



**ASKHAM BRYAN COLLEGE**

**Report and Financial Statements  
for the year ended 31 July 2022**

## **KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS**

### **Key Management Personnel**

Key management personnel are defined as members of the College leadership team and were represented by the following in 2021/22:

Dr Tim Whitaker - Principal/Chief Executive and Accounting Officer

Sandra Burnhill – Vice Principal

Sharon Sheppard – Vice Principal

Laura Black – Interim Vice Principal – appointed 03/05/2022

Iain Glendinning – Interim Vice Principal – appointed 21/02/2022

Emma Barbery – Chief Finance Officer

Rory Howie – Director of Human Resources - to 31/08/2021

Lynne Griffin - Executive Director of People and Organisational Development – appointed 04/01/2022

### **Board of Governors**

A full list of Governors is given on pages 15 to 17 of these financial statements.

Judith Clapham acted as Director of Governance and Clerk to the Corporation throughout the period.

### **Professional Advisers**

#### **Financial statements auditors and reporting accountants:**

Armstrong Watson Audit Limited, Third Floor, 10 South Parade, Leeds, LS1 5QS

#### **Internal auditors:**

Haines Watts, 30 Camp Road, Farnborough, GU14 6EW

#### **Bankers:**

Lloyds Bank PLC, 25 Gresham Street, London, EC2V 7HN

Santander UK PLC, 2 Triton Square, Regents Place, London, NW1 3AN

#### **Solicitors:**

Eversheds Sutherland, Bridgewater Place, Water Lane, Leeds, LS11 5DR

Andrew Jackson Solicitors LLP, Marina Court, Castle Street, Hull, HU1 1TJ

Bunetts Solicitors, Victoria House, Wavell Drive, Rosehill, Carlisle, CA1 2ST

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## REPORT OF THE GOVERNING BODY

### OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2022.

#### Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Askham Bryan College (the 'College'). The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

#### Mission, Vision, Strategy and Values

The College's Strategic Plan 2021-2026 sets out the College mission '*Learning is in our nature*' supported by a shared goal '*We are a specialist land-based provider developing talent, to respond to current and future challenges for the economy and environment.*'

The Strategic Plan is shaped around four strategic themes, each with this own vision for 2030 which directs the five-year roadmap:

**Strategic Theme 1:** Technical and professional land-based curriculum which is high quality, industry-relevant and enhances our students' employability.

*Vision 2030: We will be a leading college nationally for animal science and conservation, and sustainable food production.*

**Strategic Theme 2:** Outstanding resources that deliver an exceptional and inclusive student experience.

*Vision 2030: We will re-purpose our campuses to be environments combining natural beauty with pioneering practices and digital technologies.*

**Strategic Theme 3:** Engagement bringing people and place together, to build mutually beneficial relationships and celebrate successes.

*Vision 2030: We will be a national hub for skills, training and knowledge exchange for our core specialisms, with a focus on bio-economy, including incubation of related start-up businesses.*

**Strategic Theme 4:** Sustainability and wider contribution to the Circular Economy is embedded into College life.

*Vision 2030: We will be financially vibrant, enabling us to invest in exemplar sector practices and innovations, informed by our commitment to our natural capital and our people.*

Underpinning the delivery of the mission and strategic objectives, the College has defined the values, behaviours and qualities it requires from its staff defined as the 'DNA'. The DNA has four distinct but interdependent strands:

#### **Delivering with purpose, Building relationships through trust, Taking ownership, Always learning**

The College DNA is hardwired into the strategy, setting the standards and forming the foundations of culture and is a core enabler to the success of the College strategic vision.

## REPORT OF THE GOVERNING BODY (CONTINUED)

The strategic plan is underpinned by Curriculum, Estates, People and the Financial Implementation Plans and is the roadmap to achieving the Colleges vision and ambition:

**Curriculum Plan** – outlines the College’s approach to curriculum planning and development over the next five years. The plan focuses on the continued growth and development of a responsive curriculum with an emphasis on technical and professional land-based education including STEM, and the bio-economy which leads to high student outcomes and progression to positive destinations.

**People Plan** – outlines a comprehensive delivery plan for people-related initiatives and priorities to be taken forward over the five-year period to deliver the College’s ambition to:

- Attract, reward and retain talent, being known as an employer of choice.
- Unlock people potential to foster a climate of engagement and innovation.
- Develop credible specialists who equip our students with skills for the future.
- Offer an inclusive and caring environment which values personal wellness.
- Anticipate challenges and mitigate risk to build organisation resilience.
- Ensure a quality service that supports the College and makes things happen.

**Estates Plan** – identifies the challenges that the College must address over the next 5 years and sets out the priorities and actions required in managing the estate efficiently and effectively. The plan sets out the vision for 2030 where the ambition is an estate which connects nature with a state-of-the-art teaching and learning environment.

**Financial Implementation Plan** – sets out the strategic approach which is being taken to manage the financial position of the College ensuring it proactively meets curriculum needs and demands. The implementation plan details the financial aims and objectives required to delivery long term financial sustainability to support the achievement of the Colleges vision and ambition.

The Governing Body monitor and assess the progress being made in relation to the Colleges 10-year vision through key Corporate Key Measures and Targets which are a strategic approach to measuring the overall progress. Measures and targets are set for years one, two, five and ten, with the target at year 5 a minimum aspiration and at year 10 aspirational.

### RESOURCES:

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

- Tangible resources include land and buildings, shown in the balance sheet at £23,771,000 together with equipment fixtures and fittings at a value of £3,743,000 and £131,000 of assets in the course of construction.
- Financial Resources - The Group has net assets of £23,025,000 before taking into account the FRS102 pension liability of £857,000 and long-term debt of £13,675,000 (bank loans £4,512,000 and deferred capital grants £9,163,000).
- People - The College employs 474 people, of whom 205 are teaching staff or staff directly engaged in the delivery of curriculum.
- Reputation - The College has an excellent reputation locally, regionally as well as nationally for specialist subjects. Maintaining this reputation is essential for the College’s success in attracting students and developing and retaining relationships with its stakeholders.

## **REPORT OF THE GOVERNING BODY (CONTINUED)**

### **STAKEHOLDER RELATIONSHIPS:**

In line with other colleges and universities, the College has many stakeholders including:

- Current, future and past students
- Funding Bodies
- FE Commissioner
- Banks and lenders
- Staff and their trade unions
- Employers
- Local Authorities
- Local Communities
- Local Enterprise Partnerships
- Schools and HE Institutions – the wider College community
- Professional organisations in the sectors in which the College operates
- Sector Regulators – Ofsted, Office for Students

The College recognises the importance of these relationships and engages in regular communication and consultation with them.

### **PUBLIC BENEFIT:**

The College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 15 – 17.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

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

- High-quality teaching and learning providing students with the skills and knowledge they need to progress into further study or employment
- Creating opportunities irrespective of previous achievement which widens participation and tackles social exclusion in our community, reducing the number of young people not in education or training (NEETS)
- Excellent employment record for students
- Strong student support systems assisting students to achieve
- Proactive partnerships with a range of stakeholders including employers, industry and commerce including Local Enterprise Partnerships (LEPs) which cover the catchment area of the College.

### **COVID-19:**

In 2021/22 the College continued to be affected by COVID-19 with income reductions in catering, hire of facilities, commercial courses and tuition fees from international students who were unable to travel to study in the United Kingdom. A successful insurance claim against business

## REPORT OF THE GOVERNING BODY (CONTINUED)

interruption as a result of the pandemic was received for £100k, the maximum payable under the policy terms.

### DEVELOPMENT AND PERFORMANCE:

#### Financial Objectives

The College's financial objectives are designed to support the delivery of the College's strategic objectives and are supported by the KPIs used by the Education and Skills Funding Agency (ESFA) when assessing the financial health of a college. Financial objectives have been monitored and reported on throughout the year through the preparation of monthly management accounts, the annual budget and quarterly reforecasts.

The College is committed to observing the importance of the ESFA measures and indicators within the framework and is monitoring performance against these measures through the completion of the ESFA annual finance record and through improved monthly financial reporting.

Following a prior year decision, the College closed its site at Newton Rigg on 31 July 2021. As anticipated, the property sales completed within the year, generating proceeds of £11.583m:

- Sewborwens Farm – sale completed 25 August 2021
- Low Beckside Farm – sale completed 17 September 2021
- Developed land of the campus – sale completed 1 October 2021

The Newton Rigg site is shown as discontinued in these financial statements, the 2021/22 revenues and costs reflect the performance of the two farms until the sale dates and all closure/disposal costs of the properties.

The College maintained tight control of its financial performance objectives throughout the year despite the continued impact of COVID-19 and sale of the Newton Rigg site by closely managing its financial position, identifying and monitoring areas of concern, and taking decisive action to mitigate the budget variance. Applying the ESFA methodology to the 2021/22 financial position has resulted in the rating of 'Good'.

