the Group's success at attracting students and maintaining positive and productive relationships with a range of external stakeholders.

## Stakeholders

The College has many stakeholders including:

- its current, future and past students
- its staff and their trade unions
- the employers and employer bodies it works with
- the professional organisations in relevant industry sectors
- its partner schools and universities
- the wider community
- local authorities, especially Durham County Council, and the North East Local Enterprise Partnership (NELEP). Local Strategic Innovation Partnership (LSIP), North East Combined Authority (NECA)
- Organisations engaged in the regeneration of Bishop Auckland, including The Auckland Project and Stronger Towns Fund Committee.

The Bishop Auckland College Group is an outward-facing organisation that recognises the critical importance of collaboration. Business planning is strongly influenced by our connections with Durham County Council at the local authority level and NELEP at the regional level. Employer engagement lies at the heart of our work and each year the Bishop Auckland College Group works with around 300+ employers, both large employers and SMEs. We are particularly proud of our role as a key partner in the regeneration of Bishop Auckland and south Durham, and here our relationships with business and community organisations are fundamental in helping to leverage the benefits of our collective work.

## OBJECTIVES AND STRATEGY

Strong relationships with our university partner The Open University, this underpins the College's growing range of accessible higher education opportunities that attract many students who would not traditionally have engaged in higher education. Relationships with the College's 15 direct feeder schools are productive and extend well beyond the traditional marketing agenda. For example, partnership work over many years has underpinned development of the College's full-time 14-16 alternative provision.

## DEVELOPMENT AND PERFORMANCE

### Financial Results

The Group generated a pre-pension and pre impairment deficit of £556,714 and a post pension and impairment deficit before other gains and losses of £1.152m (2022/23: £199k losses). This was a decline against the results in 2022/23. This was a managed deficit largely affected by an in year restructure with no in year savings on staffing cost due to the timing of the restructure. The LGPS accounting adjustment for the year was lower than 2022/23 at (71k) (2022/23 £390k) there was a positive actuarial adjustment of £1.040m to the pension liability.

### Developments

#### (i) Higher education

The infrastructure around the College's HE offer is strong and to gain best value from the investment made in reaching this stage, the aim is to increase numbers on existing programmes and to invest in writing new programmes only where there is strong and reliable demand. The BA Education Studies is the only new programme to be added for 2024/25, however we have committed to adding the professional pathway to



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## Strategic report (continued)

the MA Counselling in 2025 and the HND eSports. A partner is still being sought to work with the College to offer a QTS primary education year to top up the education degree. Local primary schools are hugely supportive of this development. HE numbers for September 2024 are planned to increase based on progression and application information with an expected 22% increase in income if numbers are met.

### (ii) Stronger Towns Fund skills initiative 'Springboard to Employment'

Bishop Auckland College is the skills lead on the Stronger Towns Fund regeneration initiative, with £1.5m of funding allocated to the 'Springboard to Employment' skills project. This is a single unified project that addresses, in a holistic and integrated way, a range of underlying skills and employment barriers faced by individuals, communities and businesses within Bishop Auckland.

At the core of this project is the development of a new town centre-based community and business hub within the McIntyre building at 25 Newgate Street, Bishop Auckland. The McIntyre Centre is almost complete and is will launch in December 2024.

- A training café/restaurant, providing skills for the visitor economy as well as supporting long-term financial sustainability of the initiative.
- Public open-access digital suites, designed to address digital exclusion within local communities and support local people to gain training and qualifications in digital and other sectors, in order to secure employment.
- Flexible, digitally-enabled work spaces for business start-ups in a range of sectors.
- A social enterprise recruitment agency that will connect local people to emerging job opportunities.
- A range of community and creative/cultural activities.

Other aspects of the Stronger Towns Fund skills initiative centre on improvements to facilities in key industry sectors at the Bishop Auckland College campus.

### (iii) Project Funding

The College works collaboratively with the three Durham colleges to deliver funded projects. These projects vary in income size, some quite small, however all contribute to the overall offer the College is able to make to employers and residents and strengthen its role as an anchor institution in the local area. The flexibility these funding streams offer over and above funded qualifications is attractive to businesses and individuals. For the 2024/25 year the College has LSIF, UKSPF, Multiply, STF in addition to AAP local community funding available to respond to specific needs.

### Reserves

The Group has accumulated reserves of £4.531m and cash and short-term investment balances of £3.26m. The Group wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.

### Sources of income

The group has significant reliance on the education sector funding bodies for its principle funding source, largely from recurrent grants. In 2023/24, ESFA/DfE provided 67% of the group's total income.

### Group companies

South West Durham Training Limited (SWDT) is a wholly owned subsidiary of Bishop Auckland College. The main business of all elements of the Bishop Auckland Group is the provision of education. The accounts for SWDT are consolidated into the Group accounts and in the 2023/24 year achieved a deficit of £43k (2022/23: £2k).

# Consolidated Financial Statements for the year ended 31 July 2024

## Strategic report (continued)

All expenditure incurred during the year was through activity carried out by Group's employees or procured through the Group's normal business.

### FUTURE PROSPECTS

#### Developments

The 'developments' section is presently located above.

#### Financial plan

The College governors approved a three-year financial plan in July 2024 which sets objectives for the period to 2027.

#### Treasury policies and objectives

The College has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. Any short term borrowing for temporary revenue purposes would be authorised by the Principal and Chief Executive. All other borrowing requires the authorisation of the DfE and Corporation.

#### Cash flows and liquidity

At £652k (2022/23 £664k), net cash flow from operating activities was sufficient to meet the requirements of the banking covenant.

The College's borrowing relates to a 25-year fixed term loan taken out to finance the rebuilding of the College premises in three phases. This year sees the end of the thirteenth year of that loan agreement. At the point the loan was taken out the interest rate was favourable. The College seeks to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow annually. During the year this margin was exceeded.

The bank covenant is part of the long-term loan conditions and has two factors that must be achieved at the end of each financial year to ensure the covenant terms are not breached. The first measure is debt servicing costs as a % of income. The second measure is net cash inflow as a % of income. Net cash inflow must be more than 115% of debt servicing cost to ensure sufficient funds are available to pay debt servicing cost within each financial year.

#### Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £2.138m (2023: £3.367m). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

#### Going concern

Going Concern Based on these financial statements, the College has managed a planned move into a financial health rating of 'Requires Improvement' for the 2023/24 year only. The Group has complied with Barclays Bank loan covenants and has sufficient cash to enable it to meet debts as they fall due. The Corporation considers that the College has sufficient resources to continue in operational existence for the foreseeable future and, for this reason, continues to adopt the going concern basis in preparing the financial statements.

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## Strategic report (continued)

### PRINCIPLE RISKS AND UNCERTAINTIES

#### Risk management

The College has well-developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

A risk register is maintained at the College level which is reviewed termly by the Audit Committee. 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.

There are 5 main risk factors which are outlined below that are affecting the College Group along with the action taken to minimise the most critical. Not all the factors are within the College's control.



Risk Register and Action Plan 2024 - 2025

Strategic Priority	Risk	Consequences of risk occurring
Pounds	1 College Group entities fail to meet recruitment, income and contribution levels agreed at business planning stage annually and respond to the changing academic and economic environment. 1) SWDT, 2) Durham Gateway, 3) Nursery, 4) McIntyres, 5) BAC	<ul style="list-style-type: none"> <li>*Recruitment and funding targets not achieved resulting in reduced income</li> <li>Reduced offer for students</li> <li>Risk to financial health</li> <li>Risk of job loss</li> <li>Threat to continuation of business</li> <li>Failure to serve the needs of students, employers and other stakeholders</li> <li>Adverse financial impact</li> <li>Breach of covenant</li> <li>Reputational damage</li> <li>Loss of confidence by bank and funding bodies</li> <li>Risk of take over</li> </ul>
Performance	2 The quality of education including achievement rates and behaviour and attitudes for all student types does not meet either the College standards or those set out by external assurance bodies adversely affecting reputation and recruitment	<ul style="list-style-type: none"> <li>Poor Ofsted grading</li> <li>Inadequate employability prospects</li> <li>Would lead to budgetary constraints and possible re-structure of staffing</li> <li>Negative impact on recruitment</li> <li>Declining funding</li> <li>*Restriction in accessing specific funding streams</li> <li>*Reputational damage</li> <li>*Non-achievement of financial targets</li> <li>*Students develop knowledge, skills and behaviours which impacts on their future progression</li> </ul>
People	3 Failure to create a highly satisfied staff and student body. Failure to invest in human resources lead to difficulties in recruiting and retaining both staff and students Failure to comply with statutory obligations for safeguarding, GDPR etc which lead to reputational damage and possible legal action	<ul style="list-style-type: none"> <li>*Reduction of quality of service in support areas</li> <li>*Inability to deliver some qualifications</li> <li>*Inability to provide consistently high levels of service throughout the year</li> <li>*Increased cost of training</li> <li>Poor reputation</li> <li>*Could lead to potential physical or mental harm to students and staff.</li> <li>*Intervention by regulatory bodies</li> <li>*Subsequent criminal / legal implications</li> <li>Financial Penalties</li> <li>Loss of trust from customers</li> <li>Loss of business</li> <li>Enforcement action from the ICO</li> <li>Risk to the individuals rights and freedoms of the data subject</li> <li>Data loss</li> <li>Not able to operate as viable business</li> </ul>
Partnerships	4 Failure to respond to and anticipate employer needs may result in a curriculum that is not fit for purpose. Failure to work collaboratively with other stakeholders may negatively impact growth, reputation and development opportunities	<ul style="list-style-type: none"> <li>* Failure to provide a curriculum that meets skills needs</li> <li>*Failure to meet growth targets</li> <li>*Reputational damage</li> </ul>

