

boston:college



**BOSTON COLLEGE CORPORATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Key management personnel

Key management personnel are defined as members of the College Executive Team and were represented by the following in 2019/20:

Claire Foster Principal and CEO; Accounting Officer (appointed 27 April 2020)

Joanne Maher Principal and CEO; Accounting Officer (left 26 April 2020)

Vicki Locke Vice Principal: Curriculum and Quality

Paul Collins Director of Business Development (left 19 June 2020)

Debbie Holland Director of Finance and Funding

Rachael Baker Director of Planning and Performance (left 31 December 2019)

Board of Governors

A full list of Governors is given on page 15 of these financial statements.

Janet Hemmant acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

RSM UK Audit LLP
Rivermead House
7 Lewis Court
Grove Park
Leicester
Leicestershire
LE19 1SD

Internal auditors

ICCA Education Training and Skills
11th Floor
McLaren House
46 Priory Queensway
Birmingham
B4 7LR

Bankers

National Westminster Bank Plc
10 Market Place
Boston
Lincolnshire
PE21 6EJ

Solicitors

Rollits
Citadel House
58 High Street
Hull
HU1 1QE

Irwin Mitchell Solicitors
Riverside East
2 Millsands
Sheffield
S3 8DT

Eversheds Sutherland (International) LLP
One Wood Street
London
EC2V 7WS

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FINANCIAL STATEMENTS

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REPORT OF THE GOVERNING BODY

Mission, Strategy and Objectives

The members present their annual report together with the financial statements and auditor's report for Boston College for the year ended 31 July 2020.

Legal status

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

Vision

The College's vision is 'Brilliant Today, Better Tomorrow' reflecting the College's long standing affinity with the term 'brilliant' to mean outstanding in all its forms and across all aspects of the organisation. The importance of continuous improvement 'better tomorrow' has also never been more critical in a constantly changing world.

Mission

To ensure that all our students achieve their brilliant 'best' for their employers, their communities, for themselves and for the future.

This mission is supported by the College's key values:

- **B**rave
- **R**espectful
- **I**nspiring
- **G**rowing
- **H**opeful
- **T**ruthful
- **E**nergetic
- **N**urturing

Implementation of strategic plan

In October 2020, the College defined its strategic priorities and direction based on five key pillars – People, Performance, Productivity, Partnerships and Personality. This structure forms the basis of the strategic or 'leadership' plan for 2020-23. The aim is to ensure that the college's mission is transparent, easily communicated and achieved through a 'distributed leadership' model. Top level strategic targets have been set within the five key pillars and the Corporation monitors the performance of the College against these targets which are reviewed and updated annually. Each area of the college produces an operational or 'business' plan with clear milestones and based on the overall strategic priorities. Individual performance targets then emerge from the operational plan for each area of the organisation, monitored through the IPR – Individual Performance Review

Financial objectives

The College's primary financial objectives are:

- To use its resources to support delivery of its vision in an efficient and effective way, maintaining adequate liquidity and financial stability
- To continue to generate and secure new income streams and funding
- Strict vacancy management to protect jobs and the financial position
- Invest capital expenditure in remodelling classroom space and digital infrastructure to enhance the virtual learning experience and enable blended learning models, accessing external funding when available
- Build flexibility into financial plans wherever possible to allow for mitigation in the event of downturns or to support growth

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

REPORT OF THE GOVERNING BODY (CONTINUED)

Mission, Strategy and Objectives (continued)

Key Performance indicators

Key performance indicator	Measure/Target	Actual for 2019/20
Ofsted rating	Good	Good
Education specific EBITDA	> 4%	4.7%
Operating Surplus / Deficit	> £100,000	£110,000
Cash Days	> 50	48
Current ratio	> 1	1.68
Cash balances	> £1m	£2m
Staff Costs as % of income (excluding FRS 102 pension costs)	< 65%	73.1%
Borrowing to income	< 20%	11.6%
Financial Health Score	Good	Good

The College is required to complete the annual Finance Record for the Education and Skills Funding Agency (“ESFA”). The College is assessed by the ESFA as having a ‘good’ financial health grading.

Resources

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

The College employs 431 people, (2018/19: 454) of whom 187 (2018/19: 187) are teaching.

The college enrolled almost 6,000 students. The college’s student populations include 1,631 16 to 18 year old students, 628 apprentices, 202 higher education students, 40 international students, 2,849 adult learners and approximately 530 Local Authority community learning students.

The College has £5.9m (2018/19: £10.6m) of net assets including £7.966m pension liability (2018/19: £3.104m) and one long-term debt of £1.8m.

Tangible resources include the main college site, the Peter Paine Performance Centre, the Ingelow Centre, the Sam Newsom Music Centre, and the Red Lion Quarter at Spalding campus. Assets in the course of construction include costs associated with the building of the new Digital, Transport and Logistic Academy (DTLA) that will be ready for occupation by the end of December 2020 and the refurbishment of the north end of the Rochford campus as the Institute of Technology.

The College has an excellent reputation locally and nationally enhanced by our stakeholder engagement and broadcast media coverage and ranking 5th out of over 180 Further Education colleges in the NICDEX 2019 national league table. Maintaining a high quality brand is essential for the College’s success at attracting students and building external relationships. Our quality is evident in the Ofsted ‘Good’ rating confirming high standards of provision, our 100% ‘A’ level pass rates for three consecutive years, whole college education and training achievement and apprenticeship performance are above national average. The most recent Ofsted inspection for social and residential care provision was rated ‘Outstanding’ across all areas, finding that the college provides highly effective services that consistently exceed the standards of good.

Stakeholder relationships

Boston College is proud to work with a number of key stakeholders. These include:

- Students and their families
- Student union – past, current and future.
- Employers that we work with
- Staff – the Executive Leadership Team are named on the first page
- The voluntary sector

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

REPORT OF THE GOVERNING BODY (CONTINUED)

Stakeholder relationships (continued)

- Greater Lincolnshire LEP
- Education Sector Funding Bodies
- Association of Colleges
- Schools
- Universities
- FE Commissioner
- Local and Regional Authorities
- The local community
- Other FE institutions
- Trade unions
- Professional bodies
- Suppliers

The College values these important relationships and engages in regular engagement with them through service provision, meeting attendance, conferences, the college website, direct interaction and through opportunities for collaborative working

Financial position

Financial results

The College generated a deficit before other gains and losses in the year of £589,000 (2018/19 £155,000), the deficit was due to the Local Government Pension Scheme charge to the Income and Expenditure account of £701,000. The College's financial outturn has been impacted by the ongoing COVID-19 situation, due to lost activity based income from commercial activity, apprenticeship activity and international learners returning home. Following the college closure due to COVID-19, the trading position changed to a forecast deficit of £150,000. Since then, due to the college proactively ensuring efficiency savings were made from management of vacancies and strict control of non-pay spend the college were able to return a surplus of £112,000 (before pension adjustments). The largest impact has been from residential and refectory income reductions of £151,000 and apprenticeship income reductions of £141,000. ESFA Funding allocations were not affected by the lockdown, ensuring the college could continue to pay staff and suppliers. The college continued to deliver against its Adult Education Budget by continuing remote delivery where possible and introducing distance learning, enabling delivery of around 83% of allocation. The college received additional support from the government through the job retention scheme and the supplier relief scheme ensuring the activities in these areas could continue and start up once lockdown eased.