Financial objectives for the 2021/22 financial year were approved by the Governing Body to monitor the implementation of the College's financial performance and support its strategic direction. Actual performance against these performance indicators is shown below:

Financial Objective	ESFA Benchmark	2021/22 Target	Actual Achieved
Operating Surplus/(Deficit) before FRS102 pension costs as a % of income (excluding exceptional items)	3-5%	0.3%	1.4%
Borrowing as a percentage of income	<40%	19%	19%
Cash days in hand	>25	174	183
Adjusted Current Ratio	1.00	3.77	3.84
Staff cost as a percentage of income (land-based College benchmark)	50%	52%	51%
Financial Health	Outstanding	Good	Good

## REPORT OF THE GOVERNING BODY (CONTINUED)

The Governing Body has set a number of operational and strategic financial objectives which incorporate specific and measurable financial performance measures in the Financial Implementation Plan 2021-2026 which aligns to the College Strategic Plan to support its strategic aims. The Financial Implementation Plan has been set to ensure the long-term financial sustainability of the College to resource its core activities and support strategic planning and decision making in order to achieve the College's vision.

### Financial Results

In 2021/22 the Group's continuing financial performance generated a deficit in the year of £(1,187,000) (2020/21 deficit of (£261,000)). The statement of comprehensive income includes non-cash pension adjustments. The reconciliation below excludes these adjustments to arrive at an 'adjusted surplus' which reflects the underlying performance of the Group.

- a) Employer service costs for the North Yorkshire defined benefit pension scheme (LGPS) of £1,473,000 FRS102 (28) charges, note 22 (2020/21 cost of £1,586,000);
- b) Net interest chargeable on the North Yorkshire defined benefit pension scheme (LGPS) of £187,000 FRS102 (28) charges, note 22 and note 8 (2010/21 cost of £186,000);

<b>Financial Result Reconciliation</b>	<b><u>£'000</u></b>
Deficit for the year (continuing operations)	(1,187)
Pension charges (FRS102(28) charges)	1,473
Pension interest expense (FRS102(28) charges)	187
<b>Underlying Surplus from Continuing Operations</b>	<b>473</b>

The COVID-19 pandemic continued to impact on September 2021 recruitment to Further Education Adult outreach provision. Adult outreach provision is focused on individuals moving back into employment, where referral agencies (job centres and charities) took additional time to get back to a full-service level. The impact to student recruitment resulted in a shortfall in meeting the Adult Education Budget (AEB) allocation by c. £270k. The financial statements have been prepared assuming that a full claw back of the unutilised allocation will be made.

### Group Companies

The College has two subsidiary companies, Askham Bryan College Company Limited and Askham Bryan College Enterprises Limited. The principal activity of Askham Bryan College Company Limited is the operation of farms and research activity whilst Askham Bryan College Enterprises Limited carries out commercial activity. As outlined above, the two farms located near the closed Newton Rigg campus whose trading performance is included within Askham Bryan College Company Limited were sold during the year. The performance of these farms until the disposal dates is shown as discontinued operations in these financial statements, operations of the farm located at the York site continue as normal.

In the current year the surplus generated by the continuing operations of Askham Bryan College Company Limited was £61,481 (2020/21 deficit of £(105,776)), where a strong milk price improved operating performance.



## **REPORT OF THE GOVERNING BODY (CONTINUED)**

A surplus was generated by Askham Bryan College Enterprises Limited of £54,828 (2020/21 surplus of £31,163). The year on year improvement in performance correlates the return of visitor income to the wildlife park following the lifting of all COVID-19 restrictions.

### **Reserves**

The net assets of the Group as at 31 July 2022 stand at £22,168,000, which is an improvement of the position from the prior year of £12,247,000 (2020/21: £9,921,000) reflecting the reduction in the liability (£10,586,000) arising from the Local Government Pension Scheme (LGPS).

Changes in the assumptions applied to the pension scheme valuation by the scheme actuary, and in particular the 1.7% increase in the discount rate, has resulted in a significant reduction in the net liability position from the previous year (see note 22). This has resulted in better balance sheet position than if the financial assumptions at the start of the period had been used.

### **Treasury Policies and Objectives**

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

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. Such arrangements are restricted by limits in the College's Financial Memorandum as agreed with the ESFA. All other borrowing requires the authorisation of the Governing Body.

## **CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE:**

### **Cash Flows and Liquidity**

The cash flow for 2021/22 showed an overall increase in cash and cash equivalents during the year of £7,989,000 (2020/21: increase in cash of £902,000). The statement of Cash Flows analyses the movements in cash flows in more detail. The Group complied with its bank covenants.

Following the receipt of sale proceeds from the sale of the Newton Rigg site, the College cash reserves substantially improved. The improved cash position allowed the College to review long term debt facilities in line with strategic priorities and make an early repayment of £2.5m of long-term debt to Lloyds Bank and to refinance the remaining debt balance held with Lloyds Banks of £1.7m over a 10-year term.

The Financial Implementation Plan recognises the need to retain sufficient cash reserves to both protect the College from the long-term effects of unforeseen financial events and to provide the financial resources to fund future developments, aligned to the Strategic Plan.

### **Payment Performance**

The Late Payment of Commercial Debts (Interest) Act 1998 which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods and services or the date on which the invoice was received. The target set by the treasury for this is 95 per cent. During the year the College processed 6,558 invoices to suppliers and paid 81% within 30 days, 87% within 40 days and 92% within 60 days. The average payment period was 34 days, where delays in payment days were resultant from either

## REPORT OF THE GOVERNING BODY (CONTINUED)

the late receipt of invoices from suppliers and/or the time taken to address queries and reach a resolution. The College incurred no interest charge in respect of late payment for this period.

Performance against the target is reviewed quarterly to ensure continued improvements are achieved.

### Sources of Income

The College has significant reliance on the education sector funding bodies with funding from the ESFA, largely from recurrent grants, which in 2021/22 amounted to 65% of the Group's total income (2020/21: 68%).

### Student Numbers

In 2021/22 the College has delivered learning activity to 1,642 16-19-year-old students that generated programme funding via the lagged ESFA methodology of £10,370,327 (2020/21: 1,553 16-19-year-old students, £13,159,884). In addition, the College has approximately 2,147 students (2020/21: 2,052) from other sources of funding.

### Performance Indicators

The College measures progress against its strategic plan using several agreed key measures and targets aligned to the four strategic themes outlined in the overall College strategic plan:

Strategic Theme 1 – *'Technical and professional land-based curriculum which is high quality, industry relevant and enhances our students' employability.'* Student progression is on target, albeit achievement in some areas has been impacted by COVID-19 and the introduction of new technical qualifications. Enrolments have grown slightly ahead of expectations. The College remains graded good for Ofsted and Bronze for Teaching Excellence Framework (TEF).

Strategic Theme 2 – *'Outstanding resources that deliver an exceptional and inclusive student experience.'* National Student Survey (NSS) satisfaction has seen a significant improvement, FE satisfaction remained high through the autumn and spring terms but has experienced an unexpected fall in the summer term. The impact of a return to formal examinations is suggested to be a significant factor and it is anticipated that satisfaction will return to previous levels. The College remains outstanding under the Ofsted care standards inspection framework. Progress in digital learning has been in line/ahead of expected targets.

Strategic Theme 3 – *'Engagement bringing people and place together, to build mutually beneficial relationships and celebrate successes.'* VIP stakeholder engagement and public perception has made reasonably good progress. Commercial income has been subject to a legacy COVID-19 effect and has not reached expected target. Overall employer satisfaction is good.

Strategic Theme 4 – *'Sustainability and wider contribution to the Circular Economy is embedded into College life.'* Operating Surplus is in line with expectations despite some significant in year challenges. ESFA financial health remains Good. More progress needs to be made by the College on its roadmap to sustainability. Staff satisfaction has seen some progress but needs further improvement, significant challenges to working practise and pay are contributory factors. The College is one year ahead of target date for implementing Investors in People.

## **REPORT OF THE GOVERNING BODY (CONTINUED)**

### **Degree Awarding Powers**

In January 2022, the College was awarded Foundation Degree Awarding Powers (FDAP), the College is currently the only landbased college with FDAP, and the achievement of awarding powers unlocks an ambitious plan for development of level 4 and level 5 provision which focuses on the needs of the bioeconomy.

This provision is planned to directly articulate with the identified needs of the York and North Yorkshire region, the Yorkshire and North Yorkshire LEP, the York Skills for Employment strategy, and is attuned to the needs of the Yorkshire and Humber IoT, of which the College is a key delivery partner for the provision of precision livestock, research and industry engagement.

### **Estates Developments**

Construction of the Digital Skills Academy funded by a £1m grant from the York and North Yorkshire Local Enterprise Partnership (LEP) completed in early in 2022. The new space specifically designed for digital teaching and learning and will ensure all students have access to the training facilities required to enable them to progress into work with the digital skills expected by industry.

Construction of the new beef centre funded by a £1.7m grant from the Yorkshire and Humber Institute of Technology to showcase precision livestock farming and teach modern precision farming techniques, completed during the year. The classroom building constructed as part of this project is the College's first carbon neutral building.

### **PRINCIPAL RISKS AND UNCERTAINTIES:**

The College's ability to achieve its vision and strategic objectives is affected by its capacity to mitigate the risks and uncertainties it faces. The College has well established systems of internal control including financial, operational and risk management, which are designed to protect the solvency of the College, ensure effective and efficient use of resources and to safeguard its assets and reputation.