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## Strategic report (continued)

### KEY PERFORMANCE INDICATORS

#### Financial objectives

A series of performance indicators have been agreed to monitor the successful implementation of the policies:

Key Performance Indicator	Measure/Target	Actual for 2023/24
Achieve annual income and recruitment targets	£14.5m	£14.1m
Return a minimum of 2% surplus on income year on year (excluding pension adjustment & impairment)	2%	-3.94%
Ensure covenants are achieved	No breach	Met 1.16
Ensure staffing expenditure excluding partnership income, restructuring and pension fund deficit adjustments is no more than 65% of annual turnover	63%	65.18%
Borrowing <40% turnover	<40%	30.3%
Maintain a debt service cover ratio of greater than 2	>=2	1.16
Maintain over 25 cash days in hand for all months	>25 cash days	>25 cash days
Achieve EBITDA of 6%+	6%+	0.23%
Remain solvent with a minimum net current ratio of 1.4 (ESFA financial health calculation)	1.4	1.41
Financial health points	180 - 210	130
Financial health score	Good	Requires Improvement

The college is committed to benchmarking its performance against a range of sector measures and indicators. National benchmarking information such as the FE choices data available on the gov.uk website, and also Department for Education college performance data, is referenced extensively in order to underpin judgements about the performance of the College and to inform future plans. The college is required to complete the annual finance record for the Education and Skills Funding Agency ("ESFA"). The college is assessed by the ESFA as having "Requires Improvement" financial health grading.

#### Student achievements

Students continue to prosper at the College. Headline classroom learning achievement rates at 83.3% for young people and 93.5% for adults. For SWDT there was a significant improvement to 95.6% in 2023/24 from 84.4% in 2022/23. Apprenticeship achievement rates have remained strong for the College, with an overall achievement rate of 74.6% (2022/23 76.8%). SWDT apprenticeship headline achievement rates fell to 57.1% following the impact of apprentices losing their jobs during the pandemic. Engineering apprenticeships have a three year duration and therefore the impact of these job losses has not been felt until this year. The College underwent a full Ofsted inspection in November 2021 and was graded 'Good'. SWDT underwent a full Ofsted inspection on 6th March 2023 and was graded 'Good'.

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## Strategic report (continued)

### OTHER INFORMATION

#### Public Benefit

Bishop Auckland College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the

charity, are disclosed on page 1. In setting and reviewing the Group'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.

In delivering its mission, in 2023/24 the Group provided identifiable public benefits through the advancement of education to 2240 students, including 44 students with high needs. The college provides courses without charge to young people, to those who are unemployed and adults taking English and Maths courses. The college adjusts its curriculum offer to meet the needs of local employers and provides training to 285 apprentices in 2023/24. The Group is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

#### Equality, Diversity and Inclusion

The Bishop Auckland College Group is committed to ensuring equality of opportunity for all who learn and work here and in all aspects of our work. This commitment lies at the heart of College life and is reflected in our mission, vision and values. We respect and value positively differences in race, gender, sexual orientation, gender reassignment, marriage or civil partnership, pregnancy or maternity, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage, actively combat bigotry and value the richness of ideas that diversity brings.

The Equality, Diversity and Inclusion Policy, which is published on the Group's website, is resourced, implemented and monitored on a planned basis. All members of the College community are expected to uphold the policy and to ensure that their actions embody the commitment.

The commitment to equality, diversity and inclusion is supported by Bishop Auckland College's Single Equality Scheme and associated detailed annual action plan. The operation of the Single Equality Scheme is monitored by the Equality, Diversity and Inclusion Working Group and reported regularly to Corporate Board. Overall responsibility for ensuring the implementation of the Single Equality Scheme lies with the Principal/Chief Executive.

Group equality objectives are summarised as follows:

- Raise the awareness and skills of staff to promote fairness, equality and good relations in the context of their role
- Raise the awareness of learners to promote understanding and good relations between diverse groups
- Provide an environment that welcomes, respects and protects diverse people
- Monitor learner representation and success and take action to promote equality
- Monitor representation amongst all staff and take action to promote equality
- Consult and involve representative staff, learners and stakeholders to assess the suitability of these equality objectives and identify priority areas for action
- Evaluate the impact of the College's Equality Policy, Single Equality Scheme and action plan
- Ensure that commitment to equality, diversity and inclusion is central to activities at the subsidiary company, South West Durham Training

Specific areas of progress made over the 2023/24 year to address the equality objectives include:

- Introduction of new Student Progression Team to broker positive destinations for students, including disadvantaged students and those with EHCPs or other inclusion needs.

# Consolidated Financial Statements for the year ended 31 July 2024

## Strategic report (continued)

- The Group has an equality, diversity and inclusion training programme that requires all staff to participate in wide-ranging CPD activities. In addition to mandatory online refresher training for all staff, recent EDI training activities have covered racism, antisemitism, neurodiversity and mental health.
- Revision of the curriculum offer for high needs students, with associated investment in horticulture and other practical facilities.
- Development of marketing literature to challenge gender stereotypes and promote partnership initiatives in the engineering sector with local schools.
- September 2022 saw the launch of a support group for students who identify as LGBTQI+

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

The Group is a 'Disability Confident' employer and has committed to ensuring that: our recruitment process is inclusive and accessible; we communicate and promote vacancies; we offer an interview to disabled people who meet the minimum criteria for the job; we anticipate and provide reasonable adjustments as required; we support any existing employee who acquires a disability or long term health condition, enabling them to stay in work; and we implement regular improvements that make a difference to disabled people.

The Group's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

Bishop Auckland College has been awarded the Equality Standard 'Gold' Award by Equality North East, confirmation of the College's commitment to excellent practice in the promotion of equality, diversity and inclusion.

### Gender pay gap reporting

	Year ending 31 March 2024
Mean gender pay gap	2.6%
Median gender pay gap	10%
Mean bonus gender pay gap	0%
Median gender bonus gap	0%
Proportion of males/females receiving a bonus	0%

The proportion of males and females in each quartile of the pay distribution are:

	Males	Females
1 - Lower quartile	17%	16%
2	22%	20%
3	28%	24%
4 – Upper quartile	33%	39%

The college publishes its annual gender pay gap report on its website.

### Disability statement

# Consolidated Financial Statements for the year ended 31 July 2024

## Strategic report (continued)

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

- a) As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2008/09, and the results of this formed the basis of funding capital projects aimed at improving access. This has since been reviewed and further work carried out.
- b) The Group has a Learning Support Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- c) The Group has specialist equipment to help students with disabilities.
- d) The Group has an admissions policy for all students. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The Group has study support tutors to support students with learning difficulties and/or disabilities. The team of Learning Support Assistants provide a variety of support for learning.
- f) There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- g) Group courses are described in group prospectuses and are available in various formats. Achievements and destinations are recorded and analysed in relation to all students.
- h) Counselling & welfare services are described in the Group Student Handbook, which is held on the virtual learning platform, Moodle and discussed with students at induction.

## Environmental Sustainability

The College has made good progress on the environmental sustainability agenda over the 2023/24 year. Consideration of the FE Climate Action Roadmap was a central element of the June 2022 Corporate Board Strategy Weekend, resulting in adoption of the Roadmap. The College's Strategic Plan underwent a full revision for the period 2021 – 2024, with Strategic Priority 5 framing the College's commitment to the environmental sustainability agenda:

### ***Strategic Priority 5: A thriving and environmentally conscious business***

*The college operates as an efficient and environmentally conscious business, constantly innovating to build capacity, improve value for money, achieve excellence in business operations and reduce our carbon footprint.*

Target 5.9 of the strategic plan sets out the intention to achieve a 15% reduction in the Group's carbon footprint by 2025, and a range of strategies are identified to underpin this reduction in carbon footprint. To oversee the College's progress, a cross-college climate action working group launched early in the 2021/22 year, chaired by the lead governor for climate action. The group met termly to review progress against the climate action plan and progress was reported to both staff and Corporate Board in July 2024.

Carbon footprint reduction activities to date include:

- Well-established recycling practices
- The installation of solar panels to take place early 2024 on the main campus.
- Installation of LED and emergency lighting at BAC and SWDT sites.
- Replacement of photocopiers and desktop printers (80% improvement in energy efficiency)
- Adoption of Vegware plant-based compostable foodservice packaging (containers, cutlery, cups) by commercial catering service (Aramark)
- Negotiations with food suppliers re: sustainable options
- Rewilding of areas of College estate to increase biodiversity
- Development of garden for horticulture curriculum (high needs) – intention to supply products to catering service
- Development of a Forrest School for Early Years curriculum and Nursery.