The college also incurred additional costs for essential works to the campus for social distancing measures, increased cleaning, personal protective equipment, and sanitising facilities. The college continued to pay all staff up to the end of June including variable hours staff and had a minimum number of staff on furlough due to their job relating to a commercial activity for which income was lost, with their wages being topped up to 100%. Two suppliers were supported during the COVID-19 crisis in response to the Public Procurement notice ensuring they were able to continue trading once lockdown eased.

The total comprehensive expenditure in 2019/20 of £4,750,000 (2018/19 income of £837,000) is stated after accounting for the actuarial loss on the Lincolnshire County Council Pension Fund for the year of £4,161,000.

The COVID-19 crisis has had a significant impact on bond yields, which is shown in the movement of the discount rate between last year and this resulting in the Local Government Pension scheme liability on the balance sheet increasing by £4.9m. This has meant the net assets on the balance sheet have reduced from £10.6m to £5.9m.

Boston College Corporation

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REPORT OF THE GOVERNING BODY (CONTINUED)

Financial position (continued)

Developments

Tangible fixed asset additions during the year amounted to £3,035,000. This was split between premises of £2,360,000 and equipment purchased of £675,000. The premises additions included EMAT construction costs of £1,481,000, DTLA project costs of £848,000 and IOT project costs of £31,000. The equipment additions related to computer equipment, furniture for the EMAT building, a motor vehicle and equipment purchased for teaching.

Reserves

The College has accumulated reserves of £5,850,000 and cash of £2.0m.

Sources of income

The College has significant reliance on the Education Sector Funding bodies for its principal funding sources, largely from recurrent grants. In 2019/20 these organisations provided 76% of the College's total income.

Group Companies

The College had one subsidiary company trading during 2019/20, Eastern Enterprises Limited, whose principal activity related to commercial lettings in the property known as the Red Lion Quarter in Spalding. Surpluses generated by the company are transferred to the College under gift aid. In the current year, the surplus generated was £28,000. The College has one dormant company called Boston College Group.

The COVID-19 lockdown did not impact upon the commercial lettings of Eastern Enterprises Limited however, it did affect smaller income generating activities such as conference hire.

Current and future development and performance

The strategic priorities for 2019-20 were:

- to ensure that teaching, learning and assessment are of the highest quality and lead to excellent learner outcomes
- to raise aspirations, provide effective support and secure high levels of progression into employment and further or higher education
- to drive the skills agenda within Lincolnshire, engaging with employers and the community to develop an outstanding reputation for meeting local and regional skills needs
- to develop our business whilst maintaining financial stability
- to set high expectations for all our staff and foster a culture of continuous improvement and innovation in a supportive environment
- to advance equality, diversity and inclusion so that it is central to our college culture

During the academic year 2019-20 Boston College maintained its trend in high quality results and despite the financial challenges from COVID-19 the College retained the financial health grade of good. The College has seen a significant fall in commercial and activity based income due to the impact of COVID-19 restrictions, but through careful management of spend and efficiencies the College maintained the good financial position through these challenging times. The good financial health grade means the College has good liquidity which is forecast to continue throughout 2020/21 and beyond. The long term loan of £1.8m will be renegotiated in 2020/21 ensuring liquidity is maintained and investment into the College estate and infrastructure can continue.

Improvements in our campus to modernise an aspirational learning environment underpins our approach to high quality teaching and learning. Our Engineering, Manufacturing and Technology Centre, a £4.2 million

Boston College Corporation

FINANCIAL STATEMENTS

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REPORT OF THE GOVERNING BODY (CONTINUED)

Current and future development and performance (continued)

investment, supported by the Greater Lincolnshire LEP, opened in autumn 2019. We are proud to be a partner of the prestigious Lincolnshire Institute of Technology bid which secured £1.25 million in 100% grant capital funding for Boston College and is due to open in October 2020. The College is part of the Lincolnshire Institute of Technology joint venture. In 2019-20 we also agreed an amount of £2.8 million in capital funding from GLLEP for the new Digital Technology, Logistics and Transport Academy. The build of this centre is in progress and due to open in January 2021, the curriculum is being designed with heavy involvement from the Port of Boston and the food sector. The College are also part of a bid to the government through the Towns Deal for Boston, which is to create a large scale 'front face' to the college that emulates a sense of bringing the outside in and would be known as the Mayflower building. The Town Deal for Boston is an opportunity for the town to attract £25 million or more to support economic growth and productivity, of which the Mayflower building will be part of this submission. The College have also received £616,970 of government funding from the £1.5 billion of capital funding allocated to further education colleges for upgrading the estate. This will be used in 2020/21 to replace the roofs and potentially windows that have been identified by the FE Condition Data Collection as below standard.

Boston College ranked joint 5th of over 180 Further Education colleges across the whole country, in the NICDEX 2019 national league table. It is based on official performance measures from the Department for Education and points are awarded against four quality of provision measures: learner satisfaction, employer satisfaction, 16-18 year olds positive progression and adults into employment progression. Overall, the College scored an impressive 31 out of a possible 40 points, this evidences the commitment and skill of the College's staff team in ensuring a high quality learner experience which links closely to industry and employer requirements.

The College continues to provide a high quality and responsive curriculum offer aligned to local needs as well as regional and national priorities. Effective engagement with our key regional and national stakeholders means that our curriculum is dynamically gearing to address future skills gaps, the productivity challenge and changing educational policies in a strategic way. Supporting the GLLEP's development of a Local Industrial Strategy, engaging in T-level consultations and national working groups and supporting the Association of Colleges national policy groups are examples of how Boston College is well prepared for changes to policy and skills requirements.

Headline achievement rates for 2019-20 are predicted to meet or exceed national averages for Apprenticeships, Study Programme Core Aims, and High Needs. Despite the challenges of COVID improvements to the high grade rate at both GCSE and A level have been achieved. A 100% pass rate was also achieved for GCSEs (all age groups) and A Levels (fifth consecutive year). However, the impact of COVID has resulted in lower retention on some adult courses with high enrolment numbers, mainly Functional Skills, and as a result 19+ and all ages achievement rates are predicted to decline by 2.5% and 1.5% respectively. This brings these metrics below national average by 1% and 2% respectively. It should be noted that Ofsted do not intend to use 2019-20 achievement rates to inform their annual risk rating.

Learners benefit from high levels of effective support to enable them to successfully complete their studies in addition to highly effective and valuable information, advice and guidance. Over 500 students are from an EU background and the team are working hard to ensure they apply for 'settled status' and are supported during Brexit. The proportion of learners with learning difficulties and disabilities, particularly emotional and behaviour disorders has continued to rise, with over 35% of 16-19 year old learners having a declared learning difficulty and/or disability. This places significant pressure on the additional learning support budget, which is planned to increase further again.

Future Developments

Boston College strategic drivers for 2020-21 are through the five key pillars:

People

Our staff are our greatest creators of value and they are supported to perform at their best.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

REPORT OF THE GOVERNING BODY (CONTINUED)

Current and future development and performance (continued)

Performance

Our learners' achievements outperform expectations.

Productivity

Our College is financially strong, sustainable, and future-ready.

Partnerships

We value and harness the power of collaboration.

Personality

We know who we are, what we do and what we stand for.