Based on the Strategic Plan, a risk register is maintained at both College (strategic) and department level which is continually reviewed by the Senior Leadership Team, appointed Risk Champions and the Risk Management Group to ensure that any emerging risks are identified, prioritised and mitigated and opportunities maximised. Risks are prioritised using a consistent scoring system which is supported by a risk management training programme to raise awareness of risk throughout the College.

The College strategic risk register is presented for discussion at each meeting of the Audit Committee.

The strategic risk register, alongside the Key Corporate Measures and Targets, internal and external audits are the mechanisms designed to provide assurance of delivery of the Colleges Strategic Plan for the Corporation.

The broad categories of risk facing the College are outlined below. Not all the factors are within the College's control.

- Failure to have controls and mitigations in place to avoid/reduce the likelihood of a serious cyber security incident.

## **REPORT OF THE GOVERNING BODY (CONTINUED)**

- Failure to generate sufficient income from the recruitment of students in a highly competitive environment and to deliver of training to meet the needs of employers (particularly apprenticeships).
- The extent to which the College can attract and retain high calibre people to drive continuous improvement and curriculum development.
- The ability to maintain a high-quality estate and to attract the necessary investment to respond to meet strategic objectives, curriculum needs and demands.

Our response to the risks has been:

- To obtain Cyber Essentials Plus accreditation, and invest in the appropriate skills and IT security infrastructure, staff awareness and training.
- To focus the development of curriculum to meet local skills needs and enable access to funding.
- To facilitate the best possible student experience.
- To develop strategies to ensure students are retained and remain engaged and are offered appropriate opportunities to progress.
- To develop stakeholder relationships, engaging and involving employers in the design of the curriculum offer.
- To develop a comprehensive People Plan setting out people related initiatives and priorities, investing and developing talented staff.
- To develop a long-term Estates Strategy which sets out the priorities and actions required in managing the estate efficiently and effectively.
- To seek appropriate professional advice and support in the development of an Estates Master Plan.

## **EQUALITY, DIVERSITY AND INCLUSION:**

### **Equal Opportunities**

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively, differences in race, belief, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions that place people at a disadvantage and we will actively combat discrimination.

The College Equality, Diversity and Inclusion (EDI) Policy which reflects the ethos of the College in relation to the protected characteristics as described by the Equality Act 2010 is available on the College website. The College considers all applications bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled every effort is made to ensure that employment with the College continues. Oversight of the College policy is the responsibility of the EDI Committee.

The College is committed to providing equality of opportunity and parity of treatment for all individuals, regardless of gender, age, disability, marital status, family/carer responsibilities, race, nationality, ethnicity, colour, religion/belief, political affiliation, gender reassignment, sexual orientation, philosophical belief, thereby engendering an environment in which people treat each other with mutual respect, irrespective of their background. This commitment is extended to past,

## REPORT OF THE GOVERNING BODY (CONTINUED)

present and future members of staff, Governors, students, applicants for employment/education and visitors to the College.

The College ensures equality opportunities by:

- Promoting good practice in all areas of College activity through clear guidance regarding equality of opportunity and establishing key principles and monitoring arrangements.
- Encouraging mutual respect within a caring community through celebrating and valuing diversity.
- Raising awareness through induction, training and sharing good practice.
- Meeting legal obligations required by relevant legislation. Reviewing and updating policies and procedures to ensure new and existing legislation is embedded.
- Preventing circumstances arising which could result in claims of discrimination against an individual or the College as a whole through identifying, challenging and removing unfair practices.
- Providing procedures and forums, through which concerns and complaints can be raised and appropriate, speedy action taken.

### 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 union officials in the relevant period	FTE employees
3	2

Percentage of time	No. of employees
0%	0
1-50%	3
51-99%	0
100%	0

Total cost of facility time	£4,277
Total pay bill	£14.8m
Percentage of total bill spent on facility time	0%

Time spent on paid trade union activities as a % of total paid facility time	7.4%
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### Events after the End of the Reporting Period

On 30 November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions and this prompted the Department for Education to introduce some new rules for colleges which will take effect during 2023. There is no impact on the 2021/22 year for the College.

## **REPORT OF THE GOVERNING BODY (CONTINUED)**

### **Future Prospects**

#### **Going Concern**

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the Corporation is required to consider whether the College and the group can continue in operational existence for the foreseeable future.

Information in relation to the College's activities, together with the factors likely to affect future prospects, performance and position is set out in this Report of the Governing Body.

The College plan for 2022/23 and 2023/24 academic and financial years was prepared with a cautious and prudent approach.

Sensitivity analysis has been performed on these forecasts to consider the impact of potential changes in key assumptions. Whilst there remains some uncertainty in certain income streams and costs basis, September 2022 student enrolments and forecasted financial performance remains in line with budget expectations. Furthermore, forecast cash levels remain robust.

Both banks remain very supportive of the College and are understanding of the current climate in which circumstances outside of the control of the College could impact on future performance. Whilst no covenant breaches are currently forecast, the banks have previously indicated that they will waive covenants and/or amend threshold levels as required.

On the basis of the latest forecasts, the Corporation has considered its financial plans and concluded that the College and the group has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements.


The adoption of a going concern basis in the preparation of the financial statements for financial year 2021/22 is deemed appropriate.

#### **Disclosure of Information to Auditors**

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

**Approved by order of the members of the Corporation on 15 December 2022 and signed on its behalf by:**

**Maureen Vevers**

DocuSigned by:  
  
 3314A92BC4D545A...

**Chair**

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code");
- iii. having due regard with the guidance from the Committee of University Chairs (CUC) HE Code of Governance; and
- iv. having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code.

In the opinion of the Governors, the College complies with/exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2022. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015 (amended 2019), which it formally adopted on 15 July 2015.

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

## THE CORPORATION

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

Name	Date of Appointment or Re-appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance 21/22 (Corporation only)
Mr M Galloway	16 December 2019	4 years	13 December 2021	Independent	Audit, Quality & Standards (Chair), Search & Governance Remuneration	0/1

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**

Ms L Haigh	13 May 2021	4 years		Independent	Finance &GP	5/6
A Jelley	17 December 2020	2 years		Independent	Quality & Standards	5/6
Mr D Lynch	14 December 2019	4 years		Independent	Finance &GP	4/6
Mr M Moorhouse	16 December 2021	4 years		Independent	Audit 21/22 Director College Companies Finance &GP (Chair) 22/23 Search & Governance 22/23, Remuneration 22/23	6/6
Mr G Osborn (Vice Chair – appointed 20/10/22)	17 December 2020	4 years		Independent	Quality & Standards (Chair) Search & Governance Remuneration Director College Companies	6/6
Ms Tracy Lightfoot	20 October 2022	2 years		Independent	Quality & Standards	N/A
Mr Matthew Parkin	13 July 2022	2 years		Independent	Audit	0/0
Mr T Shaw	16 December 2021	4 years			Audit (Chair), Quality & Standards, Search & Governance, Remuneration	5/6
Mrs M Vevers (Appointed Chair 11 February 2019)	19 February 2020	4 years		Independent	Search & Governance (Chair), Remuneration	6/6
Mr J Williams (Vice Chair)	30 October 2021	+1 year	30 October 2022	Independent	Finance &GP (Chair), Search and Governance, Remuneration	6/6



**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**

Ms E Wilkins	12 March 2020	4 years	1 September 2022	Independent	Search and Governance, Remuneration (Chair)	4/6
Mr T Whitaker CEO	19 April 2019	Ex Officio		Accounting Officer	Finance & GP, Search & Governance, Quality & Standards	6/6
Mr N Lawton	4 November 2020	4 years	15 February 22	Academic Staff Governor		0/3
Mr D Whelan	4 November 2020	4 years	20 December 21	Non Academic Staff Governor		1/2
Mr O Goddard	1 August 2021	Ex Officio	05 November 21	Student Governor		0/1
Mr J Webster	1 August 2020	Ex Officio	13 July 22	Student Governor		4/6
Mr C Moss	17 December 2020	4 years		Co-optee	Audit	N/A (in attendance)
Mr J Sadler	1 March 2022	4 years		Co-optee	Finance & GP	N/A
Miss J Clapham – acts as Clerk to the Corporation (appointed 6 January 2012)						

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Quality and Standards, Finance and General Purposes, Search and Governance, Remuneration and Audit. Full minutes of the Corporation meetings, except those deemed to be confidential by the Corporation, are available on the College's website at [www.askham-bryan.ac.uk/the-college/governance](http://www.askham-bryan.ac.uk/the-college/governance) or from the Director of Governance at:

Judith Clapham  
Director of Governance/Clerk to the Corporation  
Askham Bryan College  
Askham Bryan  
York  
YO23 3FR

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**

The Director of Governance maintains a register of financial and personal interests of the governors. The register is available from the Director of Governance at the above address.

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

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

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

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

### **Appointments to the Corporation**

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

Members of the Corporation are appointed for a term of office not exceeding four years. Members cannot serve for more than two terms of office (maximum of 8 years), except in exceptional circumstances and not without the specific approval of the Corporation.

