



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 July 2023

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

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Reference and Administrative Details

Board of Governors

The following Governors served during the year ended 31 July 2023 and at the date of signing this report:

A Almeida-Jones

S Baker

R Faramarzian (appointed July 2022)

I Galvin

A Goldstein (Chair)

D Mepham (Chief Executive)

D Moore

J Jarvis

C O’Riordan

C Scott

H Sheath

M Sweeney (Resigned July 2023)

M Taylor

A Middleton

T Streater (appointed December 2022)

D Yilmaz (appointed March 2023)

Director of Governance

L Jackman (September 2022- December 2022))

M Bagshaw (appointed January 2023)

Executive Leadership Team

D Mepham

N Coker

T McIntosh

M Sellis (resigned 16 August 2023)

Principal and Registered Office

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

Professional advisors

External Auditors

MHA

Internal Auditors

Scruton Bland

Solicitors

Eversheds Sutherland (International) LLP

Bankers

Lloyds Bank

STRATEGIC REPORT

The members of the Board of Governors present their report and the audited financial statements for the year ended 31 July 2023.

A list of all the Governors who served on the Board at any point during 2022-23 and up to the date of signing, together with their roles, is to be found in the statement of corporate governance and internal control.

Legal Status

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

Mission, Vision, Strategy and Objectives

The Board has retained its long-standing values and agreed a new Expression of Purpose and three Strategic Priorities as a part of a revised Strategic Plan for 2020-23:

Expression of Purpose

To provide high quality, relevant and impactful training and learning opportunities through a very broad-based education offer – aimed at adults over the age of 16 years. By relevant and impactful we mean that the learning opportunities equip students to make positive forward steps in their employment and career, ongoing education, or personal development.

Focus on Quality of our Provision

We wish to ensure that we are delivering high quality relevant training and learning in all the markets which we operate in and that we do so in a cost-effective way. This means focusing relentlessly on improvement and maintaining high quality learning opportunities for all our students. It also means exiting some markets where it is not possible for us to meet these standards. This is true of our delivery to young people and to adult students in our local communities and of our commercially funded training and learning both locally and elsewhere across the UK.

Focus on Growth

We will grow and develop our portfolio of learning opportunities ensuring that they remain relevant to students, the communities, and industries with which we work and that they are cost effective. We will do this through a combination of expanding delivery where we are already successful so that we can support and meet the needs of a larger number of students and through carefully selecting new markets to enter such as T Level's, Free Courses for Jobs and Multiply to improve Mathematics skills in adults.

Focus on Financial Sustainability

We will improve the financial sustainability of the College by ensuring the EBITDA generated by the College is able to cover its loan obligations and invest in and develop the College, its curriculum and its staff.

The College has made good use of the Government's Tuition Fund for 16–18-year-olds to catch up learning and development missed during the pandemic.

During 2022-23 the College had the number of students funded under arrangements made by the Secretary of State for Education set out in table 1 below:

Table 1. Number of students in 2022-23

Type of student	Number
Students (mainly 16-18)	2,785
16-18 Apprentices	20
19+ Apprentices	162
Other adult students	5,720
Higher Education Students (funded by the Office for Students)	195

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

Resources

The College employs 528 people, of whom 242 are teaching staff.

The Group has £49.0 million of net assets (after allowing for £4.7 million pension liability). Tangible resources include the main College sites and £14.9 million held in current assets and net current asset position of £7.0m. The College occupied four premises during the year.

- 1) The Barnet campus in High Barnet including Tudor Hall
- 2) The Southgate Campus, lying to the west of the High Street, which also accommodates the Enfield Business Hub.
- 3) The Colindale campus which also accommodates the local public library and some community facilities.
- 4) Leased premises in Edmonton Green, Enfield.

The College has a good reputation locally, regionally, and nationally, working closely with partners, and especially employers, to design and deliver provision that meets their needs, those of students and of the local and wider community. Well-established partnerships exist with many organisations, including local and regional businesses, local authorities, NHS trusts, universities, community-based organisations, and the charitable sector, many of which result in significant enrichment opportunities for students. The College has provided support to newly arrived communities with improving their language skills and supporting them with their transition into the British Culture as well as supporting local employers post COVID via the SME project.

Over 500 employers provide work experience placements across the College because of the good links with businesses and other organisations.

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

Stakeholders

The College has many stakeholders including:

- its current, future and past students.
- its staff and their trade unions (UCU, Unison and NEU)
- the employers it works with.
- the professional organisations in the sectors where it works.
- The Universities of Bolton
- the wider College community.
- Department for Education
- Department for Work and Pensions
- London Mayoral Skills Academies
- the London Boroughs of Barnet and Enfield and other local authorities across London and Hertfordshire
- the Greater London Assembly
- several sports organisations providing coaching and training for students, including the Tottenham Hotspur Foundation.

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

In partnership with the Mayoral Skills Academies the College has invested in Green Skills technology which will develop future skills needs in the green economy, this includes new provision in EV charging/maintenance, photovoltaic systems and heat pump Installation.

DEVELOPMENT AND PERFORMANCE

In March 2022, the College was inspected by Ofsted and was graded as Good for Overall Effectiveness and Good across all 8 areas inspected.

Financial Results

The Group achieved an improvement in its financial target, generating a contribution before other gains and losses of £118k. Adjusting for non-operating costs relating to pensions, the operating position was a gain of £411k.

Surplus before other gains and losses	£118k
Less: LGPS Service Charge	(£43k)
Add: FRS102 Pension Interest Charge	£336k
Operating Gain	£411k

Income was £996k higher than in the previous year largely due to additional funding for the Multiply project, increase in 16-18 funding and increase in delivery of apprenticeships.

Developments

The College's redevelopment involved tangible fixed asset additions during the year amounting to £1,253k. This was split between refurbishment costs of £159k, and equipment purchased of £1,094k.

The Group has accumulated reserves of £49.0 million and cash and short-term investment balances of £14.1 million, allowing for additional funds received in year in relation to capital grants not yet spent. The Group wishes to accumulate reserves and cash balances to create a contingency fund and to continue its programme of investment in facilities for students.

Sources of income

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23 the FE funding bodies provided 82.5% (82.7% - 2021/22) of the Group's total income.

Group companies

The College has one subsidiary company, Minchenden Business Centre Limited. The company has not traded since 31 July 2021 and is in the process of being wound up. Any surpluses generated by the subsidiary are transferred to the College under deed of covenant. In the current year, a deficit of £350 was generated, before any release of intercompany debt.

FUTURE PROSPECTS

Developments

The College continues to respond flexibly to the challenges posed by the aftermath of Covid-19 pandemic, making good use of government funds such as the small group tuition fund to help learners catch up on missed learning and the multiply funding for the adults. Teaching and learning has returned fully to the College's campuses, with some learners, particularly those taking Higher Education courses, taking advantage of hybrid learning opportunities. The College continues to invest in new mobile technology, to facilitate flexible working for both staff and students.

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

Financial plan

The College Governors approved a financial plan in July 2023 which sets objectives for the period to 2025.

