



## **BURY COLLEGE**

**Report and Financial Statements  
for the year ended 31 July 2015**

*Inspiring  
Excellence*

**An Outstanding Grade One College with a  
proven track record of achievement**

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**OPERATING AND FINANCIAL REVIEW****STRATEGIC REVIEW**

Bury College is one of the leading Further Education College's in the sector providing general and specialist education skills and training for a wide range of clients. In 2014/15 Bury College helped over 11,300 individuals secure their future through examination success; pathways to higher education or employment and greater skills for life and work.

The Members of the Corporation present their report and the audited financial statements for the year ended 31 July 2015.

**Legal Status**

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

**Mission**

**Developing individual potential, inspiring excellence, promoting prosperity through knowledge.**

**Vision: continuous improvement through learning.**

**Bury College Values**

- Openness
- Innovation
- Empower
- Reflection
- Integrity
- Support

**Public Benefit**

Bury College is an exempt charity under Part 3 of the Charities Act 2011 and from 1<sup>st</sup> September 2013, is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 11 and 12.

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

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

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

**Area Review**

Bury College is one of 21 Sixth Form and Further Education colleges that is part of the Greater Manchester area review, which is assessing the educational needs and college structure in the area. The aim of the review is to ensure that there is the right capacity to meet the needs of students and employers in the area and that institutions are financially stable and able to deliver high quality provision. The college is fully engaging in the process and is committed to exploring all options which

**Operating and Financial Review (continued)**

will support the college's mission of developing individual potential, inspiring excellence and promoting prosperity through knowledge.

**The Strategic Plan and Annual Objectives**

In July 2013 the College adopted the strategic plan and annual objectives for the period 1 August 2013 to 31 July 2016. This strategic plan includes property and financial plans and is updated annually. The College has specific annual objectives for each year of the strategic plan to the aims below. The Corporation monitors the performance of the College against their plans.

**Aims:**

- ensure the curriculum anticipates and matches the needs of young people, adults and employers;
- to continually improve performance;
- to appoint, develop and retain high performing and responsive staff;
- to make effective and efficient use of resources to enhance the student experience, promote success and to support the delivery of the curriculum;
- to support the vision, aims and objectives of the College through pro-active partnership and collaboration.

**Operating and Financial Review (continued)****FINANCIAL REVIEW**

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

*Tangible Assets*

The College has three sites in the town centre, the Woodbury campus which incorporates the new Venture Centre, the Peel campus which is the largest campus and the Enterprise Centre. The Peel campus has the following buildings:-

- Millennium Centre
- Aspire Centre
- Beacon Centre
- Innovation Centre
- Prospects Centre
- Nursery
- Playfootball – outdoor pitches and pavilion
- Sports Centre – available from September 2014

*Property Strategy*

As part of the College's Property Strategy, two new buildings, the Employer's Gateway and the Sports Centre were opened in September 2014.

The STEM Centre Phase 1 was built during 2014-15 and was opened in September 2015.

*Financial*

The College has £31,255,000 of net assets (after £11,919,000 pension liability) and long term debt of £2,955,000.

*People*

The College employs 538 people (expressed as full time equivalents), of whom 250 are teaching staff:

- Academic HC 271 FTE 251.27
- Business Support HC 166 FTE 147.85
- Supporting Direct Teaching HC 141 FTE 104.43
- Managers HC 19 FTE 18.92

*Reputation*

The College has an excellent reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships. In delivering on all of its key funding targets, Bury College has shown once again its reputation for resilience, responsiveness and real success for learners.

**The Financial Objectives**

The College's financial objectives are to:

- maintain a sound financial base.
- improve financial management.
- maintain the confidence of funding bodies, suppliers and professional advisors.
- raise awareness of financial issues.
- improve the stock of College accommodation.

**Operating and Financial Review (continued)****Performance Indication**

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Skills Funding Agency. The Finance record calculates a financial health grading. The current rating is Outstanding.

**Financial Results**

*The College delivered continuous growth in student numbers generating £33,374,000 income in 2014/15, a decrease of 1.3% when compared to £33,819,000 in 2013/14.*

*The College generated an operating surplus in the year of £1,121,000. The College has accumulated reserves of £20,304,000 and cash balances of £6,370,000.*

*Tangible fixed asset additions during the year amount to £5,316,000 relating to one new building, the Endeavour Centre – funded two thirds by the College and one third the Skills Funding Agency (SFA), the building opened in September 2015 and was within budget.*

*The College, like other colleges in the Further Education sector, has significant reliance on the EFA and the SFA for its principle funding source, largely from the recurrent grants. In 2014/15, the EFA and SFA provided 85.5% of the College's total income.*

The College has one subsidiary company, Bury College Enterprises Limited. The company was incorporated as a design and build company, although it does not currently trade. Any surpluses generated by the subsidiary are transferred to the College under a Deed of Covenant.

The College has become a sponsor of Bury College Education Trust. This is a multi-Academy Trust which has sponsored Radcliffe Primary School from 1<sup>st</sup> January 2014 and Elton Community Primary School from 1<sup>st</sup> September 2014.

**Treasury Policies and Objectives**

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

The College has a separate treasury management policy in place.

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

**Cash flows**

A cash-inflow of £3,150,000 (2013/14 £3,949,000) is being generated through operating activities and the College remains in a very strong position.

**Liquidity**

The size of the College's total borrowing and its approach to interest rate risk have been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded.

**Going Concern**

The College confirms that it is reasonable to prepare Bury College's Financial Statements on a going concern basis.

**Post-balance sheet events**

There are no significant post balance sheet events.

**Operating and Financial Review (continued)****OPERATIONAL REVIEW****Student Numbers**

Bury College enrolled a significant number of 16-18 year olds that were funded by the EFA as well as 16-18 Apprentices and Adults funded by the SFA. In 2014/2015 Bury College delivered activity that produced funding of £28,578,000 (2013/14 £29,264,000).

**Student achievements**

Students continue to prosper at the College. Success rates are predicted above 80% for 2014/2015 (82% for 2013/2014).

**Curriculum developments**

The needs of our students and the demands of current and future employers are continuously changing. Bury College regularly reviews its curriculum in order to provide students with skills advantages for progressing into jobs or continuing their education. Curriculum developments for the future include the introduction of new industry-relevant subjects, with an eye on future jobs and careers. This will be complemented by the broad range of Academic and Vocational subjects that the College is already positively recognised for.

**Higher Education**

The College continues to receive funding for its own HE students direct from HEFCE and with the 'cap' on student numbers being removed for 2015-16, the College is continuing to plan for growth in this provision.