### **Corporation Performance**

In the year an internal audit on Corporate Governance provided substantial assurance and its Self-Assessment Report for 2021/22, the College has self-assessed as Good for overall effectiveness and effectiveness of Leadership and Management, which has been subjected to external verification by Land Based Colleges Aspiring to Excellence (LANDEX).

The governing body is committed to development and in order to achieve more effective and efficient governance, a Governor Self-Assessment procedure is in place to address any areas for development and identify any training needs. Annually and collectively the Corporation reviews itself. The process includes an evaluation of papers, meetings, attendance and an assessment against Committee Terms of Reference.

During the year Governors have undertaken a series of online mandatory training sessions on topics including Safeguarding, Prevent, Equality and Diversity, Health and Safety and Data Protection. Governors have participated in an Understanding College Finance session and for those that required it appraisal and performance management and recruitment. Departmental Briefings in curriculum and corporate support areas involve Governors providing opportunities to meet with students and staff. The Clerk/Director of Governance engaged in the Governance Professionals Leadership Programme, which included sessions on effective board behaviour and culture and in

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**

addition has attended governance sessions delivered by the Education Training Foundation and the Clerks' Network.

The governing body has considered DfE guidance on board reviews and has plans to commission an external review in 2022/23.

### **Remuneration Committee**

Throughout the year ending 31 July 2022 the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the year ended 31 July 2022 are set out in note 6 to the financial statements.

### **Audit Committee**

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

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

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

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

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

### **Finance and General Purposes Committee**

The Finance and General Purposes Committee monitors the College's financial position and assists the Corporation in enabling it to discharge its financial responsibility, examining annual estimates and accounts (including the accounting policies on which they are based) and recommending their approval to the Corporation.

### **Quality and Standards Committee**

The Quality and Standards Committee advises the Corporation on matters of quality and standards, monitoring quality assurance processes and the Self-Assessment Report and evaluating the College's performance against national benchmarks.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

### Internal control

#### *Scope of responsibility*

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

The Corporation has delegated the day-to-day responsibility to the Principal/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 the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to the Accounting Officer in the Funding Agreement between the College and the funding bodies. The Accounting Officer is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

#### *The purpose of the system of internal control*

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the College for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts.

#### *Capacity to handle risk*

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that have been in place for the period ending 31 July 2022 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

#### *The risk and control framework*

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

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

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Page 11 of the Report of the Governing Body set out how the Corporation manage risk and identifies the principle risks and uncertainties facing the College.

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. In addition to the Risk Register the College Management and Governors have developed a Board Assurance Framework, showing the mapping of assurance sources against the risks identified. Independent reports are provided on internal audit activity in the College to the Audit Committee and in turn to the governing body. The Audit Committee produce an annual report on the effectiveness of the College's system of risk management, controls and governance processes.

### *Review of effectiveness*

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

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance and the appointed funding auditors (where relevant) in their management letters and other reports
- the work of other audits conducted and guidance provided by external professional organisations
- the review of its policies and procedures which has resulted in a programme of revision

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

No significant internal control weaknesses or failure have arisen during the course of the year. Seven internal audits have been completed covering business continuity, core financial controls, equality, diversity & inclusion, marketing, payroll, staff benefits & expenses, performance management and stakeholder engagement (learner voice). The audits have provided adequate assurance with two reporting substantial assurance regarding the policies, procedures and operations in place.

The Senior 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 Senior 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 Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**


from the Senior Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 15 December 2022 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the Senior Leadership Team and internal audit, and taking account of events since 31 July 2022.

Internal audits conducted within the year have provided assurance to the Audit Committee as to the adequacy and effectiveness of the College's risk management, control and governance processes.

Due consideration is given to funding agreements and contracts with the ESFA which are then embedded and monitored within internal control and governance processes to ensure effective and efficient use of resources, solvency of the institution and safeguarding of assets. The Corporation has met its contractual responsibilities under its funding agreements and contracts with the ESFA.

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

**Approved by order of the members of the Corporation on 15 December 2022 and signed on its behalf by:**

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**Maureen Vevers**  
 Chair

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**Dr Tim Whitaker**  
 Accounting Officer

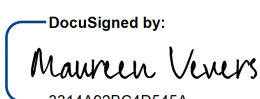
## **GOVERNING BODY'S STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING**

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

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

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

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**Dr Tim Whitaker**  
**Accounting Officer**  
**15 December 2022**

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**Maureen Vevers**  
**Chair**  
**15 December 2022**

## 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, the Corporation – through its Accounting Officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the Corporation and its surplus / deficit of income over expenditure for that period.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable 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
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the college will continue in operation.

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

The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the college and which enable it to ensure that the financial statements are prepared in accordance with 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; the work carried out by auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. 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 economical, efficient and effective management of the Corporation's resources and expenditure so that the benefits that



## STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION (CONTINUED)

should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

**Approved by order of the members of the Corporation on 15 December 2022 and signed on its behalf by:**

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**Maureen Vevers**  
**Chair**

## **INDEPENDENT AUDITOR’S REPORT TO THE CORPORATION OF ASKHAM BRYAN COLLEGE**

### **OPINION**

We have audited the financial statements of ASKHAM BRYAN COLLEGE (the “College”) and its subsidiaries (the “Group”) for the year ended 31 July 2022 which comprise the consolidated and College Statements of comprehensive income, the consolidated Statement of changes in reserves, the consolidated and College Balance sheets, the consolidated Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Further Education SORP 2019 and the College Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group’s and the College’s affairs as at 31 July 2022 and of the Group’s and the College’s total comprehensive surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further Education SORP 2019 and the College Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

### **BASIS OF OPINION**

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

### **CONCLUSIONS RELATING TO GOING CONCERN**

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

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF ASKHAM BRYAN COLLEGE (CONTINUED)**

### **OTHER INFORMATION**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **OPINION ON OTHER MATTERS PRESCRIBED BY THE OFFICE FOR STUDENTS' ACCOUNTS DIRECTION**

In our opinion, in all material respects:

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

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

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

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF ASKHAM BRYAN COLLEGE (CONTINUED)**

### **WE HAVE NOTHING TO REPORT IN RESPECT OF THE FOLLOWING MATTERS WHERE THE OFFICE FOR STUDENTS' ACCOUNTS DIRECTION REQUIRES US TO REPORT TO YOU IF:**

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

### **RESPONSIBILITIES OF MEMBERS OF THE CORPORATION**

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

In preparing the financial statements, the Corporation is responsible for assessing the 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 Corporation either intend to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

- the responsible individual ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Corporation through discussions with the Corporation and other management;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management;

## **INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF ASKHAM BRYAN COLLEGE (CONTINUED)**

- identified laws and regulations were communicated within the audit team regularly and the team
- remained alert to instances of non-compliance throughout the audit.

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

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

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

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

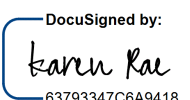
In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

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

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

### **USE OF OUR REPORT**

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 9 June 2022. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

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Karen Rae FCCA (Senior Statutory Auditor)  
 for and on behalf of  
 Armstrong Watson Audit Limited  
 Chartered Accountants & Statutory Auditors  
 Leeds

Date: 16 December 2022

## **REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF ASKHAM BRYAN COLLEGE AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY (the ESFA)**

In accordance with the terms of our engagement letter dated 20 May 2022 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects, the expenditure disbursed and income received by Askham Bryan College during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

### **Respective responsibilities of ASKHAM BRYAN COLLEGE and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure discussed and income received during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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.

## **REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF ASKHAM BRYAN COLLEGE AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY (the ESFA)**

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

The work undertaken to draw our conclusion includes:

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

### **Conclusion**

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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Karen Rae, FCCA  
For and on behalf of  
Armstrong Watson Audit Limited  
Chartered Accountants & Statutory Auditors  
Leeds

Date: 16 December 2022

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE**

	Notes	Year ended 31 July 2022			Year ended 31 July 2021		
		Continued Operations	Discontinued Operations	Total	Continued Operations	Discontinued Operations	Total
		£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOME</b>							
Funding body grants	2	17,350	1,194	18,544	17,018	3,782	20,800
Tuition fees and education contracts	3	4,234	-	4,234	4,308	96	4,404
Other grants and contracts	4	421	-	421	422	-	422
Other income	5	4,776	357	5,133	4,263	563	4,826
<b>Total income</b>		<b>26,781</b>	<b>1,551</b>	<b>28,332</b>	<b>26,011</b>	<b>4,441</b>	<b>30,452</b>
<b>EXPENDITURE</b>							
Staff costs	6	15,130	208	15,338	14,057	2,834	16,891
Other operating expenses	7	10,865	602	11,467	10,449	2,530	12,979
Depreciation and amortisation	10 & 11	1,551	-	1,551	1,444	440	1,884
Impairment loss on assets	11	-	(1,822)	(1,822)	-	(99)	(99)
Interest and other finance costs	8	422	-	422	464	-	464
VAT provision	18	-	-	-	(512)	-	(512)
Pension provision	18	-	-	-	370	-	370
<b>Total expenditure</b>		<b>27,968</b>	<b>(1,012)</b>	<b>26,956</b>	<b>26,272</b>	<b>5,705</b>	<b>31,977</b>
<b>(Deficit)/Surplus before other gains and losses</b>		<b>(1,187)</b>	<b>2,563</b>	<b>1,376</b>	<b>(261)</b>	<b>(1,264)</b>	<b>(1,525)</b>
Gain/(loss) on disposal of assets		(2)	(1,374)	(1,376)	34	-	34
<b>(Deficit) for the year</b>		<b>(1,189)</b>	<b>1,189</b>	<b>-</b>	<b>(227)</b>	<b>(1,264)</b>	<b>(1,491)</b>
Actuarial (loss)/gain in respect of pensions schemes	22	12,246	-	12,246	4,050	-	4,050
<b>Total Comprehensive Income for the year</b>		<b>11,057</b>	<b>1,189</b>	<b>12,246</b>	<b>3,823</b>	<b>(1,264)</b>	<b>2,559</b>

There were no recognised gains or losses other than as reported above.