Our existing high quality means that we need to innovate in line with industry to stay ahead. Investing in digital, transport and logistics with a real focus on port and the food manufacturing sector are key elements required in order to support regional and national priorities. Attracting highly skilled teaching staff and ensuring our pedagogical practices our evidence-based and driving towards Ofsted's new 'Education Inspection Framework' are critical success factors.

The condition of the College's property has been subject to external review by the Department for Education and this FE Condition Data Collection will form part of the development of our estate's strategy. The College's investment in its physical resources underpins delivery of its strategic objectives and longer-term sustainability. Scanning the market for capital investment opportunities is important in order to invest in the College estate alongside the £1.5 billion of capital funds announced in June 2020 for upgrading of Further Education estate

Enrolments are projected to be ahead of 2019-20 due to an overall increase in demographics and the loss of a local sixth form, with COVID-19 not affecting 16-18 year old enrolments. Apprenticeship growth is likely to be significantly affected by COVID-19 and the impact on employers and apprenticeships available, budget plans have modelled a decline in apprenticeship numbers, but this will continue to be an area of concern. Higher education is a priority growth area and planned numbers are likely to be achieved in 2020/21. The College had its Access and Participation Plan approved for 2020/21. Devolution of the adult education budget has resulted in uncertainty amongst private training providers regionally with some relocating and others exiting the marketplace. Our new procurement approach for subcontracting along with increased growth in distance learning is designed to ensure we reduce our reliance on subcontracting relationships over time with none by 2021/22.

The most recent pension valuations saw increases in contribution rates which are included within our forecasts, the financial support provided by government ends in March 2021 and with continuing pressure on pay and further living wage increases means that the college needs to pay close attention to staff to income ratios and continue its sound financial management practices.

The College is leaner, more efficient and in a sound position moving forward. The College believes it will be able to continue in operation and meet its liabilities taking account of the current position and principal risks for the foreseeable future and therefore can be regarded as a "going concern".

Teaching and Learning

The College recruited a total of 1,631 funded students in 2019/20 onto its directly funded contracts for 16-19 ESFA, under-recruiting against its target of 1,635 by 4 students.

Curriculum development and review of adult offer in year enabled the College to successfully meet the Adult Education Budget (AEB) funding target. There was an increase in adult enrolments in English, Maths, ESOL, and Sport, in College delivery, achieving 78% of funding. Overall, 83.3% of AEB was achieved, against the allocation of £1,992,004. Planned adult enrolments onto courses due to start in the summer term did not enrol, apart from onto distance learning targets. The allocation for 2019/20 was a reduction from 2018/19 AEB of £648,850 and was due to the devolution of some AEB budget.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

REPORT OF THE GOVERNING BODY (CONTINUED)

Current and future development and performance (continued)

Teaching and Learning (continued)

Funding from Advanced Learning Loans by adults aged 19+ was £425,872 which is 2.6% higher than in 2018/19. In year growth was required due to a reduction in allocation at the start of the year.

HE numbers increased by 12.5% in 2019/20 with 202 students enrolled on HE courses, equating to an additional £102,483 income for this area of provision. Continuing to grow our provision, including at Level 6, with our new Higher Education Institute Partner (University of Derby) will help to secure more breadth of HE provision in the coming years, which will additionally attract more students to start their studies with us at level 3. Promotion of our new buildings including EMAT, IoT, and DTLA will also help to secure more HE learners. The College recruited 64 International Students, 54 of whom were EU funded, with the remaining 10 being tier 4 or full fee payers. Leaving the European Union on 31 January 2020 and the COVID-19 pandemic was likely to have a significant impact on numbers of EU and international students. However, current activity for 2020/2021 is positive despite the COVID-19 pandemic, with a small number of EU students recruited. The College are also receiving interest for the 2021/22 academic year due to stronger relations with agents and developing new relations.

Overall apprenticeship numbers have decreased which is largely due to the COVID-19 pandemic. In 2019/20 there were 628 active apprentices, with 614 being College based and 14 sub-contracted. This compares to 726 active apprentices in 2018/19 with 90 being with sub-contracted provision. The large number of smaller non-levy employers in the area and the affect of COVID-19 on the workforce has meant an increase in apprentices being made redundant or taking breaks in learning, and a reduction in new starts. The College has better maximised the availability of the Apprenticeship Levy, through the establishment of relationships with key, large employers, and has generated growth in income from Levy paying apprentices from £489,585 in 2018/19 to £626,915 in 2019/20. The College has also worked hard to maintain its links with employers and organisations during and post-lockdown. An employer feedback project, promoting all strands of our employer facing work, has ensured the College remains in touch with business training needs in the area. This allows us to be well positioned to support with facilitating these needs, through apprenticeships as well as other new schemes e.g. Kickstart, as the economy and businesses recover.

The recruitment of 14-16 year olds has continued to reduce due to changes in funding, higher transportation costs and the reduction in the number of vocational qualifications that will count in the national league tables for schools. There were 29 enrolments for students aged under 16 years.

Financial health

The Corporation is satisfied that its resources are adequate to fund its plans, and the College's cash reserves are healthy. Following the impact of COVID-19, the college set its budget for the next 3 years and concluded that it remain in "good" financial health in 2019/20, however would drop to "requires improvement" in 2020/21 before returning to "good" in 2021/22. The drop in financial health is due to the COVID-19 impact and will be reviewed in year, following further funding announcements since the budget was set it is anticipated the financial health will return to "good". The College can fund the developments in its strategic plan and there are no elements requiring substantial funding not already reflected in the financial plan. The College is satisfied that, whilst the financial framework within which it operates is challenging and often unpredictable, adverse variances can be accommodated by strong risk management and contingency planning.

Treasury policies and objectives

The College has treasury management arrangements in place to manage cash flows, banking arrangements and the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks. Low rates of investment return have continued to affect College income during 2018/19 and the removal of a group arrangement with the bank for the long term loan has meant an increase in interest costs. The College has a treasury management policy in place.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

REPORT OF THE GOVERNING BODY (CONTINUED)

Current and future development and performance (continued)

Cash flows and liquidity

The College had a cash outflow of £1.7m during 2019/20 and will continue to receive GLLEP grant funding in 2020/21 relating to the Digital and Transport Logistics Academy and DfE funds for the IOT refurbishment. The College were able to receive additional cashflow support during the COVID-19 lockdown from the government through the job retention scheme and provider relief scheme, ensuring the areas that saw a significant reduction in income were able to continue their activity. The College also supported two suppliers with their cashflow during the COVID-19 lockdown through the Public Procurement notice ensuring they were able to continue trading once lockdown eased.

The College has a single bank loan in place which amounted to £1.8m on 31 July 2020. The borrowing had been authorised by the Accounting Officer and complies with the requirements of the College's conditions of funding with the Education and Skills Funding Agency. This bank loan will be renegotiated in 2020/21 to ensure the college maintains its liquidity and continues to invest in the estate and infrastructure.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and complies with the requirements of the conditions of funding.

Reserves policy

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £3.0m (2019: £7.6m). The Corporation adopts a prudent policy on reserves, matching its need to maintain reserves with the need to invest in the future of the college. For this reason, the Corporation generally operates on the basis of unallocated cash reserves remaining in excess of £1 million which equates to 2-3 months of payroll costs. The actual cash balance at the end of 2019-20 was £2.0m. The College has no restricted reserves.