The College has developed the following courses to help deliver these numbers:-

- BSC International Tourism Management
- BA Professional Development in Teaching Assistants top up
- Post Graduate Certificates in Education
- Fd in Early Years Childhood Studies
- Fd in Teaching Assistants
- Fd in Health Care
- Fd Design Media Makeup
- Fd Sports Science and Coaching
- HND Beauty Management
- HNC Performance (Dance)

**Student with learning difficulty or disability provision**

Working in partnership with Local Authorities, together we have been able to teach and support young people with learning difficulties at the College in an inclusive and supportive but non-residential environment.

**FE Loans - 24+ Advanced Loans**

A major change in funding strategy from the Department, reflecting the austerity measures and that the SFA will no longer fund Level 3 and Level 4 provision for 24+ Loans. The Department has enabled these learners to access loans from the Student Loan Company, similar to HE, to fund the tuition fee costs of this provision. The loans will only start to be repaid when they earn in excess of £21,000.

**Higher Apprenticeships**

In 2014-2015, the College developed its capacity to deliver Higher Apprenticeships, supported with funding via the City Deal Apprenticeship Hub Funding. Provision delivered in 2014-2015 was:-

- Level 4 Accountancy
- L5 Leadership and Management

**Operating and Financial Review (continued)**

- L5 Human Resource Management
- L4 IT, Software, Web & Telecom Professionals
- L4 Business and Professional Administration
- L4 Hospitality Management
- L5 Care Leadership and Management

**Principal Risks and Uncertainties**

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

A risk register is maintained at the College level which is reviewed 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.

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

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

**1. Government funding**

The College has considerable reliance on continued government funding through the EFA and the SFA. In 2014-15, 85.5% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms in the future.

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

- the current Further Education 16-18 funding methodology is called 'Lagged Funding'. In essence, the College will be paid the following year on the number of students recruited in the current year. The pressure to recruit in the current year is immense, as the demographics are falling for this cohort so just to maintain year on year student numbers is an achievement, to continue to grow the College is exceeding expectations.

The funding of 18 year olds for 2014-15 will be reduced by 17.5% when compared to the funding of 16 and 17 year olds.

This risk is mitigated in a number of ways:

- by ensuring the College is rigorous in delivering high quality education and training;
- considerable focus and investment is placed on maintaining and managing key relationships with the various feeder schools;
- ensuring the College is focused on those priority sectors which will continue to benefit from public funding;
- regular dialogue with the local SFA.

**2. Tuition fee policy**

The SFA has raised individual contributions to 50%. In line with the majority of other colleges, Bury College will increase tuition fees in accordance with the rising fee assumptions. The risk for the College is that demand falls off as fees are increased. This will impact on the growth strategy of the College.



**Operating and Financial Review (continued)**

This risk is mitigated in a number of ways:

- by ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students;
- close monitoring of the demand for courses as prices change;
- flexibility over payment terms offered to students;
- the 24+ Advanced Loans are available through the Student Loan Company.

**3. Maintain adequate funding of pension liabilities**

Bury College employees currently have the right to be members of either the Teacher's Pension Scheme (TPS) or the Local Government Pension Scheme (LGPS). The Financial Statements report the share of the LGPS deficit on Bury College's balance sheet in line with the requirements of FRS17. Bury College monitors and reviews the pension scheme deficit and implements changes to the employer's contribution rate as determined by the fund's periodic actuarial valuation.

**Stakeholder Relationships**

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

- students;
- funding councils;
- staff;
- local employers (with specific links);
- local authorities;
- government offices/ regional development agencies/LEP's
- the local community;
- other FE institutions;
- trade unions;
- professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College internet site, meetings and an annual achievement of success roadshow.

**Equal opportunities and employment of disabled persons**

Bury College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. We strive vigorously to remove conditions which place people at a disadvantage and actively endeavour to counter any attitudes or behaviours which deny opportunities to people because of these characteristics. The Single Equality Scheme will be resourced, implemented and monitored on a planned basis.

The College's Equality and Diversity Commitment Policy is published on the College's Internet site. This includes information and Equality objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010.

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive and Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues.

**Operating and Financial Review (continued)**

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

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

**Disability statement**

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

- a) The College has an Additional Learning Support team as part of Student Services, who provide information, advice and arrange academic and personal support where necessary for students with learning difficulties and disabilities.
- b) There is a list of specialist equipment, such as hearing loops, voice activated software, specially adapted laptops which the College can make available for use by students and a range of assistive technology is available in the learning resource and drop-in centres.
- c) The admissions policy for all students is described in the Learner Charter. Appeals against a decision not to offer a place are dealt with under the Complaints and Appeals Policy.
- e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities, including a number of Educational Support Workers who can provide a variety of support for learning. Risk assessments, medical assessments and academic assessments are conducted to establish support needs. There is a continuing programme of continuous professional development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- f) Specialist programmes are described in College prospectuses and the Disability Statement and achievements and destinations are recorded and published in the annual Self Assessment Report.
- g) Counselling and welfare services and pastoral support are described on the Student Portal, which is available to all full time and part time learners.
- h) The College produces a Disability Statement detailing opportunities and additional support for students with learning difficulties and disabilities.
- i) Prospective learners are encouraged to disclose their disability on the College application form, at enrolment, induction or at any time during their course. The College will then endeavour to provide the necessary support to enable them to be successful in their studies.

**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 17 December 2015 and signed on its behalf by:**



**Mr P Nicol**  
**Chairman of the Corporation**

**Operating and Financial Review (continued)**

**Professional advisers**

**Financial statement and regularity auditors:**

*Grant Thornton UK LLP  
4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB*

**Internal auditors:**

*Baker Tilley  
9<sup>th</sup> Floor  
3 Hardman Street  
Manchester  
M3 3HF*

**Bankers:**

*Barclays Bank Plc  
7<sup>th</sup> Floor  
1 Marsden Street  
Manchester  
M2 1HW*

**Solicitors:**

*Walker Morris  
King's Court  
12 King Street  
Leeds  
LS1 2HL*

Property only

*Burnetts  
6 Victoria Place  
Carlisle  
Cumbria  
CA1 1ES*

**Statement of Corporate Governance and Internal Control**

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure.

The Corporation endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and,
- ii. in full accordance with The Code of Good Governance for English Colleges.