The accompanying accounting policies and notes on pages 37 to 61 form part of these financial statements



## COLLEGE STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

	Notes	Year ended 31 July 2022			Year ended 31 July 2021		
		Continued Operations	Discontinued Operations	Total	Continued Operations	Discontinued Operations	Total
		£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOME</b>							
Funding body grants	2	17,350	1,194	18,544	17,018	3,782	20,800
Tuition fees and education contracts	3	4,234	-	4,234	4,308	96	4,404
Other grants and contracts	4	-	-	-	8	-	8
Other income	5	3,561	-	3,561	2,040	563	2,603
<b>Total income</b>		<b>25,145</b>	<b>1,194</b>	<b>26,339</b>	<b>23,374</b>	<b>4,441</b>	<b>27,815</b>
<b>EXPENDITURE</b>							
Staff costs	6	14,640	208	14,848	13,448	2,834	16,282
Other operating expenses	7	9,877	367	10,244	8,405	2,530	10,935
Depreciation and amortisation	10 & 11	1,509	-	1,509	1,395	440	1,835
Impairment loss on assets	11	-	(1,822)	(1,822)	-	(99)	(99)
Interest and other finance costs	8	422	-	422	464	-	464
Intercompany loan provision		539	-	539	82	-	82
VAT provision	18	-	-	-	(512)	-	(512)
Pension provision	18	-	-	-	370	-	370
<b>Total expenditure</b>		<b>26,987</b>	<b>(1,247)</b>	<b>25,740</b>	<b>23,652</b>	<b>5,705</b>	<b>29,357</b>
<b>(Deficit)/Surplus before other gains and losses</b>		<b>(1,842)</b>	<b>2,441</b>	<b>599</b>	<b>(278)</b>	<b>(1,264)</b>	<b>(1,542)</b>
Gain/(loss) on disposal of assets		(2)	(1,362)	(1,364)	19	-	19
<b>(Deficit) for the year</b>		<b>(1,844)</b>	<b>1,079</b>	<b>(765)</b>	<b>(259)</b>	<b>(1,264)</b>	<b>(1,523)</b>
Actuarial (loss)/gain in respect of pensions schemes	22	12,246	-	12,246	4,050	-	4,050
<b>Total Comprehensive Income for the year</b>		<b>10,402</b>	<b>1,079</b>	<b>11,481</b>	<b>3,791</b>	<b>(1,264)</b>	<b>2,527</b>

There were no recognised gains or losses other than as reported above

The accompanying accounting policies and notes on pages 37 to 61 form part of these financial statements

**CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES**

<b>Group</b>	<b>Income and expenditure account £'000</b>	<b>Total £'000</b>
<b>Balance at 1 August 2020</b>	<b>7,362</b>	<b>7,362</b>
Deficit from the income and expenditure account	(1,491)	(1,491)
Other comprehensive income	4,050	4,050
<b>Balance at 31 July 2021</b>	<b>9,921</b>	<b>9,921</b>
<b>Balance at 1 August 2021</b>	9,921	9,921
Surplus from the income and expenditure account	-	-
Other comprehensive income	12,247	12,247
<b>Balance at 31 July 2022</b>	<b>22,168</b>	<b>22,168</b>

<b>College</b>	<b>Income and expenditure account £'000</b>	<b>Total £'000</b>
<b>Balance at 1 August 2020</b>	7,016	7,016
Deficit from the income and expenditure account	(1,523)	(1,523)
Other comprehensive income	4,050	4,050
<b>Balance at 31 July 2021</b>	<b>9,543</b>	<b>9,543</b>
<b>Balance at 1 August 2021</b>	9,543	9,543
Surplus from the income and expenditure account	(765)	(765)
Other comprehensive income	12,246	12,246
<b>Balance at 31 July 2022</b>	<b>21,025</b>	<b>21,025</b>

**BALANCE SHEETS AS AT 31 JULY**

	Notes	Group	College	Group	College
		2022	2022	2021	2021
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Intangible fixed assets	10	287	287	47	47
Tangible fixed assets	11	27,645	27,305	38,073	37,674
Investments	12	123	15	113	15
		<b>28,055</b>	<b>27,607</b>	<b>38,233</b>	<b>37,736</b>
<b>Current assets</b>					
Stocks	13	526	-	865	-
Trade and other receivables	14	690	1,537	732	2,325
Cash and cash equivalents	19	12,703	11,533	4,714	3,900
		<b>13,919</b>	<b>13,070</b>	<b>6,311</b>	<b>6,225</b>
<b>Less: Creditors – amounts falling due within one year</b>	15	<b>(4,534)</b>	<b>(4,380)</b>	<b>(6,068)</b>	<b>(5,867)</b>
<b>Net current assets</b>		<b>9,385</b>	<b>8,690</b>	<b>243</b>	<b>358</b>
<b>Total assets less current liabilities</b>					
		<b>37,440</b>	<b>36,297</b>	<b>38,476</b>	<b>38,094</b>
Creditors – amounts falling due after more than one year	16	(13,675)	(13,675)	(16,372)	(16,368)
<b>Provisions</b>					
Other provisions	18	(740)	(740)	(740)	(740)
Defined benefit obligations	18	(857)	(857)	(11,443)	(11,443)
<b>Total net assets</b>		<b>22,168</b>	<b>21,025</b>	<b>9,921</b>	<b>9,543</b>
<b>Unrestricted Reserves</b>					
Income and expenditure account		22,168	21,025	9,921	9,543
<b>Total unrestricted reserves</b>		<b>22,168</b>	<b>21,025</b>	<b>9,921</b>	<b>9,543</b>

The financial statements on pages 32 to 61 were approved and authorised for issue by the Corporation on 15 December 2022 and were signed on its behalf on that date by:

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**Maureen Vevers**  
 Chair

DocuSigned by:  
  
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**Dr Tim Whitaker**  
 Accounting Officer

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash flow from operating activities</b>		
Surplus/(Deficit) for the year	-	(1,491)
Depreciation and impairment	1,551	1,786
(Increase)/Decrease in stocks	339	41
Decrease/(Increase) in debtors	42	305
(Decrease)/Increase in creditors due within one year	(1,062)	627
Decrease in creditors due after one year	(1,808)	(185)
Increase in provisions	-	(966)
Pensions costs less contributions payable	1,473	1,586
Interest payable	422	464
(Gain)/Loss on sale of fixed assets	(446)	(34)
<b>Net cash flow from operating activities</b>	<b>511</b>	<b>2,133</b>
<b>Investing activities</b>		
Proceeds from sale of fixed assets	11,947	79
Investment Income	1	-
Payments made to acquire fixed assets	(831)	(24)
	<b>11,117</b>	<b>55</b>
<b>Financing activities</b>		
Interest paid	(235)	(278)
Repayments of amounts borrowed	(3,404)	(1,008)
	<b>(3,639)</b>	<b>(1,286)</b>
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>	<b>7,989</b>	<b>902</b>
Cash and cash equivalents at beginning of the year	4,714	3,812
<b>Cash and cash equivalents at end of the year</b>	<b>12,703</b>	<b>4,714</b>

## NOTES TO THE ACCOUNTS

### 1. Statement of Accounting Policies and Estimation Techniques

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

#### Basis of Preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2021 to 2022* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

#### Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets.

The Consolidated accounts are presented in Sterling which is also the functional currency of the College.

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

In accordance with FRS102 the College has taken advantage of the exemptions from the following disclosures in respect of its individual financial statements. These disclosures are given on a consolidated basis:

- Statement of Cash Flows - Presentation of a Statement of Cash Flows and related notes and disclosures.

#### Basis of Consolidation

The consolidated financial statements include the College and its subsidiaries, Askham Bryan College Company Limited and Askham Bryan College Enterprises Limited both of which are 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. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2022.

#### Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Report of the Governing Body. The financial position of the College, its

cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying notes.

Sensitivity analysis has been performed on these forecasts to consider the impact of potential changes in key assumptions. Whilst there remains some uncertainty in certain income streams and cost basis, September 2022 student enrolments and forecasted financial performance remains in line with budget expectations. Furthermore, forecast cash levels remain robust.

Both banks remain very supportive of the College and are understanding of the current climate in which circumstances outside of the control of the College could impact on future performance whilst no covenant breaches are currently forecast, the banks have previously demonstrated that they will waive covenants and/or amend threshold levels as required.