Principal risks and uncertainties

The College has worked to continually develop and embed the systems of internal control, including financial, operational and risk management which are designed to protect the College's assets and reputation.

Based on the strategic plan, the Executive Leadership Team undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific actions to mitigate any potential impact on the College. These internal controls are implemented, and the subsequent year's appraisal reviews their effectiveness and progress against ongoing risk mitigation actions. In addition to the annual review, the Executive Leadership Team also considers any risks which may arise because of a new area of work being undertaken by the College.

A risk register is maintained at College level which is reviewed at least annually by the Corporation and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

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

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REPORT OF THE GOVERNING BODY (CONTINUED)

Principal risks and uncertainties (continued)

1. Health and Safety

Due to the COVID-19 pandemic in 2019/20, the health and safety risk for the College became the highest risk. The risk is being mitigated by several measures including enhanced cleaning measures throughout the day, multiple sanitising stations, socially distanced classroom layouts, screening in computing rooms, blended learning models and zoning of the buildings at Rochford campus. The College is following government guidelines and have created a COVID response committee involving senior officers and governors.

2. Loss of Apprenticeship and HE income

The College has considerable reliance on apprenticeship income and fees from higher education. Unknown future non-levy contract levels with the ESFA impact upon apprenticeship income levels. Failure to achieve higher education tuition fee income levels planned for within the curriculum plan has a direct impact upon the surplus for the year. The COVID-19 impact upon the economy has heightened this risk further.

The risk is mitigated in a number of ways:

- New starts are excluded from curriculum planning past contract end dates on non-levy contracts.
- Detailed monitoring of apprenticeship numbers and forecasting starts, against contract values.
- Prudent budgeting to counter any over ambitious income levels.

3. Safeguarding

Since the COVID-19 lockdown and an increase in the volume of online learning and the potential for further lockdowns, safeguarding of our learners has become a bigger risk whilst they are remote and away from college support services.

This risk is mitigated by college support staff availability.

4. Significant Funding Allocation Variance

The College has considerable reliance on continued government funding through the further education sector funding body (76% in 2019-20) and this is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms, particularly in the context of public sector spending constraints.

The biggest challenge now is the impact on businesses and the economy following the COVID-19 lockdown and their requirements for apprentices.

This risk is mitigated in a number of ways:

- Creating contingency plans for increased / decreased levels of activity based on priorities.
- Understanding and focusing on government priorities for funding in order to guarantee that activity generates income.
- Continuing to explore alternative income sources and access any suitable ones.
- Ensuring the College is rigorous in delivering high quality education and training.
- Considerable focus and investment is placed on maintaining dialogue and managing key relationships with funders and key stakeholders
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Active pursuit of cost efficiencies and income generation opportunities.

Boston College Corporation

FINANCIAL STATEMENTS

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REPORT OF THE GOVERNING BODY (CONTINUED)

Principal risks and uncertainties (continued)

5. Pension Liability

Changes in the factors which impact on the valuation of the local government pension scheme such as market conditions, interest rates, longevity of pensioners and more recently the COVID-19 impact upon the economy affect the College's liability and costs in respect of support staff pensions. With its obligation to participate in the scheme, the College has almost no control over these costs. The risk is mitigated by an agreed deficit recovery plan with the Lincolnshire County Council Pension Fund and an annual review of pension assumptions with actuary and audit advice.

Teacher's pension scheme contributions rose in September 2019, which has increased the College's pay costs, however the government has committed to fund these increases until March 2021. The Local Government Pension scheme triennial valuation results were out in November 2019, and the employer contribution rate increased by 2.3% from April 2020.

Staff and student involvement

The College considers good communication with its staff to be very important and to this end publishes regular newsletters and bulletins which are sent to all staff. The College uses staff meetings and briefings as additional mechanisms for staff communication. Minutes of internal meetings and plans are on the College intranet and on Teams. The College encourages staff and student involvement through membership of the Corporation and other cross-college groups such as the Equality & Diversity Group and the newly introduced Staff Forum.

The College's Learner Involvement Strategy has been in place for several years. A Learner Involvement Co-ordinator is employed to involve learners more effectively in the review and improvement of all services within the College which impact directly on users. The co-ordinator has worked to develop materials and activities which promote 'learner voice' within the College, ensuring learners were fully aware of the benefits that the 'learner voice' brought them as individuals and the impact it has had in the development of College services.

Public Benefit

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

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

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

- High-quality teaching and excellent outcomes for learners
- Working with employers to meet skills needs thereby improving their profitability and increasing productivity.
- Supporting disadvantaged and unemployed learners to access education
- Excellent student progression into work and/or Higher Education
- Strong student support systems
- Links with Local Enterprise Partnerships (LEPs)

The delivery of public benefit is covered throughout the report of the governing body.

Equality and Diversity

Advancing Equality, Diversity and Inclusion so that it is central to our College culture is one of our key strategic aims. It will help fulfil our vision to be a brilliant college that transforms people's lives and makes an outstanding contribution to the economy of Greater Lincolnshire by working in partnership with employers and other key stakeholders.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

REPORT OF THE GOVERNING BODY (CONTINUED)

Equality and Diversity (continued)

We recognise our duties under the Equality Act. Certain groups with 'Protected Characteristics' are covered under the Act from discrimination, harassment and victimisation. The Protected Characteristics are: -

- age
- disability
- gender reassignment
- marriage and civil partnership (but only in respect of eliminating unlawful discrimination)
- pregnancy and maternity
- race – this includes ethnic or national origins, colour or nationality
- religion or belief – this includes lack of belief
- sex/gender
- sexual orientation

The Equality Act also includes the Public Sector Equality Duty, which requires public authorities such as ourselves to help:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010;
- advance equality of opportunity between people from different groups
- foster good relations between people from different groups

Underpinning this statement are our employer, student and visitor policies and procedures. Each give consideration to equality, diversity and inclusion and routinely analysed and monitored to ensure they achieve the desired impacts and outcomes.

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.

Relevant Union Officials

Numbers of employees who were relevant union officials during the relevant period	FTE employee number
2	0.0676

Percentage of time spent on facility time

Percentage of time	Number of employees
1-50%	2

Percentage of pay bill spent on facility time

Total cost of facility time	£2,470.18
Total pay bill	£10,848,266
Percentage of total bill spent on facility time	0.0277%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time	0.0676%
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Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

REPORT OF THE GOVERNING BODY (CONTINUED)

Equality and Diversity (continued)

Accessibility

The College continually monitors, adapts and extends its curriculum offer to ensure that it effectively serves its community. Learners with complex needs are well catered for at the Ingelow Centre which has the capacity for increased numbers, but growth is dependent on the numbers approved for high needs funding by the Local Authority.

Due to the predominantly rural location of the College, efforts are made to offer outreach services both through direct provision in main centres of population outside Boston and collaboration with partner organisations within the wider community. Reductions in government funding for adult provision has limited the range and scope of outreach provision so, whilst curriculum planning processes continue to take account of the need to provide education and training across a wide geographical spread, methods to do this more cost-effectively are being developed.

Higher Education opportunities in Boston have increased since September 2013 when the College started its full-time HE offer of local, affordable Higher National diplomas and Foundation degrees. The provision is growing steadily and the recently approved Access and Participation Plan will lead to more growth.