Treasury policies and objectives

The College has treasury management policy and arrangements in place to manage cash flows, banking arrangements and the risk associated with those activities. All borrowings require the authorisation of the Board of Governors and ESFA under MPM reporting. The renegotiated loan dated 7 June 2021 has been approved by the Board of Governors with the updated terms of a security against the Barnet Campus and a fixed rate of interest of 5.127% and a margin of 3%.

Cash flows and liquidity

At £5.0m (2020/21 £5.0m), net cash inflow from operating activities. The College has sufficient liquidity to pay for its current liabilities with cash reserves of £14.1m, excluding the bank loan.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded. Borrowing in the form of bank loans reduced to £13.2m (£14.0m in 2021/22).

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £39.1 million (2022: £33.1 million). It is the Board of Governors' intention to provide reserves

for reinvestment through the generation of annual operating surpluses.

Going Concern

There is an increase in the number of 16–18-year olds enrolled for 2023/24, this will impact the funding in 2024/25 with a potential increase in funding of around £1.3m. With increases in energy costs, cost of living wage increases and inflation in goods and services, there could be a potential impact on banking covenants in 2023/24, however the budget allows for these added costs. The cashflow forecast for the next 12 months and beyond remains strong and shows the college will be able to pay its debt as it falls due.

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

Post Balance Sheet Event

Tudor Hall, a Grade II listed building adjacent to the Barnet campus has been put up for sale in November 2023 after receiving a single enquiry for a leasing option. Based on estimated value of sale, no impairment provision needs to be made.

PRINCIPAL RISKS AND UNCERTAINTIES

During 2022/23 the College embedded its revised approach to risk management. This started with a complete reassessment of the Corporate Risk Register to focus on the key risks facing the College in the context of its strategic priorities.

The Audit Committee has responsibility for the oversight of risk management processes and met in September, December, March and June during 2022/23. The considerations of the Audit Committee relating to risk were reported to the Board by the Committee Chair.

The revised Corporate Risk Register was reviewed and amended by the Executive Leadership Team regularly throughout the year and presented to Audit Committee meetings for discussion and feedback. The risk register now includes mapping of sources of assurance against each key risk.

As well as the raw risk score mitigated by existing controls, the risk register focuses on the ongoing actions to reduce the risk further to a target level. The actions have an owner and a due date and together form the Risk Action Plan. The board also considered the College's Risk Appetite and how this relates to the Target Risk level for each of the Corporate level risks.

The Corporate Risk Register is dynamic and risks have been added, removed and adjusted during the year, in consultation with the Audit Committee.

Taken together, these actions are considered to have improved the effectiveness of both the Risk Register and the risk management approach during the year, with further improvements underway in the 2023/24 academic year.

Main Risks identified through the Risk Register in 2023/24	Key Mitigating Actions
Failure to sustain high quality learning and student experience resulting in poor outcomes for students and poor categorisation of the college by funders and regulators e.g. Ofsted.	Performance management by the college Senior Leadership Team of a comprehensive Quality Improvement Plan developed from a robust Self Assessment Report Comprehensive scrutiny and challenge by Executive Leadership Team and board Quality Steering Group An intensive care methodology has been developed and used and can be put in place quickly as required. External review and challenge of the Quality Improvement Plan Staff development and support activity focused on consistent quality improvement
Failure to sustain high quality student experience resulting in declining learner numbers, lower student outcomes and complaints to regulators.	Close monitoring of College QIP by E/SLT and QTSE with specific attention to Personal Development and Behaviour and Attendance QTSE to improve engagement with student voice and drive headline actions for improvement. Student services team to actively develop and promote increased engagement in enrichment activities and produce bi-annual action / impact report for ELT Extensive review of quality of student experience from application to enrolment with agreed recommendations

	for change and improvement that lead to improved student experience and increased conversion of applicants.
Financial stability - the College is not able to meet planned budget assumptions (particularly outturn or cashflow) due to non-achievement of income targets and /or inability to realize planned savings – resulting in poor financial health categorization and /or need for external intervention	Detailed business planning across each income stream Monthly performance management and tracking of income lines by budget holders with escalation of any anticipated adverse variance Monthly management accounts reported to Executive Leadership Team and Finance Steering Group incorporating rolling forecasts Track key risks and opportunities identified during the budget process in each management accounts pack 12 month rolling cashflow forecasting Additional covenant headroom for the year
The College is unable to deliver EBITDA to cover its loan obligations and invest in and develop the College, its curriculum and its staff	Regular review of medium term financial position at Finance Committee Quarterly strategic planning by department Scenario and sensitivity analysis incorporated in Budget and Management Reports Early reconciliation of learners with staffing requirements Weekly monitoring of online applications
Significant safeguarding failure resulting in harm to a student that could have been averted through action by the college	Individual contact with vulnerable students Monitoring in year by safeguarding and wellbeing committee underpinned by a safeguarding framework against which we assess our performance Fortnightly review and update between the Designated Safeguarding Officer and Principal Scrutiny and review by the board and safeguarding governor
Major ICT failure that compromises college delivery due to lack of investment, maintenance, or security - including data security	Multi factor authentication protocols on portable or own equipment rolled out to all staff Data protection protocols and mandatory training in place Revised Business Continuity plan developed and shared with the Audit Committee Implementation of prioritised improvements to address vulnerability via Cyber Essentials Plus certification
An accident or health and safety breach results in serious injury or death of students, staff or visitors	Established mechanisms to review Health & Safety policy, incidents, learning and best practice Qualified and experienced Health and Safety manager Planned and targeted training and testing of procedures Regular (weekly) Health & Safety Committee meetings to review Covid specific responses in place Regular Health and Safety Committee meetings, together with a subgroup to communicate operational detail to trade union representatives Mandatory Health & Safety Training and induction

Industrial relations deteriorate leading to strike action or action short of strike action, impacting the quality of education	<p>Regular Joint Trade Union (JTU) meetings to discuss and resolve issues of concern</p> <p>Well-established consultation mechanisms to discuss change proposals</p> <p>Programme of projects to address workload issues agreed with trade unions</p> <p>HR Policies and Procedures agreed with unions representatives</p> <p>Monthly publication of detailed financial performance information to all staff</p>
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KEY PERFORMANCE INDICATORS

Key performance Indicator	Measure/Target	Actual for 2022/23
Student number targets (16-18)	2,961	2,785
Student overall achievement	85%	83.2%
Operating Surplus (Deficit)/EBITDA as % of income	9.26%	10.93%
Ofsted rating	Good	Good

Student achievements

The overall achievement rate was 83.2% (85.6% for 2021/22). The reduction is in line with the general trend across the country as students went back to independent exam assessed grades as compared College assessed grades. Most students moved into employment, further or higher education after they completed their College course. Of those who applied to university 86% (2022:85%) were placed and 58% (2022: 53%) obtained their first choice institution.

OTHER INFORMATION

Public Benefit

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

In delivering its mission, the College provides identifiable public benefits through the advancement of education to over 10,000 students, including over 300 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and Maths courses. The College adjusts its courses to meet the needs of local employers and provides training to apprentices and pre-employment courses via sector based work academies. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

Equality

The College is committed to ensuring equality of opportunity for all its learners, staff and the broader community which it serves. We welcome, celebrate and value the diversity of our learning community and seek to promote an inclusive learning and working environment where everyone

can achieve to their full potential. We have a zero tolerance of discrimination, harassment or bullying of any kind. This policy is monitored and reviewed on an annual basis. The College's Equality, Diversity and Inclusion Policy is published on the College's Intranet and website.