On the basis of the latest forecasts, the Corporation has considered its financial plans and concluded that the College and the group has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements.

The adoption of a going concern basis in the preparation of the financial statements for financial year 2021/22 is deemed appropriate.

## **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 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 and is recognised when receivable.

The recurrent grant from the Office for Students 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 FRS102. The deferred income is allocated between creditors due within one year and those due after one year. Other, non-governmental, 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 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 on a receivable basis.

### ***Agency Arrangements***

The College acts as an agent in the collection and payment of certain discretionary support funds, Apprenticeship employer support grants and Higher Education Access to Learning Fund. 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 principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

#### ***Teachers' Pension Scheme (TPS)***

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.

#### ***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. 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 comprehensive income.

**Short Term Employment Benefits**

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

**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.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

***Land and buildings***

Freehold buildings are depreciated on a straight-line basis over their expected useful lives of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years. Alterations and reconfigurations are depreciated over the period of their useful economic life of between 10 and 20 years.

Freehold land is not depreciated as it is considered to have an infinite useful life.

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 income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, 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 into use.

***Subsequent Expenditure on Existing Fixed Assets***

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

***Equipment***

Equipment costing less than £2,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.



Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- motor vehicles 3-10 years
- computer equipment 3-5 years
- furniture, fixtures and fittings 3-25 years

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value 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.

### **Intangible assets**

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, and for purchased computer software this is 3 or 5 years.

### **Borrowing costs**

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

### **Leased assets**

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

### **Investments in Subsidiaries**

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

### **Stocks**

Livestock, crops, fertilisers and sundry stock are valued as at the end of the financial year by Stephenson and Sons and Hexham & Northern Marts. Produce and livestock are valued on a deemed cost basis and all other stocks are valued at cost.

Animals which are utilised for educational purposes in both the College and Askham Bryan College Enterprises Ltd have no value attributed to them.

### **Cash and Cash equivalents**

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

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

### **Financial liabilities and equity**

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

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

### **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, and typically is restricted to claim less than 9% of the 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 companies are subject to corporation tax and VAT in the same way as any commercial organisation.

### **Provisions and contingent liabilities**

Provisions are recognised when the Group 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 Group 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 Group. 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.

### **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 Group 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 and intangible 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. See note 11 for details of impairment loss on assets in the year.

### ***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. The group carrying value of tangible fixed assets at 31 July 2022 is £27,645,000 (2020/21: £38,073,000)

- ***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 22, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. 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. The carrying value of the defined benefit obligation at 31 July 2022 is £857,000 (2020/21: £11,443,000).

- ***Pension Provision***

Historical issues have been identified which may result in the College owing additional pension contributions. The College has a plan to investigate and resolve all issues, however, the value and timing of any payments which may be payable are uncertain if the balance sheet date. The provision made of £740,000 (2020/21: £740,000) reflects the best estimate of costs to settle the issue.

2 Funding body grants	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency - adult	1,048	1,048	1,340	1,340
Education and Skills Funding Agency – 16-18	12,544	12,544	15,806	15,806
Education and Skills Funding Agency – apprenticeships	2,110	2,110	1,753	1,753
Office for Students	630	630	622	622
<b>Specific grants</b>				
Education and Skills Funding Agency – provider relief scheme	-	-	2	2
Teacher Pension Scheme contribution grant	389	389	544	544
Releases of government capital grants	1,794	1,794	682	682
Education and Skills Funding Agency	29	29	51	51
<b>Total</b>	<b>18,544</b>	<b>18,544</b>	<b>20,800</b>	<b>20,800</b>

Under the provider release scheme, the Corporation received and spent ESFA funding in the prior year 2020/21 of £2k, no funding has been received in the current year 2021/22.

Grant and Fee Income Analysis	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant Income from the Office for Students	630	630	622	622
Grant income from other bodies	17,914	17,914	20,178	20,178
Fee income for higher education taught awards	3,677	3,677	3,737	3,737
<b>Total</b>	<b>22,221</b>	<b>22,221</b>	<b>24,537</b>	<b>24,537</b>

The fee income included in the above analysis includes courses at Level 4 and above.

3 Tuition fees and education contracts	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Fees for FE loan supported courses	439	439	457	457
Fees for HE loan supported courses	3,677	3,677	3,737	3,737
Apprenticeship fees and contracts	104	104	201	201
Education contracts	14	14	9	9
<b>Total</b>	<b>4,234</b>	<b>4,234</b>	<b>4,404</b>	<b>4,404</b>

4 Other grants and contracts	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other grants and contracts	421	-	414	-
Coronavirus Job Retention Scheme grant	-	-	8	8
<b>Total</b>	<b>421</b>	<b>-</b>	<b>422</b>	<b>8</b>

The Corporation furloughed a small number of non-curricula staff under the government's Coronavirus Job Retention Scheme in the prior year 2020/21. The funding received of £8k relates to staff costs which are included within the staff costs note below as appropriate, no funding was received in 2021/22.

5 Other income	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	2,756	2,756	2,071	2,071
Other income generating activities	2,377	804	2,755	532
<b>Total</b>	<b>5,133</b>	<b>3,560</b>	<b>4,826</b>	<b>2,603</b>

#### 6 Staff costs

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

	2022	2022	2021	2021
	Group	College	Group	College
	No.	No.	No.	No.
Teaching staff	205	205	250	250
Non-teaching staff	269	246	319	296
	<b>474</b>	<b>451</b>	<b>569</b>	<b>546</b>

Staff costs for the above persons	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Wages and salaries	10,417	9,964	11,790	11,254
Social security costs	858	901	981	1,001
Other pension costs	3,591	3,511	3,996	3,903
<b>Payroll subtotal</b>	<b>14,866</b>	<b>14,376</b>	<b>16,767</b>	<b>16,158</b>
Restructuring costs – Contractual	472	472	124	124
<b>Total Staff Costs</b>	<b>15,338</b>	<b>14,848</b>	<b>16,891</b>	<b>16,282</b>

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team which comprises the Principal/Chief Executive Officer, Vice Principals, Chief Financial Officer, Director of Governance and one member of the Senior Leadership Team – the Executive Director of People and Organisational Development.

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
The number of key management personnel including the Accounting Officer	9	6

	<b>Key Management Personnel</b>		<b>Other Staff</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
£50,000 to £54,999 p.a.	2	2	-	-
£60,000 to £64,999 p.a.	1	-	3	2
£70,000 to £74,999 p.a.	2	-	-	-
£75,000 to £79,999 p.a.	-	1	-	-
£80,000 to £84,999 p.a.	3	2	-	-
£90,000 to £94,999 p.a.	-	-	-	-
£120,000 to £124,999 p.a.	1	1	-	-
	<b>9</b>	<b>6</b>	<b>3</b>	<b>2</b>

Including part time workers grossed up to full time equivalents, 3 members of other staff was paid in the £60,000 – £64,999 p.a banding (2020/21: 2)

Key management personnel compensation is made up as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	516	468
Employer's national Insurance	63	57
Benefits in kind	4	3
Pension contributions	113	109
Total key management personnel compensation	<b>696</b>	<b>637</b>

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	122	121
Employer's national insurance	16	15
Benefits in kind	1	1
Pension contributions	29	29
	<b>168</b>	<b>166</b>

The Principal and Chief Executive Officer resides in a College property rent free at the York site to better aid the performance of their duties including safeguarding responsibility for the large number of under-18 learners resident on-site, which informs the full-time and permanent presence of a senior postholder on-site.

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles at meetings of the Remuneration Committee.

The remuneration package of the Principal/Chief Executive is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal/Chief Executive reports to the Chair of Corporation, who undertakes an annual review of their performance against the College's overall objectives using both qualitative and quantitative measures of performance.

### Median Pay 2022

Median basic salary of the Principal and Chief Executive expressed as a multiple of all other employees:  
Accounting Officer 1 August 2021 to 31 July 2022 4.9 (2020/21: 4.9)

Median total emoluments of the Principal and Chief Executive expressed as a multiple of all other employees:  
Accounting Officer 1 August 2021 to 31 July 2022 5.1 (2020/21: 5.2)

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

## 7 Other operating expenses

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Teaching costs	2,261	2,261	2,177	2,177
Non-teaching costs	5,614	4,391	6,865	4,821
Premises costs	3,592	3,592	3,937	3,937
<b>Total</b>	<b>11,467</b>	<b>10,244</b>	<b>12,979</b>	<b>10,935</b>

Other operating expenses include:	2022 £'000	2021 £'000
Auditors' remuneration:		
Financial statements audit FY 2020/21	4	89
Financial statements audit FY 2021/22*	82	-
Other services provided by the financial statements auditors FY 2020/21	7	9
Other services provided by the financial statements auditors FY 2021/22	5	-
Internal audit	26	12
Gains/(losses) on disposal of non-current assets	446	(103)
Hire of assets under operating leases	707	794

\* The Financial statement audit cost is split between the Group – College £63k, Askham Bryan College Company Ltd £10k and Askham Bryan College Enterprises Ltd £9k.