Events after the end of the reporting period

There were no post balance sheet events.

Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason and recognising the factors outlined in the Future Developments section on page 6, it continues to adopt the going concern basis in preparing the financial statements. Cash flow projections over the next year show cash balances staying above £1.4m, and include the large build project expenditure of DTLA, IoT and the college remedial works and the timing of grant income receipts from defrayed expenditure. COVID-19 has impacted the college's income generating ability, mainly apprenticeship, international and commercial income streams. The college is mitigating the impact by increased enrolment for HE, strict vacancy management, use of government additional funding and support. Although COVID-19 will impact upon the college's financial performance in 2020/21, enrolments are strong and cash balances remain above £1.4m meaning the college can continue operating as a going concern. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

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 16 December 2020 and signed on its behalf by:



P L Cropley
Chair

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2019 to 31 July 2020 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 accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance; and
- iii. having due regard to the UK Corporate Governance Code 2018 (“the Code”) insofar as it is applicable to the further education sector

The College is committed to exhibiting best practice in all aspects of corporate governance.

In the opinion of the Governors, the College complies with all the provisions of the adopted Code of Good Governance and it has complied throughout the year ended 31 July 2020. This opinion is based on an internal review of compliance with the adopted Code under the oversight of the Search and Governance Committee.

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 account of The Code of Good Governance issued by the Association of Colleges which the College formally adopted on 14 October 2015. In addition, the College adopted the Remuneration Code in May 2019.

We have not adopted and therefore do not apply the UK Corporate Governance Code 2018. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2017

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

The Corporation

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

Name	Date of Appointment	Term of Office	Date of Resignation	Committees Served	Corporation meeting Attendance 2019-20 %
Mr A Atkin	25 Feb 2019	4 years		A	100
Mr D Bland	9 Apr 2020	4 years		St	50
Mr S Brown	14 Oct 2015	4 years	13 Oct 2019	St/A	N/A
Mrs R Catlett	30 Oct 2019	4 years		St	57
Mr P Cropley	13 May 2019	4 years		F&R/R/S&G	100
Mr S Crozier	5 July 2017	To 10 May 2020	13 Sep 2019	St	100
Mr D Earnshaw	6 Dec 2017	4 years		F&R/R	57
Ms K Folling	11 Dec 2019	2 years		St	67
Mrs C Foster	27 Apr 2020			F&R/ST/S&G	100
Mr D Hanson	14 Oct 2015	4 years	13 Oct 2019	A	N/A
Mrs H Lee	30 Oct 2019	4 Years		S&G	86
Ms J Maher	1 Sept 2017		26 Apr 2020	F&R/St/S&G	100
Ms H Mather	14 Dec 2016	4 years		St	71
Mr C Pett	25 Feb 2019	4 years		St	86
Ms M Plummer	30 Oct 2019	2 years		St	14
Mr D Rudnyanszky	30 Oct 2019	1 year	11 Nov 2019		100
Ms M Sacks	5 Dec 2018	4 years		A	57
Ms A Savage	9 May 2018	4 years		A/S&G	86
Mr G Tawton	25 Feb 2019	4 years		F&R/R/S&G	100
Mr B Webb	11 May 2016	4 years - Extended to Dec'20 due to Covid-19		F&R	57
Mr N Worth	16 Dec 2019	4 years		F&R/R/S&G	86
Mrs H Wright	14 July 2016	4 years	1 Jul 2020	A/St	100

Mrs J Hemmant is Clerk to the Corporation.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

The Corporation (continued)

"F&R" Finance and Resources committee, "R" Remuneration, "A" Audit, "S&G" Search and Governance, "St" Standards

The following persons also acted as directors of one or more of the College's two wholly owned subsidiaries, Boston College Group and Eastern Enterprises Limited.

Claire Foster Principal and CEO (appointed 27 April 2020)

Joanne Maher Principal and CEO (resigned 26 April 2020)

Vicki Locke Vice Principal: Curriculum and Quality

Paul Collins Director of Business Development (resigned 19 June 2020)

Debbie Holland Director of Finance and Funding

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 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. The standing committees are Finance and Resources, Remuneration, Search and Governance, Audit and Standards.

Full minutes of all meetings except those deemed to be confidential by the Corporation are available on the College website (www.boston.ac.uk) or from the Clerk to the Corporation at:

Boston College
Skirbeck Road
Boston
Lincs
PE21 6JF

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

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

Formal agendas, papers and reports are supplied to governors in a timely manner prior to Board meetings. Briefings are also provided on an ad hoc basis. Members also receive information relevant to their role from a number of national bodies including the Association of Colleges.

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 roles of the Chairman and Accounting Officer are separate.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

The Corporation (continued)

COVID-19

The Corporation made some adjustments to its constitution in response to the pandemic and moved to virtual meetings. It completed its annual cycle of business as planned.

The college applied the Public Procurement Notice for two suppliers who were either unable to deliver their contract or their services were not required during the lockdown period. This ensured the suppliers were not impacted by COVID-19 enabling them to continue in business with the college once lockdown restrictions eased and was in line with value for money.

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 and Governance committee which is responsible for the selection and nomination of new members for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required and held a formal CPD event for all governors during 2019/20. The CPD included presentations by external speakers.

Members of the Corporation (other than the Principal) are appointed for a term of office not exceeding four years. The maximum number of terms of office for members is determined by the Corporation based on need.

Corporation performance

The Corporation and its committee's routinely monitor their performance and carry out formal self-assessment annually. Governance at Boston College is good. Governors are outward looking and have used good practice seen in other colleges to improve their own performance. They have high aspirations for learners at the College and provide a high level of challenge to senior managers to ensure that outcomes for learners and the quality of teaching and learning are continually improving and that the College is financially stable.

Remuneration Committee

Throughout the year ending 31 July 2020, 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 the Clerk.

Details of remuneration for the year ended 31 July 2020 are set out in Note 8 to the financial statements.

Audit Committee

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

The Audit Committee meets at least twice per year and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the committee for independent discussion without the presence of College management. The committee also receives and considers reports from the FE funding body 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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2017

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

Audit Committee (continued)

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

Finance and Resources Committee

The Finance and Resources Committee comprises six members of the Corporation and has responsibility for the review of the College's financial performance. The committee also takes a lead role in oversight of human resources and property matters

Standards Committee

The Standards Committee comprises eight members of the Corporation and has responsibility for the review of the College's non-financial performance. The committee sets targets and reviews the College's performance against a set of key indicators. The committee plays a key role in the review of academic performance and feedback from stakeholders.

Internal Control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Boston College for the year ended 31 July 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2017

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

Internal Control (continued)

The risk and control framework

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

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

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. At a minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls, and governance processes.

Statement from the audit committee

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2019/20 and that were undertaken prior to the COVID-19 lockdown are:

- Mock Funding Audit
- IT Data Security, Infrastructure and Disaster Recovery
- Key Financial Controls
- Sub-contracting certificate

Following the COVID-19 lockdown, one audit was delayed but has been undertaken prior to the approval of the financial statements:

- Management Information and KPI

The College also changed one audit due to COVID-19 lockdown, to ensure remote working had not affected the effective internal controls the College has:

- Remote Payroll and Purchase Ledger

This audit concluded that the College has effective internal controls in place and remote working has not compromised the controls.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's 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

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2017

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

Internal Control (continued)

- comments made by the College's financial statements auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of any weaknesses identified as a result of her review on 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. Should there be any weaknesses, a plan to address these and to ensure continuous improvement of the system will be put in place.