The Corporation is committed to exhibiting best practice in all aspects of corporate governance and in particular the Board has adopted and complied with the Foundation Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporation Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Corporation, the College complies with the provisions of the Foundation Code, and it has complied throughout the year ended 31 July 2015. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance which it formally adopted in June 2015

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

**The Corporation**

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

**Membership of the Corporation 1 August 2014 – December 2015**

<b>Name</b>	<b>Date of Appointment</b>	<b>Term of Office</b>	<b>Date of Resignation / End of Term of office</b>	<b>Status of Appointment</b>	<b>Committees Served</b>
Mr L Ali	18/05/94 Reappointed: 01/09/12	4 years	31/08/16	Independent Member	Audit (Chair) Search
Mr C Bridge	07/10/14	1 year 10 months	31/08/16	Student Member	Curriculum & Quality
Cllr P Bury	01/09/08 Reappointed: 01/09/13	4 years	31/08/17	Independent Member	Audit
Mr L J Dean	11/12/12	1 year 8 months	31/08/14	Student Member	Curriculum & Quality

## Statement of Corporate Governance and Internal Control

<b>Name</b>	<b>Date of Appointment</b>	<b>Term of Office</b>	<b>Date of Resignation / End of Term of office</b>	<b>Status of Appointment</b>	<b>Committees Served</b>
Mr C W Deane	01/05/12			Principal	Curriculum & Quality Resources Search
Mr M Granby	13/05/14	1 year 3 months	31/08/15	Independent Member	Curriculum & Quality
Mr A Jolly	15/10/13	1 year 10 months	31/08/15	Student Member	Curriculum & Quality
Mr P Johnson	01/05/09 Reappointed: 01/09/14	4 years	31/08/18	Independent Member	Audit
Mr G Jones	18/04/13 Reappointed 01/09/14	4 years	31/08/18	Independent Member	Resources
Mr G P Little	01/09/93 Reappointed: 01/09/13	2 years	31/08/15	Independent Member	Remuneration Resources (Chair) Search
Mr K Livesey	14/02/14	2 years 6 months	31/08/16	Staff Member (Academic)	Curriculum & Quality
Ms S McCambridge	01/09/11 Reappointed: 01/09/12	4 years	31/08/16	Independent Member	Curriculum & Quality
Mr P Nicol (Corporation Chair)	15/12/04 Reappointed: 01/09/14	4 years	31/08/18	Independent Member	Resources Remuneration (Chair) Search (Chair)
Mr J Rush	01/09/11 Reappointed: 01/09/12	4 years	31/08/16	Independent Member	Curriculum & Quality
Mr M Seddon	01/09/11 Reappointed: 01/09/12	4 years	31/08/16	Independent Member	
Mr P Smith	15/10/13 Reappointed: 01/09/14	4 years	31/08/18	Independent Member	Curriculum & Quality
Mrs K Thomas-Wilson	01/09/09 Reappointed: 01/09/14	4 Years	31/08/18	Independent Member	Resources
Mr C Trees (Vice Chair)	06/07/06 Reappointed: 01/09/13	4 years	31/08/17	Independent Member	Curriculum & Quality Remuneration Search
Mrs L Wildeman	30/09/03 Reappointed: 01/09/11	4 years	31/08/15	Staff Member (Business Support)	Audit

**Statement of Corporate Governance and Internal Control**

The Corporation has a target of 75% attendance at Board meetings and the percentage attendance at Ordinary Meetings in 2014/15 was 79.44%, with attendance being 94.44% at two of the six meetings and well in excess of 80% at two of the others.

**Co-Opted Committee Members**

Name	Date of Appointment	Term of Office	Date of Resignation / End of Term of Office	Committees served
Mr I Clayton	03/12/13	1 year 8 months	Resigned 10/10/2014	Audit
Ms M Livesey	07/10/14	10 months	31/08/15	Curriculum & Quality
Ms L Vernon	07/10/14	10 months	31/08/15	Resources
Mr D Weidenbaum	29/09/99 Reappointed: 01/09/13	2 Years	31/08/15	Audit

Mr J Fargher, Fargher Consultancy, provides services as the Clerk to the Corporation.

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

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Resources, Remuneration, Search, Audit and Curriculum and Quality. Full minutes of all Corporation meetings, except those deemed to be confidential by the Corporation, are published on the College website at <http://www.burycollege.ac.uk/general/gov0910.aspx> or are available from the Clerk to the Corporation at:

Bury College  
Market Street  
Bury  
Lancashire  
BL9 0BG

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

All Corporation Members are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Corporation 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 Corporation Members in a timely manner, prior to Corporation Board meetings. Briefings are also provided on a planned basis.

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

**Statement of Corporate Governance and Internal Control**

There is a clear division of responsibility between Governance and Management and a clear distinction in that the roles of the Chair and the Principal as Accounting Officer are separate.

**Appointments to the Corporation**

The appointment of any new Members and the re-appointment of existing Members are matters for consideration by the Corporation as a whole on the advice and recommendation of the Search Committee. This Committee consists of five Members of the Corporation including the Corporation Chair, Vice-Chair, the Chairs of the Corporation's Committees and the Principal and is responsible for the selection and nomination of candidates for appointment.

Members of the Corporation are appointed for a term of office not exceeding four years but Members who reach the end of their four-year term are eligible to be considered for re-appointment.

**Remuneration Committee**

Throughout the year ended 31 July 2015 the Remuneration Committee comprised three Members of the Corporation and these were the Corporation Chair, Vice-Chair and the Chair of the Corporation's Resources Committee. The Committee's responsibilities are to make recommendations to the Corporation Board on the remuneration of the Designated Senior Postholders i.e. the Principal, the Deputy Principal and the Vice-Principal Finance & Corporate Services.

Details of the remuneration of the Designated Senior Postholders for the year ended 31 July 2015 are included in Note 6 to the Financial Statements.

**Audit Committee**

The Audit Committee comprised five Members throughout the year which included four Members of the Corporation (excluding the Corporation Chair and the Principal) and one External Co-opted Member who has appropriate skills and expertise in audit and finance. The Audit Committee operates in accordance with written Terms of Reference approved by the Corporation and which take account of the requirements of the Skills Funding Agency (SFA) and the Education Funding Agency (EFA) Joint Audit Code of Practice (JACoP).

The Committee meets at least once in each term and provides a forum for reporting by the College's Internal Auditors and the Financial Statements/Regularity Auditors both of whom have access to the Committee for independent discussion, without the presence of College management should this be necessary. The Audit Committee also receives reports from other sources including the main Funding Agencies as they affect the College's business.

College management is responsible for the implementation of agreed audit recommendations and the Internal Auditors undertake periodic follow-up reviews to give assurance that agreed recommendations have been implemented.

**Curriculum & Quality Committee**

This Committee comprised ten Members which included the two Student Members of the Corporation, the Staff Member (Academic) and one External Co-opted Member with experience of working with Student Unions in the Higher Education sector. A Student Observer was also in attendance at meetings of the Committee. The Committee met on four occasions during 2014/15 and was Chaired by the Vice-Chair of the Corporation Board.

The main objectives of the Curriculum & Quality Committee are to:

- advise the Corporation on the determination of annual performance targets including success rates, value added and student attendance;
- ensure that effective mechanisms are in operation for monitoring curriculum-related aspects of the College's performance including the quality of teaching, learning & assessment;
- advise the Corporation on policies and procedures relating to Learner Voice, student entitlement, student representation and student conduct.