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## Strategic report (continued)

- Sustainability curriculum developments within group tutorial and vocational programmes

Annual data on total carbon dioxide (CO<sub>2</sub>) emissions (Tonnes per year), taken from the Display Energy Certificate (DEC), demonstrates that energy efficiency measures are having a positive impact.

Table of annual CO<sub>2</sub> emissions (Tonnes/year)

Date	Electricity	Heating	Renewables	Total
Jan-24	TBC			
Jan-23	486	314	0	800
Jan-22	560	309	0	869
Jan-21	744	388	0	1132
Feb-19	642	322	0	964

## 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
2		1.8
Percentage of time	Number of employees	
0%		
1-50%	2	
51-99%		
100%		
Total cost of facility time		£1.9
Total pay bill		£7.1m
Percentage of total bill spent on facility		0.03%
Time spent on paid trade union activities as a percentage of total paid facility time		10%



# Consolidated Financial Statements for the year ended 31 July 2024

## Strategic report (continued)

### OTHER INFORMATION (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 accounting period 1 August 2023 to 31 July 2024, the College paid 99 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

#### EVENTS AFTER THE REPORTING PERIOD

There were no significant post balance sheet events.

#### 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<sup>th</sup> December 2024 and signed on its behalf by:



Patrick Lonergan  
Chair

# Consolidated Financial Statements for the year ended 31 July 2024

## Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1<sup>st</sup> August 2023 to 31<sup>st</sup> July 2024 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life, also known as the Nolan Principles (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code").

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, the Governing Body takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges, which it formally adopted on 13 July 2015. In the opinion of the Governors, the College complies with the provisions of the current Code, and it has complied throughout the year ended 31 July 2024. This opinion is based on regular internal reviews of compliance with the Code.

### The Corporation

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

	Date of appointment	Term of office (years)	Date of resignation /end of service	Status of appointment	Committees served	Attendance in 2023/24 - % (rounded)
Natalie Davison-Terranova	1 <sup>st</sup> Jan 2013	N/A	31 <sup>st</sup> Dec 2023	Principal/Chief Executive	Search & Governance Curriculum & Quality Resources Audit Committee	55%
Diane Gowland	5 <sup>th</sup> Feb 2018 (Reappointed 5 <sup>th</sup> Feb 2022)	4 4	13 <sup>th</sup> Dec 2023	Independent member	Vice Chair of Corporation Curriculum & Quality (Chair) Audit	71%
John Yarrow	19 <sup>th</sup> Dec 2016 (Reappointed 19 <sup>th</sup> Dec 2020)	4 4	13 <sup>th</sup> Dec 2023	Independent member	Chair of Audit Search & Governance Resources	63%

## Consolidated Financial Statements for the year ended 31 July 2024

					Remuneration Committee	
Christopher Hutchinson	9 <sup>th</sup> Dec 2019 (Reappointed 10 <sup>th</sup> Dec 2023)	4	N/A	Independent member	Search & Governance Resources Committee	87%
Patrick Lonergan	13 <sup>th</sup> July 2021	4	N/A	Independent member	Chair of Corporation Chair of Search & Governance Remuneration Committee	100%
Steven Robson	30 <sup>th</sup> Nov 2020	4	N/A	Independent member	Search & Governance Audit (interim)	83%
Sharron Trevor	11 <sup>th</sup> Apr 2022 (Reappointed 11 <sup>th</sup> April 2023)	1 1	1 <sup>st</sup> Mar 2024	Staff member	Curriculum & Quality	100%
Grant Sowerby	11.08.2021	4	19.9.2023	Independent member	Curriculum & Quality	n/a
Simon Peacock	01.11.2022 (Reappointed 1.11.2023)	1 1	31.10.2024	Student Member		50%
Keith Ivory	08.10.2021	4	n/a	Independent member	SWDT Chair	67%
Kim Nielsen	12.12.2022	4	n/a	Independent member	Search & Governance Remuneration	44%
Manohoran Dilukshan	9.11.2023	4	n/a	Independent member	Audit Resources	60%
	Date of appointment	Term of office (years)	Date of resignation /end of service	Status of appointment	Committees served	Attendance in 2023-24 - % (rounded)
Shaun Hope	5.2.2024	n/a	n/a	Principal/Chief Executive	Resources Search & Governance Curriculum & Quality SWDT Exec Council	82%
Mo Dixon	20.2.2024	4	n/a	Independent Member	Audit Search & Governance Curriculum & Quality (Chair)	86%
Peter Topping	4.3.2024	4	n/a	Independent Member	Resources (Chair) Curriculum & Quality	83%

## Consolidated Financial Statements for the year ended 31 July 2024

Edward Perry	13.2.2024	4	n/a	Independent Member	Audit Remuneration	100%
Dominic Raymont	27.3.2024	4	n/a	Independent Member	Audit Search & Governance	67%
Joy Allen	27.2.2024	4	n/a	Independent Member	Curriculum & Quality	50%
Michelle Andelin	11.3.2024	2	n/a	Staff member	Curriculum & Quality	100%
Pamela Petty	11.10.2023	n/a	n/a	Interim Independent Member	Resources	64%
Gavin McIntyre	9.8.2024	4	n/a	Independent Member	Curriculum & Quality	n/a
Clerks to Corporation (not members)						
Ann Robinson-Ruddock	3.10.2022	N/A		N/A	N/A	N/A

### The Corporation (continued)

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as: performance against funding targets; proposed capital expenditure; quality matters; environmental issues; and personnel-related matters such as staff turnover and health and safety. The Corporation meets at least once each term. In 2023/24 there were 4 Board meetings plus one Board strategic planning weekend that took place ahead of the year commencing.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. The regular committees are Audit, Search & Governance, Resources and Curriculum & Quality. In addition, meetings of the Remuneration, Appeals, Appointments and Special Committees are called as required. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at the College's registered address.

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at Bishop Auckland College, Woodhouse Lane, Bishop Auckland, DL14 6JZ.

All governors are able to take independent professional advice in furtherance of their duties, at the College's expense. Governors 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. Additional briefings are provided on an ad hoc basis.

# Consolidated Financial Statements for the year ended 31 July 2024

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

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

## Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search & Governance Committee, consisting of four 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. In accordance with the recommendation in the AOC Code of Good Governance for English Colleges, no more than two terms of office (or eight years) are normally served by members.

## Corporation performance

The Corporation was subject to a full External Governance Review at the end of 2023 into Spring of 2024 conducted by Chris Jones, who is a former member of the FE Commissioner's team, as well as a former principal and finance director within FE. The review included this included observation of the October-23 Resources Committee and December-23 Board meeting. All recommendations put forward by the review have been actioned and are either complete or part-complete.

An internal audit of the Corporate Board by Wpg took place in July 2024 and the outcome was "Strong", the highest score which can be achieved. The minor recommendations resulting from this review were acted upon and will be completed during Autumn Term 2024.

A range of training and development activities have taken place:

Participation of chair, principal/CEO, vice principal and finance director in relevant Oxford Said Business School/ETF leadership programmes.

Board development activities (including clerk) during the 2023/24 year included pre-meeting training sessions. In addition, a strategy day in October 2023 included a range of external speakers such as:

- Policy and funding updates from the Association of Colleges
- EDI presentation from Dr Anna James
- Update from the NE Automotive Alliance

A further strategic planning day is scheduled for October 2024 in preparation for the launch of the College Group's new three-year strategic plan due to be launched in early November.

Consideration has also been given to the extent to which committees have met their terms of reference and remain fit for purpose. The Resources Committee and Curriculum and Quality Committee were re-introduced from the start of the 2019/20 academic year. The rationale for this change was to facilitate an increased focus on both the financial performance of the College and quality improvement. In practice, governors have found that the new model allows more extensive time for in-depth discussion, scrutiny and challenge of all aspects of College activity, and also that they are able to build expertise in their committee remits. It is the view of Corporate Board that both of the new committees continue to be effective in discharging their duties.

# Consolidated Financial Statements for the year ended 31 July 2024

## Statement of Corporate Governance and Internal Control (continued)

### Remuneration Committee

Throughout the year ending 31 July 2024 the College's Remuneration Committee comprised three members of the Corporation; 1 meeting was held. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders.

Details of remuneration for the year ended 31 July 2024 are set out in note 8 to the financial statements.

### Search & Governance Committee

Throughout the year ended 31 July 2024, the Search & Governance Committee comprised 5 members of the Corporation and 3 Meetings were held.

The Search and Governance Committee performs the key role of promoting interest in governance positions and considering applications for membership. Applications are sourced either via responses to open advertisements (e.g. via local newspapers, social media and the College website), using the DfE service for recruiting Board Members or through a search for specific skill-sets where the skills audit identifies either present or emerging skills gaps (i.e. succession planning). Key priorities for the Search and Governance Committee are: to ensure that Board appointments are made in accordance with the College's equality, diversity and inclusion policy; that the Board is appropriately skilled; and that its profile is representative of the College's student and staff bodies.

The Search & Governance Committee is also responsible for considering and reporting to the Board, as appropriate, other governance matters including: the skills audit of the Board and its committees; monitoring governor attendance; reviewing the Instrument & Articles of Association; and monitoring the actions and resolutions register.