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

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

The Single Equality Scheme

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

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

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

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

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

	For year ended 31 March 2022
Mean gender pay gap	7.82
Median gender pay gap	6.92

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

	Females	Males
1 – Lower quartile	70.77%	29.23%
2	74.62%	25.38%
3	66.92%	33.08%
4 – Upper quartile	59.23%	40.77%

In common with most educational institutions, the College has a higher percentage of females within the workforce overall and across all quartiles. There is a greater percentage of females within the lower quartile. These roles are predominantly business support roles and there is a higher proportion of part time roles in the lower and lower middle quartiles. Overall within the College, there is a larger percentage of women than men in part time positions.

Staff involvement

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

Communication methods currently in use include:

- weekly management meetings held with all Heads of Centre to communicate key messages from the Executive Leadership Team for cascading to teams.
- weekly newsletters to all staff.
- regular email updates and/or video messages from the CEO and the other members of the Executive Leadership Team.
- Regular middle management meetings of both Academic and Business Support managers, with a view to information being cascaded down to teams via regular team meetings.
- regular departmental team meetings.
- termly all staff briefings; half termly meetings with recognised trade unions.
- H&SW Committee meetings with managers and recognised trade unions.
- monthly organisational development Committee meetings with representatives from each department; and
- a staff intranet site.

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

Trade union facility time

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

Numbers of employees who were provided with union facility time arrangements in the relevant period	14 (all between 1-50% of time)
FTE employee number	2.27FTE in total (based on remission time given)
Total cost of facility time	£119k
Total pay bill	£22.3m
Percentage of total bill spent on facility time	0.53%
Time spent on paid trade union activities as a percentage of total paid facility time	100%

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998 requires Colleges, in the absence of agreement to the contrary, to make payment to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2022 to 31 July 2023, the College paid 99 per cent of its invoices within 30 days.

Disclosure of information to auditors

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

Approved by order of the members of the Board of Governors on 13 December 2023 and signed on its behalf by:



Adam Goldstein

Chair of the Board of Governors

13 December 2023

Statement of Corporate Governance and Internal control

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

The College endeavours to conduct its business:

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

In the opinion of the Governors, the College complies with all the mandatory provisions of the Code, and it has complied throughout the year ended 31 July 2023. The opinion is based on an internal review of compliance with the Code and an external review of Governance undertaken between October and December 2019. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to always observe the highest standards of corporate governance. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, although the Board has not formally adopted the Code.

The Board of Governors

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

Name	Date of Appointment & Reappointment	Term of Office	Resignation	Status of Appointment	Attended at scheduled Board meetings 2022-23
Alessandra Almeida-Jones	01/09/2019 01/09/2023	4 years To 30/04/2024		External	2 out of 5
Alex Middleton	29/06/2021	4 years		External	5 out of 5
Mark Taylor	14/05/2022	4 years		External	3 out of 5
Imelda Galvin	01/09/2019 01/09/2023	4 years To 30/04/2024		External (Vice Chair)	3 out of 5
Adam Goldstein	27/04/2020	4 years		External (Chair of Board)	4 out of 5
Darren Mepham	06/01/2019	Ex-Officio		Chief Executive and Accounting Officer	5 out of 5
Cait O'Riordan	10/12/2020	4 years		External	4 out of 5
Hannah Sheath	29/06/2021	4 years		External	3 out of 5
Jenny Jarvis	28/01/2021	4 years		External	3 out of 5
Mark Sweeney	28/01/2021	4 years	31/07/2023	External	4 out of 5
Diane Moore	13/10/2022	4 years			5 out of 5
Thomas Streater	15/12/2022	4 years			3 out of a possible 3
Daniel Yilmaz	16/03/2023	To 31/07/2024		Student	2 out of a possible 3
Rouzbeh Faramazian	13/10/2022	4 years		External	4 out of a possible 4
Sue Baker	24/01/2022	2 years		Staff	4 out of 5
Chalene Scott	24/01/2022	2 years		Staff	5 out of 5
Adam Morley	17/10/2023	4 years		External	N/A
Tulay Rashid-Grant	17/10/2023	4 years		External	N/A
Elita Eliades	17/10/2023	4 years		External	N/A
Dominic Abbot	17/10/2023	4 years		External	N/A
Simran Macias	01/11/2023	1 academic year to 31/07/2024		Student	N/A

Lana Jackman, the interim Head of Governance, concluded her appointment in December 2022 and was replaced by Maxine Bagshaw from January 2023.

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

Governance framework

The Board is provided with regular and timely information on the overall financial performance of the College. This includes reports to Finance Committee and Board alongside monthly management accounts which are circulated outside of the meeting schedule and monthly flash reporting highlighting any key changes as they arise. Other information provided includes performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Board looks after student interests through the receipt of timely student feedback and is developing a strategy to increase engagement with learners. This will include termly meetings with students on key themes and reports from student governors. The Board scheduled five meetings during 2022-23 and had one strategic away day.

The board has operated a committee system with the following committees:

- Audit and Risk
- Finance
- Quality, Teaching and Student experience
- Search and Governance
- Remuneration and appraisal
- People

The Board also introduced a Property Strategy Steering Group whose remit is to oversee successful implementation of the Property Strategy approved in March 2023.

Full minutes of Board meetings, except those deemed to be confidential by the Corporation, are available from the College website (barnetsouthgate.ac.uk) and or from Director of Governance at the College's registered address.

The Board of Governors and its Committees continued to meet on a hybrid basis which includes a mix of video conferencing and on-site attendance. This allows them to perform their statutory duties without interruption or hindrance.

The Director of Governance maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

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

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

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

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

Appointments to the Board of Governors

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

During the period 2022-23, the Board appointed three new external Governors on the advice of the Search Committee. One student governor was also appointed. In the period 1st August 2023 to the date of signing the accounts the Board has appointed four new external governors and a second student governor.

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

College Performance

The governing body self-assesses its performance and that of its committee annually, reviewing skills gaps and identifying areas for improvement. The last external review of governance was in 2019, and the governing body is in the process of further review now. The expectation is that the outcome of that review will be reported to the Board, via the Search and Governance committee at its meeting on 12th December 2023.

Governors attended a comprehensive Safeguarding and Prevent Training held by the College Designated Safeguarding Lead in 2022-2023 after completion of the College mandatory online training courses. Governors were encouraged, by the Chair, to undertake individual CPD courses across the year to develop their understanding of governance, to inform them on the seriousness of their roles and responsibilities. The Director of Governance attended AoC Clerk's network conferences and Education Training Foundation briefings.

Remuneration and Appraisal Committee

Throughout the year ended 31 July 2023, the Board's Remuneration and Appraisal Committee comprised four external Governors, including the Chair and Vice-Chair of the Board. The Committee Chair was not the chair of the Board. The Committee's responsibilities are to review the performance of the Accounting Officer, other Senior Post Holders and the Director of Governance, to conduct appraisals, set targets/objectives and determine appropriate salary levels and to advise the Board accordingly.