**Statement of Corporate Governance and Internal Control****Resources Committee**

The Resources Committee consisted of five Corporation Members (including the Corporation Chair and the Principal) plus one External Co-opted Member. The Committee met five times in the 2014/15 Academic Year. The main objectives of the Resources Committee are to:

- monitor the financial position of the College and any of its subsidiaries to support the Corporation in fulfilling its statutory responsibilities with regard to solvency, safeguarding of assets, approval of financial forecast and the annual estimates of income and expenditure;
- advise the Corporation on the Property Strategy;
- approve the College's employment, health, safety and welfare, safeguarding and industrial relations frameworks and advise the Corporation on their effectiveness.

The Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Leadership Team and the Audit Committee also receive regular reports from internal and external audit and other sources of assurance, which include recommendations for improvement where appropriate. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control, framework of governance, arrangements for the identification and management of risk and processes for the effective and efficient use of resources. The Corporation regularly considers risk and control and receive reports thereon from the Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. In its assessment for the year ended 31 July 2015 the Corporation considered documentation from the Leadership Team, internal and external audit, and took account of events since 31 July 2015.

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".

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

The Corporation has reviewed the key risks to which the College is exposed together with operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks and that this has been in place for the year ended 31 July 2015 and up to the date of the approval of the Members' Report and Financial Statements for that year. This process is reviewed regularly by the Corporation and monitored on its behalf by the Audit Committee.

Based on the advice of the Audit Committee and the Principal, in his capacity as the College's Accounting Officer, the Corporation is of the opinion that Bury 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 College and the safeguarding of its assets".



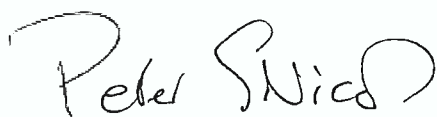
**Statement of Corporate Governance and Internal Control**

**Going concern**

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

Approved by order of the members of the Corporation on 17 December 2015 and signed on its behalf by:

**Signed**



**Mr P Nicol**  
**Chairman of the Corporation**

**Signed**



**Mr C Deane**  
**Accounting Officer**

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

The Corporation has considered its responsibility to notify the Skills Funding Agency of material irregularity, impropriety and non-compliance with Skills Funding Agency terms and conditions of funding, under the financial memorandum in place between the College and the Skills Funding Agency. As part of its consideration the Corporation has had due regard to the requirements of the financial memorandum/funding agreement.

We confirm, on behalf of the Corporation, that after due enquiry, and **to the best of its knowledge**, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Skills Funding Agency's 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 Skills Funding Agency.

Approved by order of the members of the Corporation on 17 December 2015 and signed on its behalf by:

Signed



**Mr P Nicol**  
Chairman of the Corporation

Signed



**Mr C Deane**  
Accounting Officer

**Statement of Responsibilities of the Members of the Corporation**

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

Within the terms and conditions of the Financial Memorandum between the Skills Funding Agency and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2007 *Statement of Recommended Practice – Accounting for Further and Higher Education Institutions* and with the Accounts Direction for 2014-15 issued jointly by the Skills Funding Agency and the Education Funding Agency and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

The Corporation is also required to prepare an operating and financial review which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it 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 jurisdiction.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the Skills Funding Agency are used only in accordance with the Financial Memorandum with the Skills Funding Agency and any other conditions that may prescribe from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Skills Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 17 December 2015 and signed on its behalf by:



**Mr P Nicol**  
**Chairman of the Corporation**

**Independent Auditor's report to the Corporation of Bury College**

We have audited the financial statements of Bury College for the year ended 31 July 2015 which comprise of the consolidated income and expenditure account, the consolidated statement of historical cost surpluses and deficits, the consolidated statement of total recognised gains and losses, the consolidated and College balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the College's 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 College's Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Corporation and auditor**

As described in the Statement of Responsibilities of the Members of the Corporation set out on page 17, the College's Corporation is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2015 and of the Group's surplus of income over expenditure for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions.

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

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

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

Grant Thornton UK LLP

Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Manchester

Date: 18th December 2015

**Reporting accountant's assurance report on regularity to the corporation of Bury College and Secretary of State for Business, Innovation and Skills acting through Skills Funding Agency**

In accordance with the terms of our engagement letter dated 13 November 2015 and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that, in all material respects, the expenditure disbursed and income received by Bury College during the period 1 August 2014 to 31 July 2015 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 Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency in August 2015. In accordance with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which Skills Funding Agency has other assurance arrangements in place.

This report is made solely to the corporation of Bury College, as a body, and the Skills Funding Agency, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Bury College and Skills Funding Agency those matters we are required to state in a limited assurance report and for no other corporation of Bury College is responsible, under the requirements of the Further and Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation of Bury College as a body, and Skills Funding Agency as a body, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Bury College and the reporting accountant**

The 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 are imposed by law and professional standards and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that, in all material respects, expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 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 Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. We performed a limited assurance engagement as defined in that framework.

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

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

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

**Reporting accountant's assurance report on regularity to the corporation of Bury College and Secretary of State for Business, Innovation and Skills acting through Skills Funding Agency**

The work undertaken to draw our conclusion includes:

- making enquiries of management;
- analytical procedures;
- evaluation of controls and walkthroughs on a sample of material items;
- review of completed and signed self-assessment questionnaire (SAQ);
- review of Board and Committee meeting minutes;
- review of internal audit papers (where relevant); and
- limited testing, on a selective basis, on a number of areas which are considered within the SAQ

**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 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Manchester

18th December 2015

**Consolidated Income and Expenditure Account**

	Notes	2015 £'000	2014 £'000
<b>INCOME</b>			
Funding body grants	2	28,578	29,264
Tuition fees and education contracts	3	3,629	3,382
Other income		1,033	1,037
Endowment and investment income	4	134	136
<b>Total income</b>		<b>33,374</b>	<b>33,819</b>
<b>EXPENDITURE</b>			
Staff costs	5	21,366	20,549
Other operating expenses	7	9,506	9,141
Depreciation	11	1,168	1,003
Interest payable and other finance costs	8	199	213
<b>Total expenditure</b>		<b>32,239</b>	<b>30,906</b>
Surplus on continuing operations after depreciation of tangible fixed assets and before taxation		1,135	2,913
Loss on disposal of assets	11	(14)	(64)
Surplus on continuing operations after depreciation of assets and loss on disposal of assets but before taxation		1,121	2,849
Taxation	9	-	-
Surplus on continuing operations after depreciation of asset, loss on disposal of assets and taxation		1,121	2,849
Transfer from accumulated income within specific endowments	20	-	-
<b>Surplus for the year retained within general reserves</b>	<b>10/22</b>	<b>1,121</b>	<b>2,849</b>

All operations are classed as continuing

The notes on pages 26 to 44 form part of these Financial Statements

**Consolidated Statement of Historical Cost Surpluses and Deficits**

	Notes	2015 £'000	2014 £'000
Surplus on continuing operations before taxation		1,121	2,849
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	22	56	56
<b>Historical cost surplus for the year before and after taxation</b>		<b>1,178</b>	<b>2,905</b>