### Audit Committee

The Audit Committee met four times in the year to 31 July 2024.

The members of the committee and their attendance records are shown below

Committee member	Meeting attendance
John Yarrow	1 (left Dec 2023)
Steve Robson	2 (left Feb 2024)
Diane Gowland	1 (left Dec 2023)
Manohoran Dilukshan	4 (joined Nov 2023)
Peter Topping	1 (joined March 2024)
Dominic Raymont	2 (joined March 2024)

The Audit Committee comprises at least two members of the Corporation (excluding the Accounting Officer and Chair) and allows for 5 members. The Committee operates in accordance with written terms of reference approved by the Corporation.

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

# Consolidated Financial Statements for the year ended 31 July 2024

## Statement of Corporate Governance and Internal Control (continued)

The Group'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, reporting auditors and financial statements auditors, and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

### Internal control

#### *Scope of responsibility*

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

The Corporation has delegated the day-to-day responsibility to the Principal/CEO, as Accounting Officer, for maintaining a sound system of internal control. This must support 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/Financial Agreement between Bishop Auckland College and the funding bodies. They are 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 Bishop Auckland College for the year ended 31 July 2024 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 and arrangements for compliance with legal and regularity matters including those relating to the regularity and propriety of the use of public funding 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 2024 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

# Consolidated Financial Statements for the year ended 31 July 2024

## 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.

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

### *Risks faced by the College*

The key risks faced by the College are identified in the strategic report. The College has a well-developed strategy for managing risk. The Audit Committee bases its annual programme of work on the Board's own assessment of priorities. The risk monitoring process is iterative and ongoing as the findings of the programme of work will inform the risk register and vice versa.

A risk-based approach is taken when planning the work programme of the Audit Committee. The board is ultimately accountable for the work carried out. The Board delegates aspects of the planning to the Audit Committee, with input from senior executive management and, where applicable, the internal auditor.

### *Control weakness identified*

The Audit Committee must provide independent assurance to the Board that its financial and non-financial controls, and risk management procedures, are operating effectively. The work of internal auditors is key to identifying and making recommendations for the control of weaknesses identified. Where control weakness is identified, the Audit Committee oversees the implementation of recommendations and regularly reviews the progress of these recommendations, ensuring control weaknesses are dealt with in a timely and effective way.

### *Responsibilities under funding agreements*

The audit committee provides assurance to the corporation that the college has met its contractual responsibilities under its funding agreements and contracts with ESFA by:

- The Audit Committee must provide the Board with an opinion on the adequacy and effectiveness of the Corporation's assurance arrangements, frameworks of governance, risk management and control processes for the effective and efficient use of resources, solvency and the safeguarding of assets.



# Consolidated Financial Statements for the year ended 31 July 2024

## Statement of Corporate Governance and Internal Control (continued)

- The Corporation must submit annual reports to the ESFA summarising the areas reviewed, key findings, recommendations and conclusions of the Audit Committee and management action taken by 31 December each year.
- The Audit Committee must advise the Corporation on the appointment, reappointment, dismissal and remuneration of the external auditors.
- The Audit Committee should also assess the expertise and resources, effectiveness and independence of the external auditors regularly.
- The Audit Committee must conduct regular reviews of periodic and annual financial reports which indicate financial performance against forecast.
- The internal auditors must provide the Audit Committee with an annual report, drawing on the reports produced throughout the year. This report enables the Audit Committee to form a holistic view. It also provides the Accounting Officer with key evidence to enable them to sign off their statement on regularity, propriety and compliance, and provide the Board with information for its statement of responsibilities of the members of the Corporation. All reports are submitted to the ESFA with the audited accounts.

### Statement from the Audit Committee

The Audit Committee has advised the Board of governors that the Corporation has an effective framework for governance and risk management in place. The Audit Committee believes the Corporation has effective internal controls in place. The specific areas of work undertaken by the Audit Committee in 2023/24 and up to the date of the approval of the financial statements are:

- Review of risk register and key risks
- Review of financial statements 2023
- Review of regularity assurance report 2023
- Review of actions register
- Approval of internal audit plan
- Approval of external audit plan
- Review of annual Audit Committee programme
- Review of Audit Code of Practice
- Review of internal audit reports:

Report	Grading	No. of Recommendations:		
		High	Medium	Low
Digital Access Levels	Substantial	-	4	2
Corporate Governance	Strong	-	-	4
GDPR	Strong	-	-	2
Follow Up	Strong	-	1	3
Audit Management		N/A	N/A	N/A
<b>Total</b>		<b>0</b>	<b>5</b>	<b>11</b>

The Audit Committee receives risk management updates at every meeting. The identification, assessment, management, and mitigation of risks are important to the efficient and effective operation of the College. During the year a thorough review of risk areas has been conducted by the College, with a focus on those considered to be key to the efficient and effective operation of the College. The Audit Committee

# Consolidated Financial Statements for the year ended 31 July 2024

## Statement of Corporate Governance and Internal Control (continued)

considered, questioned and challenged the revisions to the risk register during the course of this process and are satisfied with the resultant risk register.

There were no reported cases of fraud, irregularity or whistleblowing during the year ending 31 July 2024.

### **Review of effectiveness**

As Accounting Officer, the Principal/CEO 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 Group who have responsibility for the development and maintenance of the internal control framework
- comments made by the Group's financial statements auditors, the reporting accountant for regularity assurance in their management letters and other reports.

The Accounting Officer 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 senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 29th November 2023 Audit Committee meeting, the Corporation carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2024.

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

# Consolidated Financial Statements for the year ended 31 July 2024

## Statement of Corporate Governance and Internal Control (continued)

### Going concern

After making appropriate enquires, 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 statement.

In addition to this, the independent review undertaken by the ONS, concluding in November 2022 on the reclassification of Colleges as public sector rather than private sector with immediate effect. This creates additional risks related to accounting processes, operations and the governance and accountability framework whilst the DfE determines the nuance of newly applicable policies and regulations.

The 2024/25 budget will undergo a review at the end of May-24 when the curriculum plan is completed and allocations have been confirmed. After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future and can continue on a going concern basis during 2023/24 and for 12 months from sign-off of the financial statements. 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<sup>th</sup> December 2024 and signed on its behalf by:

Signed



Patrick Lonergan  
Chair

Signed

Shaun Hope  
Accounting Officer



# Consolidated Financial Statements for the year ended 31 July 2024

## Statement of Regularity, Propriety and Compliance

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the College's grant funding agreements and contracts with the ESFA. As part of our consideration we have 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 our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's financial memorandum.

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

Signed



Shaun Hope  
Accounting Officer  
Date

Signed



Patrick Lonergan  
Chair of Governors  
Date

# Consolidated Financial Statements for the year ended 31 July 2024

## Statement of Responsibilities of the Members of the Corporation

The members of the Corporation (who act as trustees for the charitable activities of the College and are also the directors of the college for the purposes of company law) are required to present audited financial statements for each financial year.

The law applicable to charities in England and the terms and conditions of the Funding Agreement between the Education and Skills Funding Agency and the Corporation of the College, requires the corporation of the college to prepare financial statements and the Operating and Financial Review 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, Accounts Direction issued by the Office for Students and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law 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 proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and enable it to ensure that the financial statements are prepared in accordance with the 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 Funding Agreement with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time. They are also responsible for ensuring funds from Office for Students or other sources are properly applied for the purposes for which they have been given and in accordance with relevant legislation or terms and conditions attached to them.

Approved by order of the members of the Corporation on 11<sup>th</sup> December 2024 and signed on its behalf by:

Patrick Lonergan  
Chair



# Consolidated Financial Statements for the year ended 31 July 2024

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BISHOP AUCKLAND COLLEGE

We have audited the College financial statements of The Bishop Auckland College Group for the year ended 31 July 2024 which comprise the Consolidated and College Statement of Comprehensive Income, Statement of Changes in Reserves, the Balance Sheet, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Further Education SORP 2019 and the College Accounts Direction 2023 to 2024 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 July 2024 and of the College's surplus of comprehensive income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further Education SORP 2019 and the College Accounts Direction 2023 to 2024 issued by the Education and Skills Funding Agency.

### BASIS OF 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 United Kingdom, including the Financial Reporting Council'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

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

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

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

# Consolidated Financial Statements for the year ended 31 July 2024

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BISHOP AUCKLAND COLLEGE (CONTINUED)

### OTHER INFORMATION

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

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

### Opinion on other matters prescribed by the Office for Students' Accounts Direction

In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Corporation's report including the Strategic Report.

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

- adequate accounting records have not been kept; or returns adequate for our audit have not been received from branches not visited by us
- the College financial statements are not in agreement with the accounting records and returns; or
- all the information and explanations required for the audit were not received; or
- the going concern basis of accounting and disclosure of material uncertainties is appropriate.

# Consolidated Financial Statements for the year ended 31 July 2024

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BISHOP AUCKLAND COLLEGE (CONTINUED)

**We have nothing to report in respect of the following matters where the Office for Students; accounts direction requires us to report to you if:**

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

### RESPONSIBILITIES OF MEMBERS OF THE CORPORATION

As explained more fully in the statement of responsibilities of the Members of the Corporation, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Corporation members 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.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the responsible individual ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Corporation through discussions with Governors and other management;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management;
- identified laws and regulations were communicated within the audit team regularly and the team; and
- we remained alert to instances of non-compliance throughout the audit.