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

Details of remuneration for the year ended 31 July 2023 are set out in note 7 to the financial statements.

Audit and Risk Committee

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

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

Name	Audit & Risk Committee
Mark Sweeney (Chair)	4 out of 4
Alex Middleton	3 out of 4
Diane Moore	3 out of 4
Rouzbeh Faramarzian	3 out of 4

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

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

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

The Committee advises the Board on the College's arrangements for risk management and for securing economy, efficiency and effectiveness (value for money). The Committee also oversees the Board's policies on fraud, irregularity and whistleblowing and ensures that all allegations of fraud or irregularity are properly followed up and that investigation outcomes are reported to the auditors and funding body as appropriate. During the academic year 2022/23, the Audit and Risk committee met on 4 separate occasions.

Internal Control

Scope of responsibility

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

The Board has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to him in the Funding Agreement between Barnet and Southgate College and the funding bodies. He is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Barnet and Southgate College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Board is (and has been through the year) aware of the main risks (finance, quality, growth and industrial relations) facing the College and the actions that are in place. The Board is of the

view that there is a regular review of the College's strategic risks by the Executive Leadership Team for the period ended 31 July 2023 and up to the date of approval of the annual report and accounts. Risk Management arrangements are reviewed by the Board through the Audit Committee.

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board of Governors
- Regular reviews by the Board of Governors of periodic and annual financial reports which indicate financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined capital investment control guidelines
- The adoption of formal project management disciplines, where appropriate.

The College engages an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board of Governors on the recommendation of the Audit Committee. In addition to regular reports to Audit Committee, the internal auditor provides the Board of Governors with an annual report on internal audit activity in the College. The report includes the service provider's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the Corporation and significant control weaknesses identified

The Corporation identifies, evaluates and manages risk based on key risks identified in context of its strategic priorities using the Corporate Risk Register. The Executive Leadership Team regularly reviews and amends the register throughout the year. The register includes mapping of sources of assurance against each key risks. The key risks identified in the year failure to sustain high quality of student learning and experience, financial sustainability, safeguarding failure, ICT failure, health and safety breaches and industrial relations

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

Control Weaknesses identified

During the 2022/23 academic year the internal audit service completed seven audit assignments and one follow-up audit of previous recommendations. They assigned four 'significant' assurance opinions and concluded that 'reasonable progress' had been made in the implementation of prior year Internal Audit recommendations.

There was one high risk recommendations during 2022/23 in relation to formal health and safety training programme.

There were nine medium risk recommendations in the areas of Cyber Security, Student Destinations, Human Resources, Procurement and Health and Safety.

The medium risk recommendation relating to Cyber Security was in relation to carrying out regular review of firewall logs and rules and ensuring all staff have undertaken cyber security training and its compliance being monitored.

The medium risk recommendation relating to Student Destination was to address the quality of data provided by the third party in obtaining student destination reports and utilising the data to carry out benchmarking exercise against sector average as well as analysing patterns and trends.

The medium risk recommendation relating to Human Resources was to address the streamlining and standardisation of the interviewing process and ensuring adequate references are obtained from new starters including one from the previous employer.

The medium risk relating to Procurement was to address the requirement for value for money exercise in relation to obtaining three quotes for values over £5,000 and being able analyse annual supplier spend which may exceed the threshold for obtaining quotations.

The medium risk recommendation relating to Health and Safety provided recommendations on setting out risk assessment training and procedures to ensure all risks are captured on a single central register.

Responsibilities under funding agreements

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

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

Statement from the audit Committee

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

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

The specific areas of work undertaken by the Audit Committee in 2022/23 and up to the date of the approval of the financial statements included the following.

- The Internal Audit Strategy update and operational plan for 2022-23 was agreed by the Audit Committee on 28 September 2022. Although the intention had been to complete all the work included in the plan by the end of academic year, two reports remained outstanding and were considered by the Committee at its meeting on 20 September 2023. Audits focused on cyber security, anti fraud framework, student destination, human resources, procurement and purchasing, health and safety and learner numbers. Of the audits completed in 2022-23, seven were assurance based and of these, four were rated 'green', and three 'amber'. The Internal Auditors gave a reasonable assurance opinion in their annual report.
- The IAS conducted one Follow Up audit during the year, reviewing the status of 37 recommendations made in 2021-22 and previous years. Of these, 24 recommendations were verified as implemented or superseded and 8 remained in progress. 4 were not yet implemented. The auditors considered that there was no evidence available as yet to assess the status of the remaining 1 recommendation.
- A Funding Assurance Review of the small tuition fund was undertaken by ESFA appointed auditors re 2022-23. A number of errors were identified which, although not significant in financial terms, meant a reduction in the claim of £6,048.
- A confirmation from the auditors that their opinion on the Financial Statements and their assurance report on Regularity would both be unqualified.

- The Committee discussed and recorded its assessment of the performance of the external and internal audit providers at its 1 December meeting. The performance of both providers was judged as good, with most of the performance criteria being met.
- The Committee is responsible for ensuring the College's risk management arrangements are adequate and effective and that appropriate action is taken to mitigate risks. The Committee is of the view that there is an adequate risk management arrangement in the College.

Review of effectiveness

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

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

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

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

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

Approved by order of the members of the Corporation on 13 December 2023 and signed on its behalf by:



Adam Goldstein
Chair of the Board of Governors



Darren Mepham
Accounting Officer

Statement of Regularity, Propriety and Compliance

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

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify during the year, the college failed to comply with the guidance provided by Managing Public Money and by College requirements for novel, contentious and repercussive transactions. This was in respect to the payments made to certain staff relating to strike pay. The deductions from salaries should have totaled £81,829 but deductions of only £55,263 were made, and college expenses therefore include this £26,566 payment that did not reflect prudence in the administration of public resources. The amounts are contentious and repercussive, reflecting irregular amounts paid to striking staff from College funds. As such, they have wider financial implications and may appear to set a precedent.

Such transactions would have required ESFA approval, but no approval had been provided, whilst the amount is not deemed to be a material irregular or improper use of funds by the corporation, it is a material non-compliance with the framework of authorities and the terms and conditions of funding under the corporation's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

I confirm that other than above 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 ESFA.



Darren Mepham
Accounting Officer
Date: 13/12/2023

Statement of the chair of governors

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



Mr Adam Goldstein

Chair of governors

13/12/2023

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA and GLA, the corporation is required to prepare financial statements which give a true and fair view of the financial performance and state of affairs of the corporation and its surplus/deficit of income over expenditure over the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the corporation will continue in operation

The corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

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

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

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

Approved by order of the members of the corporation on 13 December 2023 and signed on its behalf by:



Adam Goldstein, Chair of the Board of Governors

Independent Auditor's Report to the Corporation of Barnet and Southgate College

Opinion

We have audited the financial statements of the Corporation of Barnet and Southgate College (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2023 which comprise the Consolidated Statements of Comprehensive Income and Expenditure, the Consolidated and College Statements of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Statement of Cash Flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2023 the Group's and College's income over expenditure for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, UK GAAP and the current College Accounts Direction.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or

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

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion, in all material respects

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

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matters:

- The College's grant and fee income, as disclosed in note number 2 to the financial statements, has been materially misstated.

We have no matters to report arising from this responsibility.