**Consolidated Statement of Total Recognised Gains and Losses**

	Notes	2015	2014
Surplus on continuing operations after depreciation of assets at valuation and tax		1,121	2,849
Actuarial loss in respect of pension scheme	28	(2,222)	(4,065)
<b>Total recognised loss since last report</b>		<b>(1,101)</b>	<b>(1,216)</b>
<b>Reconciliation</b>			
Opening reserves and endowments		21,523	22,735
Total recognised loss for the year		(1,101)	(1,216)
<b>Closing reserves and endowments</b>		<b>20,422</b>	<b>21,523</b>

The notes on pages 26 to 44 form part of these Financial Statements




**BURY COLLEGE**  
**Balance sheets as at 31 July**

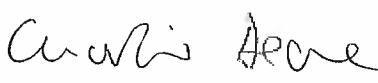
**Financial Statements for the Year Ended 31 July 2015**

	Notes	Group £'000	College £'000	Group £'000	College £'000
<b>Fixed assets</b>					
Tangible assets	11	43,490	43,490	39,356	39,356
Investments	12	-	81	-	81
<b>Total fixed assets</b>		<b>43,490</b>	<b>43,571</b>	<b>39,356</b>	<b>39,437</b>
<b>Endowment assets</b>	13	<b>118</b>	<b>118</b>	<b>118</b>	<b>118</b>
<b>Current assets</b>					
Debtors	14	1,035	1,035	1,274	1,274
Cash at bank and in hand		6,370	6,289	7,522	7,441
<b>Total current assets</b>		<b>7,405</b>	<b>7,324</b>	<b>8,796</b>	<b>8,715</b>
<b>Less: Creditors – amounts falling due within one year</b>	15	<b>(3,912)</b>	<b>(3,912)</b>	<b>(2,810)</b>	<b>(2,810)</b>
<b>Net current assets</b>		<b>3,493</b>	<b>3,412</b>	<b>5,986</b>	<b>5,905</b>
<b>Total assets less current liabilities</b>		<b>47,101</b>	<b>47,101</b>	<b>45,460</b>	<b>45,460</b>
Less: Creditors – amounts falling due after more than one year	16	(2,955)	(2,955)	(3,182)	(3,182)
Less: Provisions for liabilities	18	(972)	(972)	(868)	(868)
<b>Net assets excluding pension liability</b>		<b>43,174</b>	<b>43,174</b>	<b>41,410</b>	<b>41,410</b>
Net pension liability	29	(11,919)	(11,919)	(9,445)	(9,445)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<b>31,255</b>	<b>31,255</b>	<b>31,965</b>	<b>31,965</b>
<b>Deferred capital grants</b>	19	<b>10,833</b>	<b>10,833</b>	<b>10,442</b>	<b>10,442</b>
<b>General endowments</b>	20	<b>118</b>	<b>118</b>	<b>118</b>	<b>118</b>
<b>Reserves</b>					
Income and expenditure account excluding pension reserve	22	28,118	28,118	26,689	26,689
Pension reserve	29	(11,919)	(11,919)	(9,445)	(9,445)
Income and expenditure account including pension reserve	22	16,199	16,199	17,244	17,244
Revaluation reserve	21	4,105	4,105	4,161	4,161
<b>Total reserves</b>		<b>20,304</b>	<b>20,304</b>	<b>21,405</b>	<b>21,405</b>
<b>TOTAL FUNDS</b>		<b>31,255</b>	<b>31,255</b>	<b>31,965</b>	<b>31,965</b>

The notes on pages 26 to 44 form part of the Financial Statements

The financial statements were approved by the Corporation on 17 December 2015 and were signed on its behalf on that date by:

  
**Mr P Nicol**  
 Chairman of the Corporation

  
**Mr C Deane**  
 Accounting Officer

**Consolidated Cash Flow Statement**

	<b>Notes</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
<b>Cash inflow from operating activities</b>	23	3,150	3,949
Returns on investments and servicing of finance	24	(146)	(114)
Capital expenditure and financial investment	25	(3,929)	(2,419)
Financing	26	<u>(227)</u>	<u>(227)</u>
<b>(Decrease)/Increase in cash in the year</b>	27	<u><b>(1,152)</b></u>	<u><b>1,189</b></u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
(Decrease)/Increase in cash in the period		(1,152)	1,189
Change in net funds resulting from repayment of borrowings	26	227	227
		<u>(925)</u>	<u>1,416</u>
Movement in net funds in the period			
Net funds at 1 August		<u>4,231</u>	<u>2,815</u>
<b>Net funds at 31 July</b>	27	<u><b>3,306</b></u>	<u><b>4,231</b></u>

## Notes to the Accounts

### 1. Accounting policies

#### Statement of accounting policies

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

#### Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP), the Accounts Direction for 2014-15 financial statements and in accordance with applicable Accounting Standards.

#### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

#### Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying notes. The College currently has £3,182,000 of loans outstanding with Bankers on terms negotiated in 2004. In addition, the College has available cash of £6,399,000 at 31 July 2015 and, although a significant element of this is earmarked in respect of the College's estates strategy, the College is forecast to retain a comfortable cash position over the medium term. The College's forecasts and financial projections indicate that it will be able to operate within its banking covenants for the foreseeable future and to continue to meet its obligations as they fall due. Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

#### Basis of consolidation

The consolidated financial statements include the College and its subsidiary, Bury College Enterprises Limited. 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 Financial Reporting Standard (FRS) 2, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2015.

#### Recognition of income

The recurrent grants from the Education Funding Agency and the Skills Funding Agency represent the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year 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 end. Employer responsive grant income is recognised based on a year end reconciliation of income claimed and actual delivery. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the Skills Funding Agency 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.

## Notes to the Accounts (continued)

### 1. Accounting policies (continued)

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 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. Income from specific endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to specific endowments.

### Post retirement benefits

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

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 28, 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 assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

### Enhanced pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing 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 Skills Funding Agency and its successor organisations.

### 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. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

#### *Assets under construction*

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

**Notes to the Accounts (continued)****1. Accounting policies (continued)**

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

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 2002-3, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

*Subsequent expenditure on existing fixed assets*

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

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

*Equipment*

Equipment costing less than £3,000 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).

Equipment is depreciated over its useful economic life as follows:

- |                             |            |
|-----------------------------|------------|
| • General equipment         | - 10 years |
| • Computer equipment        | - 3 years  |
| • Furniture and fittings    | - 10 years |
| • Servers/IT infrastructure | - 4 years  |

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.

**Leased assets**

Costs in respect of operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

**Investments and endowment assets**

Listed investments held as fixed assets or endowment assets are stated at market value. Current asset investments are stated at the lower of their cost and net realisable value.

**Notes to the Accounts (continued)****1. Accounting policies (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 Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

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

**Liquid resources**

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

**Provisions**

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event and 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.