The Accounting Officer and senior leadership team receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Accounting Officer and Executive leadership team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and it receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the senior leadership team and internal audit, and taking account of events since 31 July 2020.

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 16 December 2020 and signed on its behalf by:

P L Cropley Signed
Chair



Signed



Accounting officer

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

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

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.

P L Cropley



.....
Signed
Chair



.....
Signed
Accounting Officer

16/12/2020

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2019

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Corporation's conditions of funding with the ESFA and any relevant funding bodies, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2019 to 2020* issued by the ESFA, and which give a true and fair view of the state of affairs of the Corporation and the result for that year.

In preparing the financial statements the Corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards were followed, subject to any material departure 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 report of the Governing Body which describes what it is trying to do and how it is going about it, including 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 the 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, in order to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that 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 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 in order 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 College's resources and expenditure, so that the benefits that 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 16 December 2020 and signed on its behalf by:



P L Cropley
Chair

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BOSTON COLLEGE

Opinion

We have audited the financial statements of Boston College (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2020 which comprise the consolidated and college statements of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2020 and of the Group's and the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BOSTON COLLEGE (CONTINUED)

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

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2019 to 2020 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

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 note 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 the Corporation of Boston College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 22, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the 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.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 26 October 2020. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK AUDIT LLP
Chartered Accountants
Rivermead House
7 Lewis Court
Grove Park
Leicester
Leicestershire
LE19 1SD

RSM UK Audit LLP

Date 18/12/2020

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

CONSOLIDATED AND COLLEGE STATEMENT OF COMPREHENSIVE INCOME

	Notes	2020		2019	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	3	11,980	11,980	11,611	11,611
Tuition fees and education contracts	4	2,616	2,616	2,990	2,990
Other income	5	955	927	1,172	1,135
Investment income	6	8	36	8	43
Total income		<u>15,559</u>	<u>15,559</u>	<u>15,781</u>	<u>15,779</u>
EXPENDITURE					
Staff costs	7	11,701	11,701	10,800	10,800
Other operating expenses	9	3,594	3,594	4,338	4,336
Depreciation	12 & 13	739	739	706	706
Interest and other finance costs	10	114	114	92	92
Total expenditure		<u>16,148</u>	<u>16,148</u>	<u>15,936</u>	<u>15,934</u>
Deficit before other gains and losses		(589)	(589)	(155)	(155)
Loss on disposal of tangible fixed assets		-	-	-	-
Deficit before tax		(589)	(589)	(155)	(155)
Taxation	11	-	-	-	-
Deficit for the year		(589)	(589)	(155)	(155)
Re-measurement of net defined benefit pension liability	23	(4,161)	(4,161)	(682)	(682)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		(4,161)	(4,161)	(682)	(682)
Total Comprehensive Income for the year (Deficit) for the year attributable to the Corporation of the College		<u>(4,750)</u>	<u>(4,750)</u>	<u>(837)</u>	<u>(837)</u>
Total Comprehensive Income for the year attributable to the Corporation of the		<u>(4,750)</u>	<u>(4,750)</u>	<u>(837)</u>	<u>(837)</u>

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

CONSOLIDATED AND COLLEGE BALANCE SHEETS AS AT 31 JULY 2020

	Notes	Group 2020 £000	College 2020 £000	Group 2019 £000	College 2019 £000
Fixed assets					
Tangible assets	12	20,163	20,163	18,190	18,190
Intangible assets	13	78	78	75	75
Investments	14	-	-	-	-
Total fixed assets		<u>20,241</u>	<u>20,241</u>	<u>18,265</u>	<u>18,265</u>
Current assets					
Stock	15	20	20	21	21
Debtors	16	807	848	1,190	1,252
Cash at bank and in hand		<u>2,083</u>	<u>2,025</u>	<u>3,822</u>	<u>3,743</u>
Total current assets		<u>2,910</u>	<u>2,893</u>	<u>5,033</u>	<u>5,016</u>
Current liabilities					
Creditors - amounts falling due within one year	17	<u>(1,904)</u>	<u>(1,887)</u>	<u>(2,861)</u>	<u>(2,844)</u>
Net current assets		<u>1,006</u>	<u>1,006</u>	<u>2,172</u>	<u>2,172</u>
Total assets less current liabilities		<u>21,247</u>	<u>21,247</u>	<u>20,437</u>	<u>20,437</u>
Creditors – amounts falling due after more than one year	18	(7,165)	(7,165)	(6,338)	(6,338)
Provisions for liabilities					
Defined benefit pension scheme	23	(7,966)	(7,966)	(3,104)	(3,104)
Other provisions	19	<u>(266)</u>	<u>(266)</u>	<u>(395)</u>	<u>(395)</u>
Total net assets		<u>5,850</u>	<u>5,850</u>	<u>10,600</u>	<u>10,600</u>
Unrestricted reserves					
Income and expenditure reserve		2,998	2,998	7,626	7,626
Revaluation reserve		<u>2,852</u>	<u>2,852</u>	<u>2,974</u>	<u>2,974</u>
Attributable to the College Corporation and total unrestricted reserves		<u>5,850</u>	<u>5,850</u>	<u>10,600</u>	<u>10,600</u>

The financial statements on pages 25 – 52 were approved and authorised for issue by the Corporation on 16 December 2020 and were signed on its behalf on that date by:

P L Cropley
Chair



Accounting Officer



Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES

	Income and expenditure reserve £'000	Revaluation reserve £'000	Total £'000
Group			
Balance at 1 August 2018	8,341	3,096	11,437
(Deficit) for the year	(155)	-	(155)
Other comprehensive income	(682)	-	(682)
Transfers between revaluation and income and expenditure reserves	122	(122)	-
Total comprehensive income for the year	<u>(715)</u>	<u>(122)</u>	<u>(837)</u>
Balance at 31 July 2019	<u>7,626</u>	<u>2,974</u>	<u>10,600</u>
(Deficit) for the year	(589)	-	(589)
Other comprehensive income	(4,161)	-	(4,161)
Transfers between revaluation and income and expenditure reserves	122	(122)	-
Total comprehensive income for the year	<u>(4,628)</u>	<u>(122)</u>	<u>(4,750)</u>
Balance at 31 July 2020	<u><u>2,998</u></u>	<u><u>2,852</u></u>	<u><u>5,850</u></u>
College			
Balance at 1 August 2018	8,341	3,096	11,437
(Deficit) for the year	(155)	-	(155)
Other comprehensive income	(682)	-	(682)
Transfers between revaluation and income and expenditure reserves	122	(122)	-
Total comprehensive income for the year	<u>(715)</u>	<u>(122)</u>	<u>(837)</u>
Balance at 31 July 2019	<u>7,626</u>	<u>2,974</u>	<u>10,600</u>
(Deficit) for the year	(589)	-	(589)
Other comprehensive income	(4,161)	-	(4,161)
Transfers between revaluation and income and expenditure reserves	122	(122)	-
Total comprehensive income for the year	<u>(4,628)</u>	<u>(122)</u>	<u>(4,750)</u>
Balance at 31 July 2020	<u><u>2,998</u></u>	<u><u>2,852</u></u>	<u><u>5,850</u></u>