**8 Interest and other finance costs – Group and College**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans, overdrafts and other loans	235	278
	<u>235</u>	<u>278</u>
Pension finance costs (note 22)	187	186
<b>Total</b>	<b><u>422</u></b>	<b><u>464</u></b>

**9 Taxation – Group Only**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom corporation tax	-	-
<b>Total</b>	<b><u>-</u></b>	<b><u>-</u></b>

The members do not believe that the College was liable for any corporation tax arising out of its activities during either year. The subsidiaries are subject to corporation tax, however, the loss generated in College has resulted in group relief reducing the charge to nil in both years.

**10 Intangible fixed assets – Group and College**

	<b>Software</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>		
At 31 July 2021	<b>362</b>	<b>362</b>
Transfers	284	284
Disposals	(49)	(49)
At 31 July 2022	<b><u>597</u></b>	<b><u>597</u></b>
<b>Amortisation</b>		
At 31 July 2021	<b>315</b>	<b>315</b>
Charge for the year	44	44
Eliminations in respect of disposals	(49)	(49)
At 31 July 2022	<b><u>310</u></b>	<b><u>310</u></b>
<b>Net book value at 31 July 2022</b>	<b><u>287</u></b>	<b><u>287</u></b>
Net book value at 31 July 2021	<b><u>47</u></b>	<b><u>47</u></b>



**11 Tangible fixed assets (Group)**

	<b>Land and buildings Freehold £'000</b>	<b>Equipment £'000</b>	<b>Assets in the course of construction £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>				
At 31 July 2021	<b>47,563</b>	<b>10,293</b>	<b>751</b>	<b>58,607</b>
Additions	-	31	2,834	2,865
Transfers	2,004	1,166	(3,454)	(284)
Disposals	(16,165)	(1,580)	-	(17,745)
At 31 July 2022	<b>33,402</b>	<b>9,910</b>	<b>131</b>	<b>43,443</b>
<b>Depreciation</b>				
At 31 July 2021	<b>13,698</b>	<b>6,836</b>	-	<b>20,534</b>
Charge for the year	894	613	-	1,507
Impairment	(1,822)	-	-	(1,822)
Elimination in respect of disposals	(3,139)	(1,282)	-	(4,421)
At 31 July 2022	<b>9,631</b>	<b>6,167</b>	-	<b>15,798</b>
<b>Net book value at 31 July 2022</b>	<b>23,771</b>	<b>3,743</b>	<b>131</b>	<b>27,645</b>
Net book value at 31 July 2021	34,865	3,457	751	38,073

**Tangible fixed assets (College only)**

	<b>Land and buildings Freehold £'000</b>	<b>Equipment £'000</b>	<b>Assets in the course of construction £'000</b>	<b>Total £'000</b>
<b>Cost or Valuation</b>				
At 31 July 2021	<b>47,563</b>	<b>9,456</b>	<b>751</b>	<b>57,770</b>
Additions	-	-	2,834	2,834
Transfers	2,004	1,167	(3,454)	(283)
Disposals	(16,165)	(1,368)	-	(17,533)
At 31 July 2022	<b>33,402</b>	<b>9,255</b>	<b>131</b>	<b>42,788</b>
<b>Depreciation</b>				
At 31 July 2021	<b>13,699</b>	<b>6,397</b>	-	<b>20,096</b>
Charge for the year	894	571	-	1,465
Impairment	(1,822)	-	-	(1,822)
Elimination in respect of disposals	(3,139)	(1,117)	-	(4,256)
At 31 July 2022	<b>9,632</b>	<b>5,851</b>	-	<b>15,483</b>
<b>Net book value at 31 July 2022</b>	<b>23,770</b>	<b>3,404</b>	<b>131</b>	<b>27,305</b>
Net book value at 1 July 2021	34,864	3,059	751	37,674

**12 Non Current Investments**

<b>Group</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Non listed investments	123	113
	<b>123</b>	<b>113</b>
<b>College</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Investments in Subsidiary Companies	15	15

The college owns 100 per cent of the issued ordinary £1 shares of Askham Bryan College Company Limited, a company incorporated in England and Wales, and 100 per cent of the issued ordinary £1 shares of Askham Bryan College Enterprises Limited, a company incorporated in England and Wales. The principal business activities of Askham Bryan College Company Limited are farming and agricultural research and of Askham Bryan College Enterprises Limited a wildlife park.

The Group holds a non-listed investment of £123k as a member of the Arla Foods Cooperative. The investment is valued based on delivery of milk to the Cooperative. Profit not paid back to members each year is invested back into the Cooperative and the valuation is based on the member's capital and liability accounts.

**13 Stocks**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Farm livestock, produce and stores	526	-	865	-
	<b>526</b>	<b>-</b>	<b>865</b>	<b>-</b>

**14 Debtors**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:				
Trade receivables	172	138	183	118
Amounts owed by group undertakings:				
Subsidiary undertakings	-	952	-	1,716
Prepayments and accrued income	518	447	549	491
	<b>690</b>	<b>1,537</b>	<b>732</b>	<b>2,325</b>

Amounts owed by group undertakings in the College includes a provision to provide against the loan balance owed by Askham Bryan College Company Limited of £1,976,061. Due to the financial position of the subsidiary and the poor economic outlook there is a substantial risk that the College will not be able to recover its loan and consequently the loan continues to be provided against.

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

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	460	460	931	931
Payments received in advance	32	32	25	25
Obligations under finance leases	4	-	23	-
Funding body grants not yet disbursed to students	-	-	20	20
Trade payables	403	296	943	749
Other taxation and social security	203	203	270	288
Accruals	2,259	2,216	2,519	2,482
Short term government capital grants	614	614	604	604
Other creditors	232	232	235	270
Amounts owed to funding bodies	327	327	498	498
	<b>4,534</b>	<b>4,380</b>	<b>6,068</b>	<b>5,867</b>

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

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans	4,512	4,512	7,445	7,445
Obligations under finance leases	-	-	4	-
Long term government capital grants	9,163	9,163	8,923	8,923
	<b>13,675</b>	<b>13,675</b>	<b>16,372</b>	<b>16,368</b>

**17 Maturity of debt****Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	460	460	931	931
Between one and two years	349	349	675	675
Between two and five years	1,047	1,047	1,692	1,692
In five years or more	3,116	3,116	5,078	5,078
	<b>4,972</b>	<b>4,972</b>	<b>8,376</b>	<b>8,376</b>

The bank loans are from Lloyds Bank plc and Santander UK plc which are all secured against the campus and land at the York site and comprise:

**Lloyds:**

- A term loan of £5,374,000 repayable over 15 years commencing in September 2007. Interest on 75% of this loan is fixed at 5.2%. The balance is a floating basis at a margin of 2.25% over bank base rate, value outstanding £110,580. This loan will be fully repaid at 30 September 2022.
- A term loan of £1,694,997 amortised over 10 years from July 2022, floating at a margin of 2.25% over base rate.

**Santander:**

- A term loan of £3,750,000 from March 2019 for a period of 12 years with the loan profile amortised over 22 years. £2,000,000 of the loan value is at a fixed rate of 4.0855%; the balance floating at a margin of 2% over base rate, value outstanding £3,166,477.

**18 Provisions (Group and College)**

	<b>Defined benefit obligations</b>	<b>Pension</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 31 July 2021	(11,443)	(740)	(12,183)
Amounts utilised	10,586	-	10,586
Additions in year	-	-	-
<b>At 31 July 2022</b>	<b>(857)</b>	<b>(740)</b>	<b>(1,597)</b>

*Defined benefit obligations Provision*

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

*Pension Provision*

The pension cost provision relates to historical issues identified that may result in the College owing additional pension contributions. The College is investigating and resolve all historical issues however the timing and amount of any payments which may be payable are uncertain at the balance sheet date. The pension provision included above is the best estimate of the amount that is expected to be paid in order to settle this issue.

**19 Analysis of changes in net debt (Group)**

	<b>At 1 August 2021</b>	<b>Cash flows</b>	<b>At 31 July 2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	4,714	7,989	12,703
<b>Total</b>	<b>4,714</b>	<b>7,989</b>	<b>12,703</b>
Finance leases	(27)	23	(4)
Bank loan	(8,376)	3,404	(4,972)
<b>Net Funds</b>	<b>(3,689)</b>	<b>11,416</b>	<b>7,727</b>

**20 Capital and other commitments**

	<b>Group and College</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Commitments contracted for at 31 July	285	1,848

**21 Lease obligations**

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

	<b>Group and College</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	81	95
Later than one year and not later than five years	-	81
Later than five years	-	-
	<u><b>81</b></u>	<u><b>176</b></u>
<b>Other</b>		
Not later than one year	422	545
Later than one year and not later than five years	83	449
Later than five years	-	-
	<u><b>505</b></u>	<u><b>994</b></u>

**22 Defined benefit obligations**

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the North Yorkshire Pension Scheme (LGPS) for non-teaching staff, which is managed by the North Yorkshire Pension Fund. 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 the TPS was 31 March 2016 and of the LGPS 31 March 2019.

<b>Total pension cost for the year</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Teachers' Pension Scheme: contributions paid	1,201	1,386
Local Government Pension Scheme:		
Contributions paid	1,039	1,158
FRS 102 (28) charge	<u>1,473</u>	<u>1,586</u>
Charge to the Statement of Comprehensive Income	<u>2,512</u>	<u>2,744</u>
<b>Total Pension Cost for Year within staff costs</b>	<u><b>3,713</b></u>	<u><b>4,130</b></u>

At the year-end, there were outstanding contributions of £230,000 (2020/21: £267,000).