# Consolidated Financial Statements for the year ended 31 July 2024

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BISHOP AUCKLAND COLLEGE (CONTINUED)

We assessed the susceptibility of the Corporation's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- tested the operating effectiveness of key controls over purchase cycles on a sample basis;
- reviewed the application of accounting policies including the application of capitalisation of tangible assets, and timing of recognition of grant income; and
- considered during our work on regularity, propriety and compliance.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

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

### Use of the Audit Report

This report is made solely to the College's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the College's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Turner (Senior Statutory Auditor)  
For and on behalf of Armstrong Watson Audit Limited, Statutory Auditor

One Strawberry Lane  
Newcastle upon Tyne  
NE1 4BX

Date: 18 December 2024

# Consolidated Financial Statements for the year ended 31 July 2024

## REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF THE BISHOP AUCKLAND COLLEGE GROUP AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY (THE ESFA)

In accordance with the terms of our engagement letter dated 18<sup>th</sup> June 2022 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects, the expenditure disbursed and income received by The Bishop Auckland College Group during the period 1 August 2023 to 31 July 2024 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. 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) data returns, for which the ESFA has other assurance arrangements in place.

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

### **Respective responsibilities of The Bishop Auckland College Group and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure discussed and income received during the period 1 August 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

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

# Consolidated Financial Statements for the year ended 31 July 2024

## REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF THE BISHOP AUCKLAND COLLEGE GROUP AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY (THE ESFA) CONTINUED

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

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

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

The work undertaken to draw our conclusion includes:

- A review of the accuracy of the corporation's self-assessment of compliance with regularity and propriety requirements and review of appropriate evidence and documentation.
- Review of expenditure systems for compliance with corporation policy and scheme of delegation.
- Consideration of staff expense claims in line with policy.
- Review of procedures in respect of procurement.
- Review of corporation minutes.
- Consideration of advisory matters from internal auditors reports.

### Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2023 to 31 July 2024 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Simon Turner (Senior Statutory Auditor)  
For and on behalf of Armstrong Watson Audit Limited, Statutory Auditor

One Strawberry Lane  
Newcastle upon Tyne  
NE1 4BX

Date: 18 December 2024

# Consolidated Financial Statements for the year ended 31 July 2024

## CONSOLIDATED AND COLLEGE STATEMENTS OF COMPREHENSIVE INCOME

	Notes	2024		2023	
		Group £'000	College £'000	Group £'000	College £'000
<b>INCOME</b>					
Funding body grants	2	11,005	9,806	10,499	9,353
Tuition fees and education contracts	3	1,657	1,619	1,970	1,943
Other grants & contracts	4	771	712	675	665
Other income	5	681	793	504	611
Investment income	6	31	18	-	-
<b>Total income</b>		<b>14,145</b>	<b>12,947</b>	<b>13,648</b>	<b>12,573</b>
<b>EXPENDITURE</b>					
Staff costs	7	8,279	7,698	8,028	7,473
Restructuring costs	7	138	125	20	20
Other operating expenses	9	4,749	4,322	4,313	3,959
Depreciation	12	1,304	1,149	1,184	1,081
Impairment Loss	13	667	667		
Interest and other finance costs	10	160	160	412	412
<b>Total expenditure</b>		<b>15,297</b>	<b>14,120</b>	<b>13,958</b>	<b>12,945</b>
<b>Deficit before other gains and losses</b>		<b>(1,152)</b>	<b>(1,173)</b>	<b>(310)</b>	<b>(372)</b>
Gain on disposal of assets		-	-	110	110
<b>(Loss)/gain on investments</b>		<b>(1,152)</b>	<b>(1,173)</b>	<b>(199)</b>	<b>(262)</b>
<b>Deficit before tax</b>		<b>(1,152)</b>	<b>(1,173)</b>	<b>(199)</b>	<b>(262)</b>
Taxation	11	-	-	-	-
<b>Deficit for the year</b>		<b>(1,152)</b>	<b>(1,173)</b>	<b>(199)</b>	<b>(262)</b>
Remeasurement of net defined benefit pension liability	21	(77)	(77)	4,859	4,859
<b>Total Comprehensive Income for the year</b>		<b>(1,229)</b>	<b>(1,250)</b>	<b>4,660</b>	<b>4,597</b>
<b>Represented by:</b>					
<b>Restricted comprehensive income</b>				-	-
<b>Unrestricted comprehensive income</b>		<b>(1,229)</b>	<b>(1,250)</b>	<b>4,660</b>	<b>4,597</b>
		<b>(1,229)</b>	<b>(1,250)</b>	<b>4,660</b>	<b>4,597</b>

The statement of comprehensive income is in respect of continuing activities

# Consolidated Financial Statements for the year ended 31 July 2024

## Consolidated and College Statement of Changes in Reserves

	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
<b>Group</b>			
<b>Balance at 1 August 2022</b>	(1,294)	2,393	1,099
Deficit from the income and expenditure account	(199)		(199)
Other comprehensive income			
Actuarial gain	4,859		4,859
<b>Total comprehensive income in year</b>	4,660	2,393	4,660
<b>Balance at 31 July 2023</b>	3,367	2,393	5,760
Deficit from the income and expenditure account	(1,152)		(1,152)
Other comprehensive income			
Actuarial gain	(77)		(77)
<b>Total comprehensive income in year</b>	(1,229)	2,393	(1,229)
<b>Balance at 31 July 2024</b>	2,138	2,393	4,531

# Consolidated Financial Statements for the year ended 31 July 2024

## Consolidated and College Statement of Changes in Reserves (continued)

	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
<b>College</b>			
<b>Balance at 1 August 2022</b>	(1,535)	2,242	707
(Deficit) from the income and expenditure account	(262)	-	(262)
Other comprehensive income	-	-	-
Actuarial gain	4,859	-	4,859
<b>Total comprehensive income in year</b>	4,597	2,242	4,597
<b>Balance at 31 July 2023</b>	3,062	2,242	5,304
(Deficit) from the income and expenditure account	(1,173)	-	(1,173)
Other comprehensive income	-	-	-
Actuarial gain	(77)	-	(77)
<b>Total comprehensive income for year</b>	(1,250)	2,242	(1,250)
<b>Balance at 31 July 2024</b>	1,812	2,242	4,054

# Consolidated Financial Statements for the year ended 31 July 2024

## Balance sheets as at 31 July 2024

	Notes	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
<b>Fixed assets</b>					
Tangible assets	12	32,346	30,021	31,994	29,910
<b>Total fixed assets</b>		<b>32,346</b>	<b>30,021</b>	<b>31,994</b>	<b>29,910</b>
<b>Current assets</b>					
Debtors	14	2,003	1,672	2,064	1,816
Cash at bank and in hand	20	3,264	2,579	4,387	3,289
<b>Total current assets</b>		<b>5,267</b>	<b>4,251</b>	<b>6,451</b>	<b>5,105</b>
<b>Less: Creditors – amounts falling due within one year</b>	15	<b>(4,765)</b>	<b>(4,502)</b>	<b>(5,072)</b>	<b>(4,503)</b>
<b>Net current assets/(liabilities)</b>		<b>502</b>	<b>(251)</b>	<b>1,378</b>	<b>602</b>
<b>Total assets less current liabilities</b>		<b>32,848</b>	<b>29,770</b>	<b>33,372</b>	<b>30,512</b>
Less: Creditors – amounts falling due after more than one year	16	(28,202)	(25,600)	(27,484)	(25,078)
Provision for liabilities	19	(115)	(115)	(128)	(128)
<b>NET ASSETS/ LIABILITIES</b>		<b>4,531</b>	<b>4,054</b>	<b>5,760</b>	<b>5,305</b>
<b>Unrestricted reserves</b>					
Income and expenditure account		2,138	1,812	3,367	3,063
Revaluation reserve		2,393	2,242	2,393	2,242
<b>TOTAL UNRESTRICTED</b>		<b>4,531</b>	<b>4,054</b>	<b>5,760</b>	<b>5,305</b>

The financial statements on pages 34 to 65 were approved and authorised for issue by the Corporation on the 11<sup>th</sup> December 2024 and were signed on its behalf on that date by:



Patrick Lonergan  
Chair



Shaun Hope  
Principal / Chief Executive

# Consolidated Financial Statements for the year ended 31 July 2024

## Consolidated Statement of Cash Flows

	Notes	2024 £'000	2023 £'000
<b>Cash flow from operating activities</b>			
Deficit for the year		(1,152)	(199)
<b>Adjustment for non-cash items</b>			
Depreciation		1,304	1,184
Impairment Loss		667	
(Increase)/Decrease in debtors		61	126
Increase/(Decrease) in creditors due within one year		(430)	141
Decrease in creditors due after one year		1,045	441
Decrease in provision		(170)	
Pensions costs less contributions payable		99	390
Capital grants		(1,126)	(1,550)
<b>Adjustment for investing or financing</b>			
Investment income		(31)	-
Interest payable		225	243
Gain on sale of fixed assets		-	(110)
<b>Net cash flow from operating activities</b>		<b>652</b>	<b>664</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		-	460
Investment income		31	-
Capital grants received		1,126	1,550
Payments made to acquire fixed assets		(2,367)	(618)
		(1,211)	1,392
<b>Cash flows from financing activities</b>			
Interest paid		(225)	(243)
Repayments of amounts borrowed		(339)	(321)
		(564)	(564)
<b>Increase in cash and cash equivalents</b>	<b>20</b>	<b>(1,123)</b>	<b>1,392</b>
Cash and cash equivalents at beginning of the year		4,387	2,995
Cash and cash equivalents at end of the year	20	3,264	4,387



# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements

### 1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

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

#### General Information

Bishop Auckland College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the Group's principle place of business is given on page 1. The nature of the Group's operations is set out in the Strategic Report.