Responsibilities of the Governing Body

As explained more fully in the Statement of Corporation Responsibilities on page 23, the Members of the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor responsibilities for the audit of the financial statements

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

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

- Obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group operates in and how the Group is complying with the legal and regulatory frameworks;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Gaining an understanding of the control environment and observing processes in place;
- Reviewing minutes of meetings of those charged with governance;

- Reviewing internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the Governing Body, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter. Our audit work has been undertaken so that we might state to the Governing 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 Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.



MHA

Chartered Accountants and Registered Auditor
London, United Kingdom

Date: 22/12/2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Independent Reporting Accountant's Assurance Report on Regularity

To: The corporation of Barnet and Southgate College and Secretary of State for Education, acting through Education and Skills Funding Agency (ESFA)

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

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

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

Respective responsibilities of Barnet and Southgate College and the reporting accountant

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

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

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

- **Matter 1 - Requirements for novel, contentious and repercussive transactions**
During the year, the college failed to comply with the guidance provided by Managing Public Money and by College requirements for novel, contentious and repercussive transactions. This was in respect to the payments made to certain staff relating to strike pay. The deductions from salaries should have totalled £81,829 but deductions of only £55,263 were made, and college expenses therefore include this £26,566 payment that did not reflect prudence in the administration of public resources. The amounts are contentious and repercussive, reflecting irregular amounts paid to striking staff from College funds. As such, they have wider financial implications and may appear to set a precedent.

Such transactions would have required ESFA approval, but no approval had been provided.



MHA

Chartered Accountants
London, United Kingdom

Date: 22/12/2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Barnet and Southgate College
Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
INCOME					
Funding body grants	2	36,154	36,154	34,414	34,414
Tuition fees and education contracts	3	5,812	5,812	5,680	5,680
Other grants and contracts	4	400	400	1,310	1,310
Other income	5	737	737	779	783
Investment income	6	85	85	8	8
Total income		43,188	43,188	42,191	42,195
EXPENDITURE					
Staff costs	7	24,667	24,667	25,197	25,197
Other operating expenses	8	13,800	13,800	13,018	13,011
Depreciation	11	3,159	3,159	3,114	3,114
Interest and other finance costs	9	1,444	1,444	1,792	1,792
Total expenditure		43,070	43,070	43,120	43,114
(Deficit)/surplus before other gains and losses		118	118	(930)	(919)
Profit on disposal of assets	11	-	-	-	-
(Deficit)/surplus before tax		118	118	(930)	(919)
Taxation	10	-	-	-	-
(Deficit)/surplus for the year		118	118	(930)	(919)
Actuarial gain in respect of pensions schemes		5,663	5,663	30,522	30,522
Total comprehensive income for the year		5,781	5,781	29,592	29,603

All items of income and expenditure relate to continuing activities

Barnet and Southgate College
Consolidated and College Statements of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Group			
Balance at 1st August 2021	3,293	10,268	13,561
Surplus/(deficit) from the income and expenditure account	(930)	-	(930)
Other comprehensive income	30,522	-	30,522
Transfers between revaluation and income and expenditure reserves	203	(203)	-
	<u>29,795</u>	<u>(203)</u>	<u>29,592</u>
Balance at 31st July 2022	33,088	10,065	43,153
Surplus/(deficit) from the income and expenditure account	118	-	118
Other comprehensive income	5,663	-	5,663
Transfers between revaluation and income and expenditure Reserves	203	(203)	-
Total comprehensive income for the year	<u>5,984</u>	<u>(203)</u>	<u>5,781</u>
Balance at 31st July 2023	<u>39,072</u>	<u>9,862</u>	<u>48,934</u>
College			
Balance at 1st August 2021	3,232	10,268	13,500
Surplus/(deficit) from the income and expenditure account	(920)	-	(920)
Other comprehensive income	30,522	-	30,522
Transfers between revaluation and income and expenditure reserves	203	(203)	-
	<u>29,805</u>	<u>(203)</u>	<u>29,602</u>
Balance at 31st July 2022	33,037	10,065	43,102
Surplus/(deficit) from the income and expenditure account	118	-	118
Other comprehensive income	5,663	-	5,663
Transfers between revaluation and income and expenditure reserves	203	(203)	-
Total comprehensive income for the year	<u>5,984</u>	<u>(203)</u>	<u>5,781</u>
Balance at 31st July 2023	<u>39,021</u>	<u>9,862</u>	<u>48,883</u>

Barnet and Southgate College
Consolidated and Colleges Balance sheets as at 31 July

	Notes	Group	College	Group	College
		2023	2023	2022	2022
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	11	85,042	85,042	86,948	86,947
Investments	12	-	-	-	-
		85,042	85,042	86,948	86,947
Current assets					
Trade and other receivables	13	866	860	1,256	1,250
Investments	14	6,178	6,178	4,092	4,092
Cash and cash equivalents	21	7,889	7,842	3,749	3,703
		14,933	14,880	9,097	9,045
Less: Creditors – amounts falling due within one year	15	(7,836)	(7,833)	(6,686)	(6,683)
Net current assets		7,097	7,048	2,411	2,362
Total assets less current liabilities		92,139	92,089	89,359	89,309
Less: Creditors – amounts falling due after more than one Year	16	(37,950)	(37,950)	(35,725)	(35,725)
Provisions					
Defined benefit obligations	20	(4,719)	(4,719)	(10,073)	(10,073)
Other provisions	20	(536)	(537)	(408)	(408)
Total net assets		48,934	48,883	43,153	43,103
Unrestricted reserves					
Income and expenditure account		39,072	39,021	33,088	33,036
Revaluation reserve	19	9,862	9,862	10,065	10,065
Total unrestricted reserves		48,934	48,883	43,153	43,103
Total reserves		48,934	48,883	43,153	43,103

The financial statements on pages 30 to 56 were approved and authorised for issue by the Corporation on 13 December 2023 and were signed on its behalf on that date by:



Adam Goldstein
Chair of the Board of Governors



Darren Mephram
Accounting Officer

Barnet and Southgate College
Consolidated Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Cash inflow from operating activities			
Surplus/(deficit) for the year		118	(930)
Adjustment for non cash items			
Depreciation		3,159	3,114
(Increase)/decrease in stocks		-	-
(Increase)/decrease in debtors		390	498
Increase/(decrease) in creditors due within one year		829	(118)
Increase/(decrease) in provisions		145	-
Pensions costs less contributions payable		(43)	1,500
Deferred capital grants released to income		(914)	(801)
Adjustment for investing or financing activities			
Investment income		(85)	(8)
Interest payable		1,444	1,792
(Profit)/Loss on sale of fixed assets		-	-
		5,043	5,047
Net cash flow from operating activities			
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	-
Investment income		85	8
Deferred capital grants received		4,283	18
Payments made to acquire fixed assets		(1,253)	(480)
Donated assets		-	(38)
		3,115	(492)
Cash flows from financing activities			
Interest paid		(1,108)	(1,158)
Repayments of amounts borrowed		(825)	(786)
		(1,933)	(1,944)
Increase / (decrease) in cash and cash equivalents in the year			
		6,225	2,611
Cash and cash equivalents at beginning of the year	21	7,842	5,231
Cash and cash equivalents at end of the year	21	14,067	7,842

1. Accounting policies

Statement of accounting policies and estimation techniques

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

Basis of preparation

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

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, Minchenden Business Centre Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. MBC was dormant throughout the period. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities and currently does not have a student union.