**Agency arrangements**

The College acts as an agent in the collection and payment of discretionary support funds and related payments received from the Education Funding Agency and the Skills Funding Agency. Subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 33, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Learner Support Fund applications and payments.

**2 Funding body grants**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Recurrent grant – main funding bodies	27,878	28,763
Non recurrent grants – main funding bodies	334	333
Releases of deferred capital grants (note 19)	366	168
<b>Total</b>	<b>28,578</b>	<b>29,264</b>

The income shown above includes that earned by the College in its capacity as a provider. All other income claimed from the main funding body and payable to consortium partners has been excluded from these accounts.

## Notes to the Accounts (continued)

## 3 Tuition fees and education contracts

	2015 £'000	2014 £'000
Tuition fees	1,049	911
Education contracts	2,580	2,471
<b>Total</b>	<b>3,629</b>	<b>3,382</b>

## 4 Endowment and investment income

	2015 £'000	2014 £'000
Income from general endowment asset investments (note 20)	-	1
Other interest receivable	134	135
<b>Total</b>	<b>134</b>	<b>136</b>

## 5 Staff costs

The average number of persons (including senior post-holders) employed by the College during the year, described as full-time equivalents, was:

	2015 No.	2014 No.
Teaching staff	250	298
Non teaching staff	288	285
	<b>538</b>	<b>583</b>

## Staff costs for the above persons

	2015 £'000	2014 £'000
Wages and salaries	17,811	17,231
Social security costs	1,081	1,124
Other pension costs (including FRS 17 adjustments of (£334,000) – 2013/14 £254,000)	2,474	2,194
	<b>21,366</b>	<b>20,549</b>

The number of senior post holders and other staff who received emoluments, excluding pension contributions but including benefits in kind in the following ranges:-

	Senior post-holders		Other staff	
	2015 No.	2014 No.	2015 No.	2014 No.
£60,001 to £70,000	-	-	2	-
£70,001 to £80,000	-	-	2	-
£80,001 to £90,000	-	-	-	5
£90,001 to £100,000	-	1	-	-
£100,001 to £110,000	1	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	-	-	-	-
£130,001 to £140,000	-	-	-	-
£140,001 to £150,000	-	1	-	-
£150,001 to £160,000	1	-	-	-
	<b>2</b>	<b>2</b>	<b>4</b>	<b>5</b>

**Notes to the Accounts (continued)****6 Senior post-holders' emoluments**

Senior post-holders are defined as the Accounting Officer and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

	<b>2015 No.</b>	<b>2014 No.</b>
The number of senior post-holders including the Principal was:	<u>2</u>	<u>2</u>
Senior post-holders' emoluments are made up as follows:		
	<b>2015 £'000</b>	<b>2014 £'000</b>
Salaries	252	245
Pension contributions	<u>43</u>	<u>39</u>
<b>Total emoluments</b>	<u><b>295</b></u>	<u><b>284</b></u>
The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid senior post-holder) of:		
	<b>2015 £'000</b>	<b>2014 £'000</b>
<b>Total salaries</b>	151	147
<b>Total pension contributions</b>	29	25
	<u>180</u>	<u>172</u>

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

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



**Notes to the Accounts (continued)****7 Other operating expenses**

	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
Teaching costs	3,924	3,424
Non teaching costs	2,428	2,488
Premises costs	3,154	3,229
<b>Total</b>	<b>9,506</b>	<b>9,141</b>

**Other operating expenses include:**

	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
Auditors' remuneration:		
Financial statements audit*	19	19
Internal audit*	12	12
Other services provided by the financial statements auditors*	-	1
Hire of plant and machinery – operating leases	126	122
Hire of land and buildings – operating leases	135	215

\* All amounts relate to the College

**8 Interest payable**

	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than five years	199	213
Pension finance costs (note 28)	-	-
<b>Total</b>	<b>199</b>	<b>213</b>

**9 Taxation**

The Members do not believe the College was liable for any corporation tax arising out of its activities during either period.

**10 Surplus on continuing operations for the period**

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

	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
College's surplus for the period	1,121	2,849
Surplus generated by subsidiary undertakings and transferred to the College under gift aid/deed of covenant	-	-
<b>Total</b>	<b>1,121</b>	<b>2,849</b>

## Notes to the Accounts (continued)

## 11 Tangible fixed assets College and Group

	Assets under construction	Freehold land and buildings	Equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 August 2014	5,620	39,121	2,311	47,052
Additions	2,372	2,887	57	5,316
Disposals	-	-	(66)	(66)
Transfer	(5,466)	5,466	-	-
<b>At 31 July 2015</b>	<b>2,526</b>	<b>47,474</b>	<b>2,302</b>	<b>52,302</b>
<b>Depreciation</b>				
At 1 August 2014	-	6,539	1,157	7,696
Charge for the year	-	907	261	1,168
Elimination in respect of disposals	-	-	(52)	(52)
<b>At 31 July 2015</b>	<b>-</b>	<b>7,446</b>	<b>1,366</b>	<b>8,812</b>
<b>Net book value at 31 July 2015</b>	<b>2,526</b>	<b>40,028</b>	<b>936</b>	<b>43,490</b>
At 31 July 2014	5,620	32,582	1,154	39,356
<b>Financed Capital grant</b>	1,164	9,590	80	10,835
Other	1,362	30,437	856	32,655
<b>Net book value at 31 July 2015</b>	<b>2,526</b>	<b>40,028</b>	<b>936</b>	<b>43,490</b>

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly the book values at implementation have been retained.

Land and buildings were valued in 1994 at depreciated replacement cost by a Metropolitan Borough of Bury using their Department of Development Services firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice.

During 2002-3, land and buildings were re-valued by Storey Sons & Parker, a firm of independent Chartered Surveyors in accordance with the RICS statement of asset practice as guidance notes.

## 12 Investments

	College 2015 £'000	College 2014 £'000
Investment in subsidiary company	81	81

The College owns 100 per cent of the issued ordinary £1 shares of Bury College Enterprises Limited, a company incorporated in England and Wales. The principle business activity of Bury College Enterprises Limited is that of a design and build contractor although the company is presently dormant.