#### Basis of accounting

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2022 to 2023* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The principle accounting policies applied in the preparation of these financial statements are set out below:

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

The financial statements are prepared in accordance with the historical cost convention. The consolidated 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.

The College has taken advantage of the exemptions provided in FRS 102 1.12 and the 2015 FE HE SORP 3.3, and has not included a separate statement of its own cash flows. These cash flows are included within the Consolidated Statement of Cash Flows, and the College balance sheet discloses cash at both the current and preceding reporting dates.

Lease incentives – the College has continued to recognise the residual benefits associated with lease incentives on the same basis as that applied at the date of transition.

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (CONTINUED)

#### Basis of consolidation

The consolidated financial statements include the College and its subsidiary SW Durham Training Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the Group does not control those activities. All financial statements are made up to 31 July 2024.

#### Going concern

The activities of the Group, together with the factors likely to affect its future development and performance are set out in the Strategy Report.

The financial position of the Group, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes. The Group currently has £4.013m of loan outstanding with Barclays Bank plc. The loan is secured by a fixed and floating charge on Group assets. The terms of the existing agreement is for another 12 years. The Group's forecasts and financial projections indicate that it will be able to operate within this existing facility during the 2024/25 financial year.

A robust set of financial models have been applied to the college's forecasts and financial projections (including stress testing on the cashflow position) for the 12 months succeeding the approval of these financial statements. Which show that the group would be able to meet its financial liabilities as they fall due. No overdraft is forecast to be required for the coming year.

Accordingly, the Group has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future and can continue on a going concern basis during 2024/25 and for 12 months from sign off of the financial statements. For this reason, the group will continue to adopt the going concern basis in the preparation of the Financial Statements.

#### Recognition of income

##### Revenue grant funding

Funding body income represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account. Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement of the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year ends.

16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments; the income recognised is the allocation for the year.

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (CONTINUED)

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

#### Other income

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

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

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

#### Retirement

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 22, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (CONTINUED)

#### 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 Group. Any unused benefits are accrued and measured as the additional amount the Group expects to pay as a result of the unused entitlement.

#### Enhanced Pensions

The actual cost of any enhanced on-going 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 on-going pension of a former member of staff is charged in full to the college's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

#### Intangible fixed assets

All intangible assets are fully amortised.

#### Tangible fixed assets

##### *Land and buildings*

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold and Leasehold buildings are depreciated over their expected useful economic life to the College of 50 years. If the duration of the lease is shorted then this determines the period of depreciation. 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.

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (CONTINUED)

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

On adoption of FRS 102, the College followed the transitional provision to revalue the book value of land and buildings, which were revalued in 2014, but not to adopt a policy of revaluations of these properties in the future.

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

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

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

#### *Buildings owned by third parties*

Where the College enjoys the use of an asset which it does not own and for which no rental or a nominal rental is paid, if practicable, a value is attributed to this benefit and capitalised, with a corresponding credit to deferred capital grants which are subsequently released to the income and expenditure account over the useful economic life of the asset at the same rate as the depreciation charge on the related asset(s).

#### *Equipment*

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

Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the College of between one and three years from incorporation and is now fully depreciated. All other equipment is depreciated over its useful economic life as follows:

- Accommodation improvements – 10 years on a straight-line basis
- Motor vehicles – 5 years on a straight-line basis
- Computer equipment – 5 years on a straight-line basis
- Furniture, fixtures and fittings – 5 years on a straight-line basis.

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

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (CONTINUED)

#### Leased assets

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

#### Investments

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

Investments in subsidiaries are accounted at cost less impairment in the individual subsidiaries.

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

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (CONTINUED)

#### Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478 to 488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

#### Provisions and contingent liabilities

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

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

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

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

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (CONTINUED)

#### Critical accounting judgement and estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Tangible fixed assets  
Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Local Government Pension Scheme  
The present value of the Local Government Pension Scheme defined benefit position 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 22, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2023 to value the pensions position at 31 July 2024. 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 non-recognised asset.

#### Agency arrangements

The Group acts as an agent in the collection and payment of discretionary 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, on the basis that the group does not have control of the economic benefit related to the transaction and are shown separately in Note 26, except for the 5 per cent of the grant received which is available to the Group to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Discretionary Support Fund applications and payments.



# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 2 FUNDING BODY GRANTS

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency – adult	2,406	2,406	2,478	2,478
Education and Skills Funding Agency - 16-18	5,299	4,992	4,967	4,742
Education and Skills Funding Agency – apprenticeships	1,305	440	1,292	375
Office for Students	860	860	774	774
<b>Specific grants</b>				
Releases of government capital grants	634	609	584	584
Teachers pension scheme contribution grant	306	306	244	244
HE Grant	55	55	32	32
16-18 Tuition fund	139	136	130	126
Agency – Provider Relief Scheme			-	-
<b>Total</b>	<b>11,005</b>	<b>9,806</b>	<b>10,499</b>	<b>9,353</b>

### 3 TUITION FEES AND EDUCATION CONTRACTS

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Adult education fees	67	61	87	81
Apprenticeship fees and contracts	11	4	12	4
Fees for FE loan supported courses	339	339	347	348
Fees for HE loan supported courses	128	102	34	21
<b>Total tuition fees</b>	<b>545</b>	<b>507</b>	<b>480</b>	<b>453</b>
Education contracts	1,112	1,112	1,490	1,490
<b>Total</b>	<b>1,657</b>	<b>1,619</b>	<b>1,970</b>	<b>1,943</b>

### 4 OTHER GRANTS AND CONTRACTS

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Other Grants	771	712	675	665
<b>Total</b>	<b>771</b>	<b>712</b>	<b>675</b>	<b>665</b>

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 5 OTHER INCOME

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Catering Operations	1	1	1	1
Other Income generating activities	219	401	119	290
Releases from Deferred Capital Grants	230	160	153	88
Nursery Operations	231	231	231	231
Released from Negative Goodwill			-	-
<b>Total</b>	<b>681</b>	<b>793</b>	<b>504</b>	<b>611</b>

### 6 INVESTMENT INCOME

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Interest receivable	31	18	-	-
Dividends	-	-	-	-
<b>Total</b>	<b>31</b>	<b>18</b>	<b>-</b>	<b>-</b>

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 7 STAFF COSTS – GROUP AND COLLEGE

The average number of persons (including key management personnel) employed by the Group during the year, expressed as full-time equivalents

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
Teaching staff	147	147
Non-teaching staff	47	44
	<u>194</u>	<u>191</u>

#### Staff costs for the above

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2024</b>	<b>2024</b>	<b>2023</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	6,420	5,945	6,081	5,628
Social security costs	552	508	525	485
Pension costs (including LGPS adjustments of (£11) (2023: £390,000))	1,307	1,245	1,422	1,360
<b>Payroll sub total</b>	<u>8,279</u>	<u>7,698</u>	<u>8,028</u>	<u>7,473</u>
Contracted out staffing services	-	-	-	-
Restructuring costs – contractual	112	100	20	20
- non	26	25	-	-
<b>Total Staff costs</b>	<u>8,416</u>	<u>7,823</u>	<u>8,049</u>	<u>7,493</u>

### 8 KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and are represented by the College Leadership Team which comprises the Principal, Vice Principal and Assistant Principal of the College and the senior management of SW Durham Training Limited. Governor expenses are disclosed at note 25.