All financial statements are made up to 31 July 2023.

Going concern

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

The College currently has £13.19m of loans outstanding. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. The number of students enrolled for 16-18 year olds is greater than budgeted and will impact in 23/24. Other enrolments are in line with budget.

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

Recognition of income

Revenue grant funding

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

1. Accounting policies (contd.)

Recognition of income

Revenue grant funding (cont.)

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

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

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

Capital grant funding

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

Fee income

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

Investment Income

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

Agency arrangements

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

Accounting for post-employment benefits

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

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

1. Accounting policies (contd.)

Barnet Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Short term employment benefits

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

Termination benefits

The College entered in a voluntary redundancy arrangement with 3 members of its staff at an overall cost of £54k. This was all paid in the year.

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The College recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Enhanced pensions

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

Access and participation plan

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

Non-current assets - tangible fixed assets

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

Land and buildings

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

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

1. Accounting policies (contd.)

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

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

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

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

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

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

Equipment

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

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

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

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

Borrowing costs

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

Leased assets

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

Investments

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

1. Accounting policies (contd.)

Stock

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

Taxation

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

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

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

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Foreign currency translation

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

Provisions and contingent liabilities

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

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

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

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

1. Accounting policies (contd.)

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2020 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Barnet and Southgate College
Notes to the Accounts (continued)

2 Funding council grants

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency – adult	14,963	14,963	14,180	14,180
Education and Skills Funding Agency – 16 -18	18,750	18,750	18,311	18,311
Education and Skills Funding Agency - apprenticeships	742	742	393	393
Office for Students	86	86	107	107
Specific grants				
Teachers' pension scheme grant	699	699	622	622
Releases of government capital grants	914	914	801	801
Total	36,154	36,154	34,414	34,414

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	274	274	624	624
Fees for FE loan supported courses	220	220	262	262
Fees for HE loans supported courses	935	935	1,061	1,061
International students fees	47	47	-	-
Total tuition fees	1,476	1,476	1,947	1,947
Education contracts	4,336	4,336	3,733	3,733
Total	5,812	5,812	5,680	5,680

4 Other grants and contracts

	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
European Commission	342	342	445	445
Coronavirus Job Retention scheme Grant	-	-	13	13
Other grants and contracts	58	58	852	852
Total	400	400	1,310	1,310

The corporation furloughed some sales, customer services and estate staff under the government's Coronavirus Job Retention Scheme. No funding received (2022: £13k) relates to staff costs which are included within the staff costs note below as appropriate.

Barnet and Southgate College
Notes to the Accounts (continued)

5 Other income

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Other income generating activities	737	737	741	745
Income from donated assets	-	-	38	38
Total	737	737	779	783

Income from donated assets relates to 127 laptops received from DFE capitalized at £299 each in 2022.

6 Investment income

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Other investment income	85	85	8	8
Total	85	85	8	8

Barnet and Southgate College
Notes to the Accounts (continued)

7 Staff costs - Group and College

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

	2023	2022
	No.	No.
Teaching staff	242	245
Non teaching staff	<u>286</u>	<u>272</u>
	<u>528</u>	<u>517</u>
Staff costs for the above persons		
	Group	and College
	2023	2022
	£'000	£'000
Wages and salaries	16,820	16,114
Social security costs	1,672	1,590
Other pension costs	<u>3,873</u>	<u>5,355</u>
Payroll subtotal	22,365	23,059
Contracted out staffing services	<u>2,248</u>	<u>2,096</u>
	24,613	25,155
Fundamental restructuring costs - Contractual	<u>54</u>	<u>42</u>
Total	<u>24,667</u>	<u>25,197</u>

Staff costs include £54k (£42k : 2022) paid for contractual costs relating to redundancy payments.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning directing and controlling the activities of the College and are represented by the Executive Leadership Team which comprises the Chief Executive Officer, College Principal, Executive Director of Corporate Services and Executive Director of Employer Partnerships. Staff costs include compensation paid to key management personnel for loss of office.

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

	2023	2022
	No.	No.
The number of key management personnel including the Accounting Officer was:	4	4
	<u>=====</u>	<u>=====</u>

Barnet and Southgate College
Notes to the Accounts (continued)

7 Staff costs - Group and College

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

	Key Personnel		Other Staff	
	Management		2023 No.	2022 No.
	2023 No.	2022 No.		
£0 to £10,000	-	-	-	-
£10,001 to £15,000	-	-	-	-
£15,001 to £20,000	-	-	-	-
£20,001 to £25,000	-	-	-	-
£25,001 to £30,000	-	-	-	-
£30,001 to £35,000	-	-	-	-
£35,001 to £40,000	-	-	-	-
£40,001 to £45,000	-	-	-	-
£45,001 to £50,000	-	-	-	-
£50,001 to £55,000	-	-	-	-
£55,001 to £60,000	-	-	-	-
£60,001 to £65,000	-	-	5	7
£65,001 to £70,000	-	-	5	1
£70,001 to £75,000	-	-	2	-
£75,001 to £80,000	-	-	-	1
£85,001 to £90,000	-	-	1	-
£90,001 to £95,000	-	-	-	-
£95,001 to £100,000	-	-	-	-
£100,001 to £105,000	-	1	-	-
£105,001 to £110,000	1	-	-	-
£110,001 to £115,000	-	1	-	-
£115,001 to £120,000	1	-	-	-
£120,001 to £125,000	-	-	-	-
£125,001 to £130,000	-	-	-	-
£130,001 to £135,000	-	-	-	-
£135,001 to £140,000	1	1	-	-
£140,001 to £145,000	-	-	-	-
£145,001 to £150,000	-	-	-	-
£150,001 to £155,000	-	-	-	-
£155,001 to £160,000	-	-	-	-
£160,001 to £165,000	-	-	-	-
£165,001 to £170,000	-	-	-	-
£170,001 to £175,000	-	1	-	-
£175,001 to £180,000	1	-	-	-
	<u>4</u>	<u>4</u>	<u>13</u>	<u>9</u>

Key management personnel compensation is made up as follows:

	2023 £'000	2022 £'000
Basic salary	538	523
Benefits in kind	-	-
	<u>538</u>	<u>523</u>
Pension contributions	117	116
	<u>655</u>	<u>639</u>
Total emoluments	655	639

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

Barnet and Southgate College

Notes to the Accounts (continued)

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

	2023 £'000	2022 £'000
Basic salary	<u>175</u>	<u>174</u>
Pension contributions	<u>38</u>	<u>37</u>

The governing body adopted AoC's Senior Staff Remuneration Code in July 2020 and assesses pay in line with its principles.

Annual targets and objectives are set by the Remuneration committee (following a meeting between CEO and Chair to discuss) and then progress is monitored/reported/discussed at each meeting in the year. This is a delegated responsibility in the Terms of Reference. Rem Co meeting minutes and an update from the chair are then reported to board at the relevant points in the year to ensure transparency and an opportunity for independent governors to ask questions. There is an annual appraisal conducted between the Chair and CEO and then reported to RemCo.