## Notes to the Accounts (continued)

## 13 Endowment assets

	Group 2015 £'000	College 2014 £'000
Balance at 1 August 2015	118	117
Increase in cash balances	-	1
<b>Balance at 31 July 2014</b>	<b>118</b>	<b>118</b>
Represented by:		
Cash balances	118	118
<b>Total</b>	<b>118</b>	<b>118</b>

## 14 Debtors

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Amounts falling due within one year:				
Trade debtors	595	595	859	859
Prepayments and accrued income	440	440	414	414
Other debtors	-	-	1	1
<b>Total</b>	<b>1,035</b>	<b>1,035</b>	<b>1,274</b>	<b>1,274</b>

## 15 Creditors: amounts falling due within one year

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Bank loans	227	227	227	227
Trade creditors	1,261	1,261	1,179	1,179
Other taxation and social security	339	339	347	347
Accruals	1,798	1,798	957	957
Other creditors	287	287	10	10
Payment on account	-	-	90	90
<b>Total</b>	<b>3,912</b>	<b>3,912</b>	<b>2,810</b>	<b>2,810</b>

## 16 Creditors: amounts falling due after one year

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Bank loans	2,955	2,955	3,182	3,182
<b>Total</b>	<b>2,955</b>	<b>2,955</b>	<b>3,182</b>	<b>3,182</b>

**Notes to the Accounts (continued)****17 Borrowings****Bank loans**

Bank loans are repayable as follows:

	<b>Group 2015 £'000</b>	<b>College 2015 £'000</b>	<b>Group 2014 £'000</b>	<b>College 2014 £'000</b>
In one year or less	227	227	227	227
Between one and two years	227	227	227	227
Between two and five years	681	681	681	681
In five years or more	2,047	2,047	2,274	2,274
<b>Total</b>	<b>3,182</b>	<b>3,182</b>	<b>3,409</b>	<b>3,409</b>

The College has the following loan facility:-

- A 25 year fixed term loan to 2029 for £5,000,000 at a fixed rate of 6.0625%.

The security of the 25 year fixed term loan is on a proportion of College land.

**18 Provisions for liabilities and charges**

	<b>Dilapidations £'000</b>	<b>Legal £'000</b>	<b>Group and College Restructuring £'000</b>	<b>Enhanced pensions £'000</b>	<b>Total £'000</b>
At 1 August 2014	75	20	-	773	868
Expenditure in the period	-	(8)	-	(49)	(57)
Transferred from income and expenditure account	-	-	87	74	161
<b>At 31 July 2015</b>	<b>75</b>	<b>12</b>	<b>87</b>	<b>798</b>	<b>972</b>

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 the guidance issued by the Skills Funding Agency.

The principal assumptions for this calculation are:

	<b>2015</b>	<b>2014</b>
Price inflation	3.46%	4.06%
Discount rate	1.75%	2.25%

## Notes to the Accounts (continued)

## 19 Deferred capital grants

	SFA grants £'000	Group and College Other grants £'000	Total £'000
At 1 August 2014			
Land and buildings	9,643	799	10,442
Cash received	758	-	758
Released to income and expenditure account	(348)	(19)	(367)
<b>Total at 31 July 2015</b>	<b>10,053</b>	<b>780</b>	<b>10,833</b>

## 20 Endowments

	2015 Restricted Permanent £'000	2014 Restricted Permanent £'000
At 1 August 2014	118	117
Income for year	-	1
Expenditure for year	-	-
<b>At 31 July 2015</b>	<b>118</b>	<b>118</b>

## 21 Revaluation reserve

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
At 1 August 2014	4,161	4,161	4,217	4,217
Depreciation on revalued assets	(56)	(56)	(56)	(56)
<b>At 31 July 2015</b>	<b>4,105</b>	<b>4,105</b>	<b>4,161</b>	<b>4,161</b>

## 22 Movement on general reserves

	Group £'000	College £'000	Group £'000	College £'000
<b>Income and expenditure account reserve</b>				
At 1 August 2014	17,244	17,244	18,404	18,404
Surplus retained for the year	1,121	1,121	2,849	2,849
Transfer from revaluation reserve	56	56	56	56
Actuarial loss in respect of pension scheme	(2,222)	(2,222)	(4,065)	(4,065)
<b>At 31 July 2015</b>	<b>16,199</b>	<b>16,199</b>	<b>17,244</b>	<b>17,244</b>
<b>Balance represented by:</b>				
Pension reserve	(11,919)	(11,919)	(9,445)	(9,445)
Income and expenditure account reserve excluding pension reserve	28,118	28,118	26,689	26,689
<b>At 31 July 2015</b>	<b>16,199</b>	<b>16,199</b>	<b>17,244</b>	<b>17,244</b>

**Notes to the Accounts (continued)****23 Reconciliation of consolidated operating surplus to net cash inflow from operating activities**

	2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of assets at valuation	1,121	2,913
Depreciation (note 11)	1,168	1,003
Deferred capital grants released to income (note 19)	(367)	(186)
Interest payable (note 8)	199	213
Interest receivable (note 4)	(51)	(93)
Loss on disposal of fixed assets	14	-
FRS 17 pension cost less contributions payable (notes 5 and 29)	334	254
FRS 17 pension finance cost (note 8)	(82)	(43)
Decrease/(Increase) in debtors	239	(466)
Increase in creditors	482	286
Increase in provisions	104	68
<b>Net cash inflow from operating activities</b>	<b>3,150</b>	<b>3,949</b>

**24 Returns on investments and servicing of finance**

	2015 £'000	2014 £'000
Income from endowments	-	-
Other interest received	52	101
Interest paid	(198)	(215)
<b>Net cash outflow from returns on investment and servicing of finance</b>	<b>(146)</b>	<b>(114)</b>

**25 Capital expenditure and financial investment**

	2015 £'000	2014 £'000
Purchase of tangible fixed assets	(4,558)	(5,641)
Deferred capital grants received	629	3,222
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(3,929)</b>	<b>(2,419)</b>

**26 Financing**

	2015 £'000	2014 £'000
Debt due beyond a year:		
Repayment of amounts borrowed	(227)	(227)
<b>Net cash outflow from financing</b>	<b>(227)</b>	<b>(227)</b>

**Notes to the Accounts (continued)****27 Analysis of changes in net funds**

	At 1 August 2014 £'000	Cash flows £'000	At 31 July 2015 £'000
Cash in hand, and at bank	7,522	(1,152)	6,370
Endowment asset investments (note 13)	118	-	118
	<u>7,640</u>	<u>(1,152)</u>	<u>6,488</u>
Debt due within 1 year	(227)	-	(227)
Debt due after 1 year	(3,182)	227	(2,955)
<b>Total</b>	<u><b>4,231</b></u>	<u><b>(925)</b></u>	<u><b>3,306</b></u>

**28 Cash flow relating to exceptional items**

	2015 £'000	2014 £'000
Provision as at 1 August	-	-
Income and expenditure account charge	-	-
Operating cash outflow	-	-
<b>Provision as at 31 July</b>	<u><b>-</b></u>	<u><b>-</b></u>

**29 Pension and similar obligations**

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

<b>Total pension cost for the year</b>	<b>2015 £'000</b>	<b>2014 £000</b>
Teachers' Pension Scheme: contributions paid	1,105	1,059
Local Government Pension Scheme:		
Contributions paid	1,036	873
FRS 17 charge	227	254
Past service costs	13	-
Losses on curtailment	44	-
Charge to the Income and Expenditure Account (staff costs)	<u>1,370</u>	<u>1,127</u>
Enhanced pension charge/(credit) to Income and Expenditure Account (staff costs)	74	61
<b>Total Pension Cost for Year</b>	<u><b>2,549</b></u>	<u><b>2,247</b></u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £262,846 (2014: £260,110) were payable to the scheme at 31 July and are included in creditors.