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 8. KEY MANAGEMENT PERSONNEL (CONTINUED)

	2024 No.	2023 No.
The number of key management personnel including the Accounting Officer was:	5	5

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

	Key management personnel		Other staff	
	2024 No.	2023 No.	2024 No.	2023 No.
£ 5,001 to £10,000 p.a.	-	-	-	-
£10,001 to £20,000 p.a.	1	1	-	-
£20,001 to £30,000 p.a.	-	-	-	-
£30,001 to £40,000 p.a.	-	-	-	-
£40,001 to £50,000 p.a.	-	-	-	-
£50,001 to £60,000 p.a.	-	2	-	1
£60,001 to £65,000 p.a.	-	1	-	-
£65,001 to £70,000 p.a.	1	-	-	-
£70,001 to £75,000 p.a.	2	-	-	-
£75,001 to £85,000 p.a.	1	-	-	-
£85,001 to £95,000 p.a.	-	-	1	-
£95,001 to £100,000 p.a.	-	1	-	-
£100,001 to £105,000 p.a.	-	-	-	-
	<u>5</u>	<u>5</u>	<u>1</u>	<u>1</u>

Key management personnel compensation is made up as follows:

	2024 £'000	2023 £'000
Salaries	290	281
Employers National Insurance	34	33
Benefits in kind	<u>324</u>	<u>315</u>
Pension contributions	<u>61</u>	<u>62</u>
Total key management personnel compensation	<b>385</b>	<b>376</b>

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 8. KEY MANAGEMENT PERSONNEL (CONTINUED)

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

The above compensation includes amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	71	100
Benefits in kind	-	-
	<u>71</u>	<u>100</u>
Pension contributions	9	24
Total	<u>80</u>	<u>124</u>

The basic salary of the accounting officer for 2023-24 has increased by 1.5%. The accounting officer is not involved in setting their remuneration. The factors taken into account by the Committee when determining the accounting officer's remuneration include: previous increases; components of pay in prior year; CPI; pay increases for other staff; performance against personal objectives; performance of the organisation; sector data on pay of accounting officers and benchmarking or other means of comparison to the broader market. One remunerations committee took place during 2023-24 and the Previous Accounting Officer was allocated a 1.5% pay award commencing 1<sup>st</sup> August 2023.

A similar approach was used to determine the remuneration of other key management personnel. The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	<b>2024</b>	<b>2023</b>
	<b>No</b>	<b>No</b>
Basic salary as a multiple of median basic salary of staff	3.0	3.6
Total remuneration as a multiple of median total remuneration of staff	8.0	6.0

*Calculation included all staff (excluding agency staff) based on full earning for the entire financial year.*

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

9 OTHER OPERATING EXPENSES	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	2,285	2,186	2,207	2,068
Non teaching costs	1,217	1,054	887	851
Estates costs	1,247	1,082	1,219	1,040
<b>Total</b>	<b>4,749</b>	<b>4,322</b>	<b>4,313</b>	<b>3,959</b>

### Other operating expenses include:

	2024	2023
	£'000	£'000
Auditors' remuneration:		
Financial Statements Auditors	55	53
Internal Auditor	19	9
Hire of plant and machinery – operating leases	71	86
Gain/(loss) on disposal of fixed assets	-	110
Payments to partners for sub-contracted provision	437	409

9a ACCESS AND PARTICIPATION SPENDING	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Access investment	57	54	57	54
Financial support for students	52	53	52	53
Disability support	-	-	-	-
Research and evaluation (relating to access and participation)	3	43	3	43
<b>Total</b>	<b>112</b>	<b>150</b>	<b>112</b>	<b>150</b>

10 INTEREST AND OTHER FINANCE COSTS	2024		2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
On bank loans, overdrafts and other loans:				
Repayable wholly or partly in more than five years	225	243	225	243
	225	243	225	243
Net pension finance costs (note 22)	(60)	180	(60)	180
Interest on enhanced pension provisions	(5)	(11)	(5)	(11)
<b>Total</b>	<b>160</b>	<b>412</b>	<b>160</b>	<b>412</b>

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 11 TAXATION

The members do not believe the college was liable for corporation tax arising out of its activities.

### 12 INTANGIBLE FIXED ASSETS – GROUP

None

### 13 TANGIBLE FIXED ASSETS – GROUP

	Land and buildings		Plant, Machinery, Fixtures & Equipment	Total
	Freehold	Long leasehold		
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 August 2023	46,676	195	7,105	53,976
Impairment Loss	(667)	-	-	(667)
Additions	1,692	-	630	2,322
Reclassification	-	-	-	-
Disposals	-	-	-	-
<b>At 31 July 2024</b>	<b>47,702</b>	<b>195</b>	<b>7,735</b>	<b>55,632</b>
<b>Depreciation</b>				
At 1 August 2023	15,950	195	5,837	21,982
Charge for the year	1,010	-	294	1,304
Elimination in respect of disposals	-	-	-	-
<b>At 31 July 2024</b>	<b>16,960</b>	<b>195</b>	<b>6,131</b>	<b>23,287</b>
<b>Net book value at 31 July 2024</b>	<b>30,741</b>	<b>-</b>	<b>1,604</b>	<b>32,345</b>
Net book value at 31 July 2023	30,726	-	1,268	31,994

No depreciation has been charged on revalued freehold land.

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 13 TANGIBLE FIXED ASSETS – COLLEGE

	Land and buildings		Plant, Machinery, Fixtures & Equipment	Total
	Freehold	Long leasehold		
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 August 2023	41,872	195	2,867	44,935
Impairment	(667)	-	-	(667)
Additions	1,692	-	234	1,926
Reclassification	-	-	-	-
Disposals	-	-	-	-
<b>At 31 July 2024</b>	<b>42,898</b>	<b>195</b>	<b>3,101</b>	<b>46,194</b>
<b>Depreciation</b>				
At 1 August 2022	12,671	195	2,158	15,026
Charge for the year	923	-	227	1,149
Elimination in respect of disposals	-	-	-	-
<b>At 31 July 2024</b>	<b>13,595</b>	<b>195</b>	<b>2,385</b>	<b>16,175</b>
<b>Net book value at 31 July 2024</b>	<b>29,303</b>	<b>-</b>	<b>717</b>	<b>30,020</b>
Net book value at 31 July 2023	29,200	-	709	29,909

As stated in the policy note, the College carries inherited assets which had an inherited valuation of £1.110m and which were revalued at 31 July 2014. Inherited land and buildings were valued in 1994 for the purpose of the financial statements at depreciated replacement cost by the 'District Valuer and Valuation Officer' in accordance with the RICS statement of Asset Valuation Practice and Guidance notes. The historic cost of these assets is nil. This land was revalued as at 31 July 2014 at £2.182m.

Group land with a net book value of £2.393m has been funded from local education authority sources. Land and buildings have been partly financed by exchequer funds, through for example the receipt of capital grants. Should these assets be sold, the College would either have to surrender the sale proceeds or use them in accordance with the financial memorandum with the Skills Funding Agency.

Included within group freehold land and buildings is land valued at £2.393m which is not depreciated.

Impairment has been applied to the Spennymoor Campus. The sale of the campus as agreed on the 8<sup>th</sup> November 2024. The asset has a NBV at the 31<sup>st</sup> October 2024 of £5,416,838 and an agreed sale value of £4,750,000. Impairment of £666,838 has been applied.



# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 14 DEBTORS

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Amounts falling due within one year:				
Trade debtors	703	696	25	16
Prepayments and accrued income	1,299	936	2,039	1,777
Amounts owed by subsidiaries	-	41	-	-
<b>Total</b>	<b>2,003</b>	<b>1,672</b>	<b>2,064</b>	<b>1,792</b>

### 15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Bank loans and overdrafts	307	307	307	307
Other loan	5	5	29	29
Payments received in advance	99	99	56	56
Trade creditors	369	355	689	628
Other creditors	460	433	777	554
Other taxation and social security	1,320	1,298	1,226	1,209
Accruals	1,100	1,034	876	770
Amounts owed to Funding Bodies	244	202	375	279
Deferred grants	860	769	723	658
Amounts owed to subsidiaries	-	-	-	-
<b>Total</b>	<b>4,765</b>	<b>4,502</b>	<b>5,072</b>	<b>4,503</b>

The college is a member of a VAT group with its subsidiary S W Durham Training Limited.

## Consolidated Financial Statements for the year ended 31 July 2024

### Notes to the Consolidated Financial statements (continued)

#### 16 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2024</b>	<b>2024</b>	<b>2023</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans	3,707	3,707	4,046	4,046
Lease Rent received in advance	-	-	5	5
Other loan	-	-	-	-
Deferred grants	24,497	21,893	23,434	21,025
<b>Total</b>	<b>28,204</b>	<b>25,599</b>	<b>27,484</b>	<b>25,075</b>

#### 17 MATURITY OF DEBT

Bank loans and overdrafts are repayable as follows:

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2024</b>	<b>2024</b>	<b>2023</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	358	358	339	339
Between one and two years	308	308	358	358
Between two and five years	1,259	1,259	1,125	1,125
In five years or more	2,088	2,088	2,622	2,622
<b>Total</b>	<b>4,013</b>	<b>4,013</b>	<b>4,444</b>	<b>4,444</b>

Total loans £4.013m as per note 16 and 17. A 25 year fixed term commercial mortgage secured on freehold land and buildings at Woodhouse Lane Bishop Auckland and South Durham Way Newton Aycliffe commenced on 31 July 2008 with repayments of interest and capital on a quarterly basis. The interest rate is fixed at 5.3% for the full term of the loan.

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 18 CONTINGENT LIABILITY

#### European Social Fund

The College has been in receipt of significant income from the European Social Fund (ESF) in previous years and current year. The College took all reasonable steps to ensure it complied with the terms attaching to the receipt of all ESF income. However, the College recognises that this is a complex area and there is risk that some funding could become repayable as a result of a possible inspection by the funding provider or the ESF Verification and Audit Section. It is not possible to estimate the value or timing of any such repayments.