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

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

The basis calculation is made after excluding staff on enhanced pension payments and casual staff payments.

	2023	2022
- Basic salary as a multiple of the median of staff	6.0	6.6
- Total remuneration as a multiple of the median of staff	6.4	7.4

Compensation for loss of office paid to former key management personnel

No payments were made for compensation for loss of office to former key management personnel (2022: Nil)

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

8 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Teaching costs	7,496	7,496	7,291	7,291
Non teaching costs	2,813	2,813	2,953	2,941
Premises costs	3,491	3,491	2,774	2,779
Total	<u>13,800</u>	<u>13,800</u>	<u>13,018</u>	<u>13,011</u>
Other operating expenses include:		2023		2022
		£'000		£'000
Auditors' remuneration:				
Financial statements audit		51		48
Internal audit		35		27
Hire of assets under operating leases		<u>127</u>		<u>127</u>

Barnet and Southgate College
Notes to the Accounts (continued)

9 Interest payable - Group and College

	2023	2022
	£'000	£'000
On bank loans, overdrafts and other loans:	1,108	1,158
Net interest on defined pension liability (note 26)	336	634
Total	<u>1,444</u>	<u>1,792</u>

10 Taxation - group only

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

Barnet and Southgate College
Notes to the Accounts (continued)

11 Tangible fixed assets (Group)

	Land and buildings		Equipment	Assets in the course of construction	Total
	Long				
	Freehold £'000	leasehold £'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2022	108,604	1,280	9,094	99	119,077
Transfer	53	-	-	(53)	-
Additions	159	-	1,094	-	1,253
Disposals	-	-	-	-	-
At 31 July 2023	108,816	1,280	10,188	46	120,330
Depreciation					
At 1 August 2022	24,312	1,021	6,796	-	32,129
Charge for the year	1,919	86	1,154	-	3,159
Elimination in respect of disposals	-	-	-	-	-
At 31 July 2023	26,231	1,107	7,950	-	35,288
Net book value at 31 July 2023	82,585	173	2,238	46	85,042
Net book value at 31 July 2022	84,292	259	2,298	99	86,948

Barnet and Southgate College
Notes to the Accounts (continued)

11 Tangible fixed assets (College only)

	Land and buildings		Equipment	Assets in the course of construction	Total
	Freehold £'000	Long leasehold £'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2022	108,604	1,280	9,094	99	119,077
Transfer	53			(53)	-
Additions	159	-	1,094		1,253
Disposals	-	-	-	-	-
At 31 July 2023	108,816	1,280	10,188	46	120,330
Depreciation					
At 1 August 2022	24,312	1,021	6,797	-	32,130
Charge for the year	1,919	86	1,154	-	3,159
Elimination in respect of disposals	-	-	-	-	-
At 31 July 2023	26,231	1,107	7,950	-	35,288
Net book value at 31 July 2023	82,585	173	2,238	46	85,042
Net book value at 31 July 2022	84,291	259	2,298	99	86,947

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

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

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

Cost or Valuation	Freehold Land and Buildings
Aggregate depreciation	75,401
Net book value based on cost	<u>(11,930)</u>
	<u>63,471</u>

Barnet and Southgate College
Notes to the Accounts (continued)

12 Non current investments

	College 2023 £'000	College 2022 £'000
Investments in subsidiary companies	-	-
Total	-	-

The College owns 100 per cent of the issued ordinary £1 shares of Minchenden Business Centre Limited (MBC Ltd) a company incorporated in England and Wales. The company is in the process of being wound down with transactions in the year relating to mainly finishing outstanding work. This investment was written down to £ nil in 2014.

13 Trade and other receivables

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Amounts falling due within one year:				
Trade receivables	306	300	566	560
Other Debtors	17	17	22	22
Prepayments and accrued income	525	525	668	668
Amounts owed by the ESFA	18	18	-	-
Total	866	860	1,250	1,250

Trade receivables includes a provision for bad debt of £455k relating to old debts, with £218k written off against provision from prior year. There were no balances of greater than £5,000 individually being written off.

14 Current investments

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Short term deposits	6,178	6,178	4,092	4,092
Total	6,178	6,178	4,092	4,092

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

Barnet and Southgate College
Notes to the Accounts (continued)

15 Creditors: amounts falling due within one year

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	902	902	824	824
Trade payables	370	370	360	360
Other taxation and social security	466	466	397	397
Accruals and deferred income	2,493	2,493	3,445	3,445
Deferred income - government capital grants	914	914	671	671
Other creditors	1,072	1,069	989	986
Amounts owed to ESFA / GLA	1,619	1,619		
Total	<u>7,836</u>	<u>7,833</u>	<u>6,686</u>	<u>6,683</u>

16 Creditors: amounts falling due after one Year

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Bank loans	12,291	12,291	13,192	13,192
Deferred income - government capital grants	25,659	25,659	22,533	22,533
Total	<u>37,950</u>	<u>37,950</u>	<u>35,725</u>	<u>35,725</u>

17 Maturity of debt

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
In one year or less	902	902	824	824
Between one and two years	973	973	902	902
Between two and five years	3,425	3,425	3,168	3,168
In five years or more	<u>7,892</u>	<u>7,892</u>	<u>9,122</u>	<u>9,122</u>
Total	<u>13,192</u>	<u>13,192</u>	<u>14,016</u>	<u>14,016</u>

A loan facility of £28,395k was entered into by the Corporation on 16 September 2008. As at 31 July 2012, £20,300k had been drawn. Interest on the principal element of the £14,803k loan is fixed at a rate of 8.03% (5.785%) until 24 June 2033 after renewal of terms were agreed in June 2021.

The loan is secured against the Wood Street Campus.

Barnet and Southgate College
Notes to the Accounts (continued)

18 Deferred capital grants (Group and College)

	Funding Body Grants £'000	Other Grants £'000	Total £'000
At 1 August 2022	20,451	2,754	23,205
Cash received	3,776	509	4,285
Released to income and expenditure	(906)	(8)	(914)
At 31 July 2023	23,321	3,255	26,576

19 Revaluation reserve (Group and College)

	2023 £'000	2022 £'000
At 1 August	10,065	10,268
Transfer from revaluation reserve to general reserve in respect of: Depreciation of revalued Assets	(203)	(203)
At 31 July	9,862	10,065

20 Provisions

	Group and College			
	Defined benefit Obligations £'000	Other £'000	Enhanced pensions £'000	Total £'000
At 1 August 2022	10,073		408	10,481
Expenditure in the period	352	175	13	540
Transferred from income and expenditure account	(43)	-	(43)	(86)
Actuarial loss/(gain) during the year	(5,663)	-	(16)	(5,679)
At 31 July 2023	4,719	175	362	5,256

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

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganization costs from which the College cannot reasonably withdraw at the balance sheet date.