## Notes to the Accounts (continued)

### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

### The Teachers' Pension Budgeting And Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. 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.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

### Valuation Of The Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate of 16.48% for the TPS will be implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>



**Notes to the Accounts (continued)**

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,822,162.72 (2014: £1,725,696.80).

**FRS 17**

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 July 2015 was £1,382,770, of which employer's contributions totalled £1,035,516 and employees' contributions totalled £347,254. The agreed contribution rate from 1 August 2014 to 31 March 2015 is 18.6% for employers rising to 20.2% from 1 April 2015 and variable rates for employees dependent upon annual earnings.

**FRS 17**

Principal Actuarial Assumptions	At 31 July 2015	At 31 July 2014
Rate of increase in salaries	3.8%	3.8%
Rate of increase for pensions in payment / inflation (CPI)	2.6%	2.7%
Discount rate for liabilities	3.6%	4.0%

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

	At 31 July 2015	At 31 July 2014
<i>Retiring today</i>		
Males	21.4 years	21.4 years
Females	24.0 years	24.0 years
<i>Retiring in 20 years</i>		
Males	24.0 years	24.0 years
Females	26.6 years	26.6 years

**Notes to the Accounts (continued)****29 Pension and similar obligations****Local Government Pension Scheme (Continued)**

The assets and liabilities in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 July 2015	Value at 31 July 2015 £'000	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014 £'000
Equities	6.6%	19,474	6.6%	17,816
Bonds	3.6%	4,937	3.6%	4,517
Property	4.7%	1,920	4.7%	1,506
Cash	3.6%	1,097	3.6%	1,255
		<u>27,428</u>		<u>25,094</u>
<b>Total market value of assets</b>				
Present value of scheme liabilities				
- Funded		(39,324)		(34,516)
- Unfunded		(23)		(23)
<b>Deficit in the scheme</b>		<u><b>(11,919)</b></u>		<u><b>(9,445)</b></u>

**Analysis of the amount charged to income and expenditure account**

	2015 £'000	2014 £'000
Employer service cost (net of employee contributions)	227	254
Past service costs	13	-
Curtailments and settlements	44	-
<b>Total operating charge</b>	<u><b>334</b></u>	<u><b>254</b></u>

**Analysis of pension finance income**

Expected return on pension scheme assets	1,481	1,384
Interest on pension liabilities	(1,399)	(1,341)
<b>Pension finance cost</b>	<u><b>82</b></u>	<u><b>43</b></u>

**Amount recognised in the statement of total recognised gains and losses (STRGL)**

	2015 £'000	2014 £'000
Experience gains and (losses) arising on the scheme assets	262	(354)
Experience losses arising on the scheme liabilities	(2,484)	(3,711)
<b>Actuarial loss recognised in STRGL</b>	<u><b>(2,222)</b></u>	<u><b>(4,065)</b></u>

**Notes to the Accounts (continued)****29 Pension and similar obligations****Local Government Pension Scheme (Continued)****Movement in deficit during year**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Deficit in scheme at 1 August	(9,445)	(5,169)
Movement in year:		
Current service cost	(1,308)	(1,129)
Employer contributions	1,031	875
Net return on assets	82	43
Actuarial loss	(2,235)	(4,065)
Curtailment	(44)	-
<b>Deficit in scheme at 31 July</b>	<b>(11,919)</b>	<b>(9,445)</b>

**Asset and Liability Reconciliation**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of Liabilities</b>		
<b>Liabilities at start of period</b>	<b>34,539</b>	<b>28,853</b>
Current service cost	1,308	1,129
Interest cost	1,399	1,341
Employee contributions	337	320
Actuarial loss	2,497	3,711
Benefits paid	(777)	(815)
Curtailments and settlements	44	-
<b>Liabilities at end of period</b>	<b>39,347</b>	<b>34,539</b>
<b>Reconciliation of Assets</b>		
<b>Assets at start of period</b>	<b>25,094</b>	<b>23,684</b>
Expected return on assets	1,481	1,384
Actuarial gains/(loss)	262	(354)
Employer contributions	1,031	875
Employee contributions	337	320
Benefits paid	(777)	(815)
<b>Assets at end of period</b>	<b>27,428</b>	<b>25,094</b>

**Notes to the Accounts (continued)****29 Pension and similar obligations****Local Government Pension Scheme (Continued)****History of experience gains and losses**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Difference between the expected and actual return on assets. Amount £'000	262	(354)	2,999	(673)	898	1,243
Experience gains and losses on scheme liabilities. Amount £'000	247	(1,471)	-	(241)	568	2
Total amount recognised in STRGL. Amount £'000	(2,222)	(4,065)	2,533	(3,792)	2,410	(173)

**30 Capital commitments**

	<b>Group and College</b>	
	<b>2015 £'000</b>	<b>2014 £'000</b>
Commitments contracted for at 31 July	1,008	1,605
Authorised but not contracted at 31 July	-	4,762

**31 Financial commitments**

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

	<b>Group and College</b>	
	<b>2015 £'000</b>	<b>2014 £'000</b>
<b>Land and buildings</b>		
Expiring within one year	12	-
Expiring within two and five years inclusive	58	63
	<u>70</u>	<u>63</u>
<b>Other</b>		
Expiring within one year	126	110
Expiring within two and five years inclusive	-	2
	<u>126</u>	<u>112</u>

**Notes to the Accounts (continued)****32 Contingent liability**

There are no contingent liabilities (2014: none).

**33 Related party transactions**

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

The total expenses paid to or on behalf of the Governors during the year was 2015: £1,624; 3 Governors (2014: £1,625.87; 3 Governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governors meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2014/15: None).

Transactions with the Skills Funding Agency and the Education Funding Agency are detailed in notes 2 and 19.

The College is the sponsor for Bury College Education Trust, a company limited by guarantee and an exempt charity. The College charged the Trust £15,220 for professional services (2014: £17,674), plus Vat of £3,044 (2014: £3,535). This represented the cost of manager's time only, no contribution to College overheads or any surplus.

**34 Amounts disbursed as agent****Learner support funds**

	2015 £'000	2014 £'000
Funding body grants – hardship support	1,219	975
Funding body grants – childcare	237	164
Interest earned	-	-
	<u>1,456</u>	<u>1,139</u>
Disbursed to students	(1,146)	(1,060)
Staffing	(54)	(52)
Administration costs	(6)	-
	<u>250</u>	<u>27</u>
Balance unspent as at 31 July		

Funding body grants are available solely for students, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure account. The income and expenditure consolidated in the College's financial statements relates to the purchase of some equipment from the access fund and the payment of accommodation by the College on the student's behalf.