### 19 PROVISIONS

	Group and College				Total
	Defined Benefit Obligation	Restructuring	Enhanced Pension	Other Changes	
At 1 August 2023	-	-	128	-	128
Expenditure in the year	28	(99)	21	-	(50)
Additions in year	(1,040)	-	(34)	-	(1,074)
Effect of non-recognition of net defined benefit asset	1,012	(99)	-	-	1,111
At 31 July 2024	-	-	115	-	115

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 22.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

This provision has been calculated in accordance with guidance issued by the funding bodies. The principle assumptions for this calculation are:

	2024	2023
CPI Rate	2.6%	2.6%
Discount rate	5.0%	4.9%

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 20 ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 1 August 2023 £'000	Cash flows £'000	Other changes £'000	At 31 July 2024 £'000
Cash in hand and at bank	4,387	(1,123)	-	3,233
<b>Total</b>	<b>4,387</b>	<b>(1,123)</b>	<b>-</b>	<b>3,264</b>

### 21 DEFINED BENEFIT OBLIGATIONS

The College's employees belong to two principle pension schemes: The Teachers' Pensions 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 Durham County Council. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2022.

<b>Total pension cost for the year</b>	<b>2024 £000</b>	<b>2023 £000</b>
Teachers' Pensions Scheme: contributions paid	670	552
Local Government Pension Scheme:		
Contributions paid	587	550
Unfunded		
FRS102 (28) charge	(11)	210
Charge to the Income and Expenditure Account (staff costs)	576	760
Other pension costs	3	45
SWDT contributions	58	65
<b>Total Pension Cost for Year</b>	<b>1,307</b>	<b>1,422</b>

Included above are pension contributions paid by SW Durham Training Limited of £57,592 (2023: £65,143).

Contributions amounting to £644,577 (2023: £268,619) were payable to the scheme at 31 July 2024 and are included within creditors.

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 21 DEFINED BENEFIT OBLIGATIONS (CONTINUED)

**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 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service at the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation). As a result of the valuation, new employer contribution rates rose to 28.68% from April 2024 (compared to 23.68% during 2018/9).

The employer pension costs paid to TPS in the year amounted to £669,591 (2023: £617,997).

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

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Durham County Council Local Authority. The total contributions made for the year ended 31 July 2024 were £758,949, of which employer's contributions totalled £580,134 and employees' contributions totalled £178,815. The agreed contribution rates for future years are 19.3% for employers and range from 5.5% to 7.5% for employees, depending on salary.

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 21 DEFINED BENEFIT OBLIGATIONS (CONTINUED)

#### Enhanced Pensions – Teachers

The College has the liability for the enhanced element of teachers' pensions who have been granted voluntary early retirement. The College administers the payment of the enhanced element of the pensions direct to the retired teacher. The College financial statements include the initial and continuing costs of the enhancement under FRS 102.

#### Analysis of the amount charged to income and expenditure account (Teachers)

	Year Ended July 2024 £'000	Year Ended July 2023 £'000
Service cost	-	-
Negative past service cost	-	-
Total operating gain	-	-

#### Analysis of pension finance (costs)

Expected return on pension scheme assets	-	-
Interest on pension liabilities	(7)	(5)
<b>Pension finance costs</b>	<b>(7)</b>	<b>(5)</b>

#### Amounts recognised in the statement of comprehensive income

Actual return less expected return on pension scheme assets	-	-
Experience gains and losses arising on the scheme liabilities	-	-
Change in financial and demographic assumptions underlying the scheme liabilities	12	(10)
<b>Actuarial gain (loss) recognised in SOCI</b>	<b>12</b>	<b>10</b>

#### Movement in surplus during year

Deficit in scheme at 1 August	(128)	(160)
Current service credit	8	
Net (interest) on assets	(7)	(21)
Actuarial (loss) or gain	12	(11)
<b>Deficit in scheme at 31 July</b>	<b>(115)</b>	<b>(128)</b>

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 21 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 Durham County Council. The total contributions made for the year ended 31 July 2021 were £610,000, of which employer's contributions totalled £430,000 and employees' contributions totalled £180,000. The agreed contribution rates for future years are 19.3 % for employers and range from 5.5 % to 12.5 % for employees, depending on salary.

#### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2021 updated to 31 July 2022 by a qualified independent actuary:

	<b>At 31 July 2024</b>	<b>At 31 July 2023</b>
Discount rate	5.00%	4.90%
CPI inflation	2.60%	2.60%
Pension increases	2.60%	2.60%
Pension accounts revaluation rate	2.60%	2.60%
Salary increases	3.60%	3.60%

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

	<b>At 31 July 2024</b>	<b>At 31 July 2023</b>
<i>Males</i>		
Member aged 65 at accounting date	21.5	22.2
Member aged 45 at accounting date	22.4	23.5
<i>Females</i>		
Member aged 65 at accounting date	23.8	24.4
Member aged 45 at accounting date	24.6	25.5

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 21 DEFINED BENEFIT OBLIGATIONS (CONTINUED)

The College's share of the assets in the scheme were:

	Fair Value at 31 July 2024 £'000	Fair Value at 31 July 2024 %	Fair Value at 31 July 2023 £'000	Fair Value at 31 July 2023 %
Equities	11,750	55.1%	9,981	50.9%
Property	1,370	6.4%	1,471	7.5%
Government bond	2,150	10.1%	2,079	10.6%
Corporate bonds	2,050	9.6%	1,843	9.4%
Multi Asset Credit	3,260	15.3%	3,000	15.3%
Cash	410	1.9%	392	2.0%
Other	340	1.6%	843	4.3%
	21,330	100%	19,610	100%

#### Reconciliation of funded status to balance sheet:

	2024 £'000	2023 £'000
Fairvalue of assets	21,330	19,610
Present value of funded defined benefit obligation	(19,360)	(18,760)
<b>Funded status</b>	1,970	850
Unrecognised asset	(1,970)	(850)
<b>Liability recognised on the balance sheet</b>	-	-

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

	2024 £'000	2023 £'000
<b>Operating cost</b>		
Current service cost	500	760
Past service costs	99	-
Curtailment costs	-	-
<b>Financing cost</b>		
Net interest cost	(170)	180
<b>Total</b>	<b>231</b>	<b>940</b>



# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 21 DEFINED BENEFIT OBLIGATIONS (CONTINUED)

#### Amounts recognised in other comprehensive income

	2024 £'000	2023 £'000
Asset gains arising during the year	510	(350)
Liability gains/(losses) during the period	1,013	6,059
Effect of non-recognition of net defined benefit asset	(1,120)	(850)
<b>Amount recognised in other comprehensive income</b>	<b>(403)</b>	<b>4,859</b>

#### Movements in the present value of defined benefit obligations were as follows:

	2024 £'000	2023 £'000
Liabilities at start of period	18,760	23,680
Liabilities at start of period (21/22 adjustment)		1,170
Current service cost	500	760
Interest expense on defined benefit obligation	910	840
Contributions by participants	180	160
Actuarial (gain) / loss on liabilities	(530)	(7,180)
Net benefits paid out	(550)	(670)
Curtailment cost	-	-
Past Service Costs	90	-
<b>Liabilities at end of period</b>	<b>(19,360)</b>	<b>(18,760)</b>

#### Movements in the fair value of college's share of scheme assets:

	2024 £'000	2023 £,000
Assets at start of period	18,760	19,260
Interest income on assets	970	660
Remeasurement gains/losses on assets	510	(350)
Contributions by the employer	610	550
Contributions by participants	180	160
Benefits paid	(550)	(670)
Derecognition of asset	(1,120)	(850)
<b>Assets at end of period</b>	<b>(19,360)</b>	<b>(18,760)</b>

# Consolidated Financial Statements for the year ended 31 July 2024

## Notes to the Consolidated Financial statements (continued)

### 21 DEFINED BENEFIT OBLIGATIONS (CONTINUED)

#### Actual Return on Assets

	<b>2024</b> <b>£'000</b>	<b>2023</b> <b>£'000</b>
Interest income on assets	970	660
Gain/loss on assets	510	(350)
	<u>1,480</u>	<u>310</u>

In determining the carrying value of the defined benefit pension scheme, management judgment has been utilised to determine that no defined benefit asset should be recognised. The actuarial valuation determined a net asset of £21,330 against a liability in 2024 of £19,360k. The definitions of an asset and contingent asset require probable future economic benefits, which are not considered to exist given the nature of the fund, the volatile economic circumstances and inconsistencies with the near and medium term past which raises doubts about the likely continuation of the asset position. The asset position does not directly drive the deficit contribution calculation at the triennial review and therefore a direct flow through to reduced contribution rates cannot be expected. Given that the opinion of the expert is such that it is possible that there is no liability however, the Group have recognised a £nil defined benefit liability, through reducing the gain recognised in other comprehensive income.

### 22 CAPITAL COMMITMENTS

	<b>2024</b> <b>£'000</b>	<b>2023</b> <b>£'000</b>
Commitments contracted for at 31 July	<u>-</u>	<u>-</u>

### 23 LEASE OBLIGATIONS

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

	<b>2024</b> <b>£'000</b>	<b>2023</b> <b>£'000</b>
Plant and Equipment:		
Expiring within one year	32	41
Expiring within two and five years inclusive	39	71
Expiring in over five years	-	-
	<u>71</u>	<u>113</u>