21 Analysis of Change in Net Debt

	At 1 August 2022 £'000	Cash flows £'000	Other changes £'000	At 31 July 2023 £'000
Cash and cash equivalents				
Short term investments	4,092	2,086	-	6,178
Cash and cash equivalents	3,750	4,141	-	7,890
	7,842	6,227	-	14,068
Borrowings				
Debt due within one year	(824)	824	(902)	(902)
Debt due after one year	(13,192)		902	(12,290)
	(6,174)			876

22 Capital commitments

There are no capital commitments for the year (2022: NIL)

Barnet and Southgate College
Notes to the Accounts (continued)

23 Lease Obligations

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

	Group and College	
	2023	2022
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	87	87
Later than one year and not later than five years	<u>53</u>	<u>140</u>
	140	227
Other		
Not later than one year	28	39
Later than one year and not later than five years	-	28
later than five years	-	-
	<u>28</u>	<u>67</u>
Total lease payments due	168	294

24 Contingent liabilities

No contingent liabilities existed at the end of the accounting period

25 Events after the reporting period

A direction order is being processed to transfer the assets and liabilities of pension fund at London Borough of Enfield to London Borough of Barnet pension fund. This relates to the assets and liabilities of deferred pensioners and pensioners who had not been transferred during the merger between Barnet College and Southgate College. Based on current valuation this is likely to have a positive impact on college pension liability, however given that a reliable estimate of the financial impact of the potential transfer cannot be made no amounts have been recognised in this financial statements.

Tudor Hall, a Grade II listed building adjacent to the Barnet campus has been put up for sale in November 2023 after receiving a single enquiry for a leasing option. Based on estimated value of sale, no impairment provision needs to made.

Barnet and Southgate College Notes to the Accounts (continued)

26 Defined benefit obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of TPS was at 31 March 2019 and of the LGPS at 31 March 2023.

Total pension cost for the year	2023 £'000	2022 £'000
Teachers' Pension Scheme: contributions paid	1,666	1,577
Local Government Pension Scheme:		
Contributions paid	2,242	2,228
FRS 102 (28) charge	<u>(43)</u>	<u>1,500</u>
Charge to the Statement of Comprehensive Income	2,199	3,728
Enhanced pension charge to Statement of Comprehensive Income	43	41
Total Pension Cost for Year	<u>3,908</u>	<u>5,346</u>

Teachers' pension scheme

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

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

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

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

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

Barnet and Southgate College Notes to the Accounts (continued)

26 Defined benefit obligations (continued)

FRS 102 (28)

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 academic year.

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

The pension costs paid to TPS in the year amounted to £1,666,000 (2022: £1,577,000)

Local government pension scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by London Borough of Barnet. The total contribution made for the year ended 31 July 2023 was £2,706,000, of which employer's contributions totaled £2,242,000 and employees' contributions totaled £464,000. The agreed contribution rates for future years are 21.4% for employers and range from 7.4% to 11.7% cent for employees, depending on salary according to a national scale.

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 March 2023 by a qualified independent actuary

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	4.00%	3.45%
Discount rate for scheme liabilities	5.05%	3.50%
Inflation assumption (CPI)	3.00%	2.75%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2023	At 31 July 2022
	years	years
<i>Retiring today</i>		
Males	21.50	21.70
Females	24.50	24.30

<i>Retiring in 20 years</i>		
Males	22.40	23.10
Females	25.70	26.10

Sensitivity analysis	At 31 July 2023	At 31 July 2022
	£'000	£'000
Discount rate -0.1% (-0.5%)	(1,063)	(1,236)
CPI rate +0.1% (+0.5%)	(1,005)	(1,125)

Barnet and Southgate College
Notes to the Accounts (continued)

26 Defined benefit obligations (continued)

Local government pension scheme (Continued)

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

	Long-term rate of return expected at 31 July 2023	Fair Value at 31 July 2023	Long-term rate of return expected at 31 July 2022	Fair Value at 31 July 2022
		£'000		£'000
Equities		33,422		34,779
Bonds		15,889		14,228
Property		3,287		3,161
Cash		2,192		527
Total market value of assets		<u>54,790</u>		<u>52,695</u>
Weighted average expected long term rate of return	5.00%		7.30%	
Actual return on plan assets		<u>1,817</u>		<u>1,662</u>

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

	2023 £'000	2022 £'000
Fair value of plan assets	54,790	52,695
Present value of plan liabilities	(59,509)	(62,768)
[Present value of unfunded liabilities]	-	-
Net pensions (liability)/asset (Note 19)	<u>(4,719)</u>	<u>(10,073)</u>

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

	2023 £'000	2022 £'000
Amounts included in staff costs		
Current service cost	2,216	3,745
Past service cost	-	50
Total	<u>2,126</u>	<u>3,795</u>
Amounts included in investment income		
Net interest income	(352)	(626)
	<u>(352)</u>	<u>(626)</u>
Amounts recognised in other comprehensive income		
Return on pension plan assets	15,680	31,144
Experience losses arising on defined benefit obligations	437	271
Changes in assumptions underlying the present value of plan liabilities	(9,164)	(187)
Other experience	(1,290)	(790)
Amount recognised in Other Comprehensive Income	<u>5,663</u>	<u>30,438</u>

Barnet and Southgate College
Notes to the Accounts (continued)

26 Defined benefit obligations (continued)

Local government pension scheme

(Continued)

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

	2023	2022
	£'000	£'000
Surplus/(deficit) in scheme at 1 August	(10,073)	(38,385)
Movement in year:		
Current service cost	(2,126)	(3,795)
Employer contributions	2,169	2,295
Past service cost	-	-
Net interest on the defined (liability)/asset	(352)	(628)
Actuarial gain or loss	5,663	30,438
Net defined benefit (liability)/asset at 31 July	<u>(4,719)</u>	<u>(10,073)</u>

Asset and Liability Reconciliation

	2023	2022
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	(62,768)	(90,052)
Current Service cost	(2,126)	(3,795)
Interest cost	(2,208)	(1,460)
Contributions by Scheme participants	(468)	(437)
Experience gains and losses on defined benefit obligations	-	-
Changes in financial assumptions	15,680	31,144
Estimated benefits paid	1,876	1,748
Past Service cost	-	-
Change in demographic assumptions	437	271
Other experience	(9,932)	(187)
Defined benefit obligations at end of period	<u>(59,509)</u>	<u>(62,768)</u>

Reconciliation of assets

Fair value of plan assets at start of period	52,695	51,667
Interest on plan assets	1,856	834
Return on plan assets	(1,290)	(790)
Employer contributions	2,169	2,295
Contributions by Scheme participants	468	437
Other experience	768	-
Estimated benefits paid	(1,876)	(1,748)
Fair value of plan assets at end of period	<u>54,790</u>	<u>52,695</u>

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long-term salary growth assumptions were 0.1% pa lower, then the past service cost disclosed here would be expected to reduce by £76k and conversely a 0.1% pa increase would increase the estimated cost by £76k.

Barnet and Southgate College
Notes to the Accounts (continued)

27 Related party transactions

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

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

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2022: £Nil)

28 Amounts disbursed as agent

Learner support funds

	2023	2022
	£'000	£'000
Amount underspent previous year	545	409
Funding body grants – bursary support	456	484
Other Funding body grants	103	146
	<u>1,104</u>	<u>1,039</u>
Disbursed to students	(350)	(309)
Administration costs	(6)	(14)
Claw back	(66)	(171)
Balance unspent as of 31 July, included in creditors	<u>682</u>	<u>545</u>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.