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2020 £'000	2019 £'000
Operating activities			
Cash generated from operations	22	(718)	1,768
Taxation paid		-	-
Net cash from operating activities		<u>(718)</u>	<u>1,768</u>
Investing activities			
Investment income		8	8
Purchase of tangible fixed assets		(2,706)	(3,479)
Purchase of intangible fixed assets		(12)	(57)
Receipt of capital grant		1,844	1,391
		<u>(866)</u>	<u>(2,137)</u>
Financing activities			
Interest paid		(39)	(32)
Repayments of borrowings		(116)	(116)
		<u>(155)</u>	<u>(148)</u>
(Decrease) in cash and cash equivalents in the year		<u>(1,739)</u>	<u>(517)</u>
Cash and cash equivalents at beginning of the year		3,822	4,339
Cash and cash equivalents at end of the year		<u>2,083</u>	<u>3,822</u>
Cash and cash equivalents comprise			
Cash at bank and in hand		2,083	3,822
Bank overdraft		-	-
		<u>2,083</u>	<u>3,822</u>

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

General Information

Boston College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 16. The nature of the College's operations are set out in the Report of the Governing Body.

Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2019 to 2020, and Regularity Advice 9: Accounts Direction issued by the Office for Students and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

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

Reduced disclosures

In accordance with the 2019 FE HE SORP, the College in its separate financial statements, which are presented alongside the consolidated financial statements, has taken advantage of the disclosure exemptions available to it in respect of presentation of a cash flow statement and financial instruments.

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries. Of these, only Eastern Enterprises Limited traded during 2019-20. The results of any subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-Group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2020.

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 cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College currently has £1.8m of loans outstanding with bankers on terms negotiated in 2011 which are due for renegotiation in 2020/21. The College's forecasts including 24 month cashflow projections to 31 July 2022 and financial projections, which incorporate sensitivity analysis, indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. The College will continue to receive significant investment in 2020-21 from the GLEP used for the construction of the Digital Transport and Logistics Academy. The College is also part of the Lincolnshire Institute of Technology (IoT) bid and will continue to receive part of the £1.242m of capital funding in 2020/21 to refurbish part of the Rochford campus and to purchase specialist equipment. COVID-19 has impacted the college's income generating ability, mainly apprenticeship, international and commercial income streams. The college is mitigating the impact by increased enrolment for HE, strict vacancy management, use of government additional funding and support. Although COVID-19 will impact upon the college's financial performance in 2020/21, enrolments are strong and cash balances remain above £1.4m meaning the college can continue operating as a going concern. Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

Accordingly the Governors have a reasonable expectation that the College has adequate resources to continue in operational existence for at least 12 months from accounts sign off, and for this reason will continue to adopt the going concern basis in the preparation of its annual Financial Statements.

Recognition of income

Grants – government and non-government

Government revenue grants are accounted for under the accrual model and are recognised where a reliable estimate of the fair value of the asset received or receivable can be made on a systematic basis over the periods in which the related costs for which the grant compensates are recognised.

Funding body recurrent grants are measured in line with best estimates for the year of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget, outside of the permitted tolerance level, 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.

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 OFS represents the funding allocations attributable to the current financial year and is recognised when received or receivable.

Grants from non-government sources, including grants relating to assets, are recognised in income when the College has met the performance-related conditions and the grant will be received. Income received in advance of performance related conditions being met is recognised as a liability.

Government capital grants for assets, other than land, are accounted for under the accrual model. The income received or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year and those due after more than one year.

Other income

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

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

All income from short-term deposits is accrued in the period in which it is earned on a receivable basis.

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Lincolnshire County Council Pension Fund (LCCPF). These are defined benefit schemes, which are externally funded.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

Accounting for post-employment benefits (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LCCPF is a funded scheme and the assets are measured using closing fair values. The 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 of the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in Other Comprehensive income in the statement of comprehensive income.

Short term employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

Enhanced pensions

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

Fixed asset investments

College Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses in the separate financial statements of the College.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in comprehensive income.

Tangible fixed assets

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Land and buildings are stated at deemed cost at the date of transition to FRS102 less accumulated depreciation and accumulated impairment losses.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets (continued)

Equipment

Equipment (excluding IT equipment) costing less than £1,000 per individual item or set of items acquired together is recognised as expenditure in the period of acquisition. All other equipment and IT equipment is capitalised and recognised at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values

Freehold land is not depreciated and it is considered to have an infinite useful life. Depreciation on other assets is calculated, using the straight line basis, to write off the cost of each assets to its estimated residual value over its expected useful lives, as follows:

- Freehold buildings – over periods up to 50 years
- Long leasehold buildings – over the shorter of 50 years and the remaining lease term
- Equipment – between 3 and 6 years
- Motor Vehicles – 4 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Subsequent costs, including replacement parts, are only capitalised when it is probable that such costs will generate future economic benefits. Any replaced parts are then derecognised. All other costs of repairs and maintenance are expenses as incurred.

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.

Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised on a straight-line basis over their useful life. If a reliable estimate of useful life is not possible, the life shall not exceed 5 years.

An intangible asset will be recognised only if future economic benefits flow to the College and the cost of the asset can be measured reliably. Examples of intangible assets include software costs and website development costs.

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, an estimate is made of the recoverable amount of the asset.

Shortfalls between carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment of revalued assets, are treated as a revaluation loss. All other impairment losses are recognised in comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in comprehensive income or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

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

Operating leases

All leases are operating leases and annual rents are charged to comprehensive income on a straight line basis over the lease term.

Stock

Stock is valued at the lower of cost and net realisable value and estimated selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

Cash and cash equivalents

Cash includes cash in hand, deposits and repayable on demand and overdrafts.

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 Instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

Taxation

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

The College receives no similar exemption in respect of Value Added Tax. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased. Capital costs and non-pay expenditure are therefore shown inclusive of VAT with any partial recovery netted off against these figures.

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

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

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

Agency arrangements

The College acts as an agent in the collection and payment of certain Discretionary Support Funds. Related payments received from the funding body and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 24, except for the 5 per cent of the grant received which is available to the College to cover administration of Learner Support Fund applications and payments.

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical areas of judgement

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

- Determined whether leases entered into by the College either as a lessor or a lessee are operating or finance lease. 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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

Critical accounting estimates and assumptions

- Tangible fixed assets

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

- Impairment of fixed assets

The College considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the estimation of the recoverable amount of the asset or the recoverable amount of the cash-generating unit is required. These will require an estimation of the future cash flow and selection of an appropriate discount rates in order to calculate the net present value of those cash flows.

- Lincolnshire County Council Pension Fund

The present value of the Lincolnshire County Council Pension Fund 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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2020. 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.

- Provisions

The College holds a provision on its balance sheet for an onerous lease contract for a property that it holds until 2021. The College has made its best estimate of the costs for this lease up to the end of the lease and has recognised this amount as a provision.