### **Teachers' Pension Scheme**

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

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (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 £196 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. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 and 2021-22 academic years.

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 £1,201,000 (2020/21: £1,386,000).

### **Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by North Yorkshire Local Authority. The total contributions made for the year ended 31 July 2022 were £1,186,000 of which employer's contributions totalled £911,000 and employees' contributions totalled £275,000. The agreed contribution rates for future years are 21.7% for employers and range from 5.5% to 12.5% for employees, depending on salary.

The 2022 FRS102 valuation includes the potential estimated impact of McCloud and GMP.

When calculating the liabilities at 31 July 2022 the actuary set a forward-looking inflation assumption which is forward looking of 2.6% which takes account of market-expectations of future inflation in each future year but averaged into a single inflation figure. Whilst CPI inflation is currently running ahead of this assumption, the College has taken the decision not to ask for a review the FRS 102 valuation as the approach taken and basis for the assumptions used are consistent with past practice and the policy adopted to date.

**Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary.

	<b>At 31 July 2022</b>	<b>At 31 July 2021</b>
Rate of increase in salaries	3.9%	3.9%
Future pensions increases	2.6%	2.6%
Discount rate for scheme liabilities	3.4%	1.7%
Inflation assumption (CPI)	2.6%	2.6%

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

	<b>At 31 July 2022</b>	<b>At 31 July 2021</b>
	years	years
<i>Retiring today</i>		
Males	21.80	21.90
Females	23.80	24.00
<i>Retiring in 20 years</i>		
Males	23.50	23.60
Females	25.70	25.80

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

		<b>Fair Value at 31 July 2022</b>		<b>Fair Value at 31 July 2021</b>
		<b>£'000</b>		<b>£'000</b>
Equities	51.6%	16,474	60.3%	21,295
Property	8.3%	2,650	6.1%	2,154
Government & Corporate Bonds	20.8%	6,641	18.4%	6,498
Multi Asset Credit	5.1%	1,628	-	-
Cash	0.4%	128	1.7%	600
Other	13.8%	4,406	13.5%	4,768
<b>Total fair value of plan assets</b>		<b>31,927</b>		<b>35,315</b>
<b>Actual return on plan assets</b>		<b>(4,964)</b>		<b>4,088</b>



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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	31,927	35,315
Present value of plan liabilities	(32,784)	(46,758)
<b>Net pensions liability</b>	<b>(857)</b>	<b>(11,443)</b>

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	2,407	2,729
<b>Total</b>	<b>2,407</b>	<b>2,729</b>

**Amounts included in interest and other finance costs**

Net interest income/(cost)	(187)	(186)
	<b>(187)</b>	<b>(186)</b>

**Amount recognised in Other Comprehensive Income**

Return on pension plan assets	(4,360)	4,507
Experience loss arising on defined benefit obligations	16,606	(457)
<b>Amount recognised in Other Comprehensive Income</b>	<b>12,246</b>	<b>4,050</b>

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit (liability)/asset in scheme at 1 August	(11,443)	(13,736)
Movement in year:		
Current service cost	(2,407)	(2,729)
Employer contributions	1,039	1,158
Past service cost	(105)	-
Net interest on the defined (liability)/asset	(187)	(186)
Actuarial gain or loss	12,246	4,050
<b>Net defined benefit liability at 31 July</b>	<b>(857)</b>	<b>(11,443)</b>

**Asset and Liability Reconciliation**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	46,758	43,251
Current service cost	2,407	2,729
Interest cost	791	605
Contributions by Scheme participants	274	315
Experience (gains)/losses on defined benefit obligations	(16,606)	457
Estimated benefits paid	(945)	(599)
Past service cost	105	-
<b>Defined benefit obligations at end of period</b>	<b>32,784</b>	<b>46,758</b>

**Changes in fair value of plan assets**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Fair value of plan assets at start of period</b>	35,315	29,515
Interest on plan assets	604	419
Return on plan assets	(4,360)	4,507
Employer contributions	1,039	1,158
Contributions by Scheme participants	274	315
Estimated benefits paid	(945)	(599)
<b>Fair value of plan assets at end of period</b>	<b>31,927</b>	<b>35,315</b>

**Guaranteed Minimum Pensions (GMP) Indexation and Equalisation**

Following changes to the State Pension in April 2016, there was a risk that members of the LGPS who were 'contracted out' of the State Pension between 6 April 1978 and 6 April 1997, and who would reach their State Pension Age (SPA) after April 2016, would be worse off. This is because State Pension reforms removed the facility for the State to pay 'top up' payments to ensure their total pension was fully inflation protected.

On 26 October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs is required. The ruling confirmed that trustees have a duty "to equalise benefits for men and women so as to alter the result which is at present produced in relation to GMPs".

HM Treasury has gone on record since the Lloyds judgement to say, "Public sector schemes already have a method to equalise guaranteed minimum pension benefits, which is why we will not have to change our method as a result of this judgment."

HM Treasury's comment relates to Government's commitment to fully index GMPs in the future. The LGPS actuary has therefore allowed for full indexation of GMPs for members whose State Pension Age is on or after 6 April 2016. Any increase in liability at 31 July 2021 has been charged through Other Comprehensive Income.

In October 2020 a second ruling in the Lloyds Bank case clarified that compensation would be required to members who transferred out benefits since May 1990. The Government has not yet acknowledged a liability in public service schemes nor indicated an approach to rectify this. As a result, this has not been included in the

liability. The actuary has confirmed that at present there is no methodology to calculate what the potential liability will be. Therefore, this has not been factored into the yearend liability.

### **McCloud Judgement**

In December 2018, the Court of Appeal ruled against the Government in two cases: Sargeant and others v London Fire and Emergency Planning Authority [2018] UKEAT/0116/17/LA and McCloud and others v Ministry of Justice [2018] UKEAT/0071/17/LA. The cases related to the Firefighters' Pension Scheme (Sargeant) and to the Judicial Pensions Scheme (McCloud). For the purposes of the LGPS, these cases are known together as 'McCloud'. The court held that transitional protections, afforded to older members when the reformed schemes were introduced in 2015, constituted unlawful age discrimination. On 27 June 2019 the Supreme Court denied permission for Government to appeal this judgement and on 15 July 2019 the Government issued a ministerial statement saying they committed to extending a remedy across all public sector schemes which included similar transition protection arrangements, which includes the LGPS.

The LGPS actuary has included a McCloud 'underpin' liability within the current service cost, together with an allowance within the balance sheet reflecting service since the scheme reforms (2014 in England and Wales, and 2015 in Northern Ireland).

### **Goodwin Judgement**

In July 2020 HM Treasury made a statement regarding survivor benefits payable from the Teachers' Pension Scheme in England, which is likely to have an impact on the LGPS schemes too. In summary the statement concluded that same-sex survivors were originally entitled to survivor benefits considering the member's service from April 1988. This was however supposed to also include service from 6 April 1978 onwards with effect from 5 December 2005 following the Walker v Innospec case.

Following the Goodwin case, this should now also be extended to male survivors of female members and only affects spouse's pensions that became payable after 5 December 2005 and where they had service pre-1998. The LGPS actuary has stated that they expect any impact to be around 0.2% to the defined benefit obligation, which for College amounts to c.£66k and as such is not material.

## 23 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £828; 4 governors (2020/21: £302; 2 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity. No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2020/21: None).

Dr Tim Whitaker is a National Director of Landex. During the year the College paid an annual subscription fee to the organisation of £9,120 (2020/21, £6,750). There were no balances outstanding at the yearend.

Dr Tim Whitaker is a Director of the Yorkshire & Humber Institute of Technology. During the year the College received grants in the year of £1,218,066 in connection with the construction of a new beef centre to showcase precision livestock farming and teach modern precision farming techniques. There were no balances outstanding at the yearend.

Sandra Burnhill is a Director of Land Based Assessment Ltd where during the year the company has been charged £15,385 by the College for apprenticeship end point assessments undertaken by College staff. There was a balance outstanding of £3,395 included within trade receivables (note 14) at the yearend.

Key management personnel compensation disclosure is given in note 6.

## 24 Amounts disbursed as agent - Learner support funds

	2022	2021
	£'000	£'000
Funding body grants - bursary support	61	62
Funding body grants – discretionary learner support	287	407
Funding body grants – residential bursaries	195	324
Other Funding body grants	20	22
	<u>563</u>	<u>815</u>
Disbursed to students	(538)	(756)
Administration costs	(25)	(39)
<b>Balance unspent as at 31 July, included in (debtors)/creditors</b>	<u><u>-</u></u>	<u><u>20</u></u>

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

**25 Access and participation expenditure**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Access investment	131	195
Financial support provided to students	20	40
Support for disabled students	22	17
	<b>173</b>	<b>252</b>

**26 Events After the Reporting Period**

On 30 November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions and this prompted the Department for Education to introduce some new rules for colleges which will take effect during 2023. There is no impact on the 2021/22 financial year for the College.