3 Funding Body Grants

	2020 Group £000	2020 College £000	2019 Group £000	2019 College £000
Recurrent grants				
Education and Skills Funding Agency – adult	1,976	1,976	2,670	2,670
Education and Skills Funding Agency – 16-18	8,083	8,083	7,419	7,419
Education and Skills Funding Agency – apprenticeships	1,415	1,415	1,375	1,375
Office For Students	63	63	67	67
Specific grants				
Education and Skills Funding Agency – provider relief scheme	15	15	-	-
Teacher Pension Scheme contribution grant	284	284	-	-
Releases of government capital grants	144	144	80	80
Total	<u>11,980</u>	<u>11,980</u>	<u>11,611</u>	<u>11,611</u>

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Funding Body Grants (continued)

Under the provider release scheme, the corporation received funding of £15,000 from the ESFA. This amount was fully spent in the year.

4 Tuition fees and education contracts

	2020 Group £000	2020 College £000	2019 Group £000	2019 College £000
Adult Education fees	218	218	244	244
Apprenticeship fees and contracts	22	22	75	75
Fees for FE loan supported courses	460	460	460	460
Fees for HE loan supported courses	1,113	1,113	1,028	1,028
International students fees	136	136	87	87
Total tuition fees	1,949	1,949	1,894	1,894
Education contracts	667	667	1,096	1,096
Total	2,616	2,616	2,990	2,990

5 Other income

	2020 Group £000	2020 College £000	2019 Group £000	2019 College £000
Catering and residences	488	488	689	689
Other income generating activities	149	121	213	176
Coronavirus Job Retention Scheme grant	78	78	-	-
Miscellaneous income	240	240	270	270
Total	955	927	1,172	1,135

The corporation furloughed some of the staff who are employed for commercial activity under the government's Coronavirus Job Retention Scheme. The funding received of £78,050 relates to staff costs which are included within the staff costs note below as appropriate.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Investment income

	2020 Group £000	2020 College £000	2019 Group £000	2019 College £000
Income from bank deposits	8	8	8	8
Gift aid	-	28	-	35
Total	8	36	8	43

7 Staff costs and key management personnel remuneration – Group and College

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

	2020 No.	2019 No.
Teaching staff	137	187
Non-teaching staff	294	267
	<u>431</u>	<u>454</u>

	2020 £000	2019 £000
Staff costs for the above persons		
Wages and salaries	8,423	8,147
Social security costs	693	665
Other pension costs	2,463	1,833
Payroll sub total	11,579	10,645
Contracted out staffing services	117	134
	<u>11,696</u>	<u>10,779</u>
Restructuring costs – contractual	-	9
Restructuring costs – non contractual	5	12
	<u>11,701</u>	<u>10,800</u>

All restructuring costs were approved by the Executive Leadership Team.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and in 2019/20 were represented by the Executive Team which comprised the Principal, Vice Principal: Curriculum and Quality, Director of Business Development (until 19 June 2020), Director of Finance and Funding and the Director of Planning and Performance (until 31 December 2019). Staff costs include compensation paid to key management personnel for loss of office. Post year end there was a change in this structure due to the departure of two members of the Executive Team. From 1 October 2020 the new structure comprises the Principal and Chief Executive Officer, Deputy Principal, Vice Principal: Finance and Corporate Services, Executive Director Business, Innovation and Partnerships and the Executive Director People.

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

	2020	2019
	No.	No.
The number of key management personnel including the Accounting Officer was:	<u>6</u>	<u>6</u>

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

	Key management personnel		Other staff	
	2020	2019	2020	2019
	No.	No.	No.	No.
£40,001 to £45,000 p.a.	-	-	2	1
£45,001 to £50,000 p.a.	-	1	2	2
£50,001 to £55,000 p.a.	1	2	-	-
£55,001 to £60,000 p.a.	2	-	-	-
£60,001 to £65,000 p.a.	-	1	-	-
£65,001 to £70,000 p.a.	1	1	-	-
£110,001 to £115,000 p.a.	1	1	-	-
£125,001 to £130,000 p.a.	1	-	-	-
	<u>6</u>	<u>6</u>	<u>4</u>	<u>3</u>

The Executive Team make up the key management personnel in 2019/20 and consist of the new Principal and Chief Executive Officer, Claire Foster (from 27 April 2020), the previous Principal and Chief Executive Officer, Jo Maher (up till 26 April 2020), the Vice Principal for Curriculum and Quality, Vicki Locke, Director of Finance and Funding, Debbie Holland, the Director of Planning and Performance (until 31 December 2019) and the Director of Business Development, Paul Collins (until 19 June 2020).

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Key management personnel (continued)

Key management personnel (including the Accounting Officer) total compensation is made up as follows:

	2020	2019
	£'000	£'000
Salaries	325	324
Benefits in kind	-	-
National Insurance	42	39
	<hr/>	<hr/>
	367	363
Pension contributions	65	60
	<hr/>	<hr/>
Total emoluments	432	423

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

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid of key management personnel) of:

	Current Accounting Officer (3 months) 2020	Previous Accounting Officer (9 months) 2020	Previous Accounting Officer (12 months) 2019
	£'000	£'000	£'000
Salaries	29	98	112
Benefits in kind	-	-	-
	<hr/>	<hr/>	<hr/>
	29	98	112
	<hr/>	<hr/>	<hr/>
Pension contributions	2	17	17

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Key management personnel (continued)

The governing body has adopted the AoC's Senior Staff Remuneration Code in May 2019 and assesses pay in line with its principles in future.

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

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

The remuneration of the accounting officer Claire Foster for 2019-20, who was appointed from 27th April 2020, was determined on 24th January 2020 by the Corporation after receiving a recommendation from the College's Selection Panel. The accounting officer was not involved in setting their remuneration. The Selection Panel took advice on the appropriate salary payable and is in line across the sector. The Principal's performance will be monitored throughout the probation period.

The remuneration of the accounting officer Jo Maher for 2019-20, who left on 26th April 2020, was determined on 15th May 2019 by the Corporation after receiving a recommendation from the College's Remuneration Committee. The accounting officer was not involved in setting their remuneration. The factors taken into account by the Committee in determining the accounting officer's remuneration for the year to 31 July 2020 included the fact that she was now an experienced Principal with above average performance, the agreed remuneration after two years in post which had been determined when the appointment was made in 2017 and sector pay norms.

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	2020	2019
	No	No
Principal and CEO's salary as a multiple of the median of all staff	6.0	5.2
Principal and CEO's total remuneration as a multiple of the median of all staff	6.0	5.2

Governors' remuneration

The Accounting Officer and the staff members only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the college in respect of their roles as governors.

The total expenses paid to or on behalf of the Governors during the year was £0 (2019 £36). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Other operating expenses

	2020 Group £000	2020 College £000	2019 Group £000	2019 College £000
Teaching costs	864	864	1,604	1,604
Non teaching costs	1,903	1,903	1,844	1,842
Premises costs	827	827	890	890
Total	3,594	3,594	4,338	4,336

	2020 Group £000	2020 College £000	2019 Group £000	2019 College £000
Deficit before taxation is stated after charging/(crediting):				
Auditors' remuneration:				
Financial statements audit	23	23	18	18
Internal audit	15	15	13	13
Other services provided by financial statements auditors				
- Audit related assurance services and regularity	-	-	1	1
- Other assurance services	-	-	2	2
Operating lease rentals – plant and machinery	28	28	36	36
Operating lease rentals – other assets	-	-	-	-

10 Interest and other finance costs – Group and College

	2020 £000	2019 £000
Bank loans and overdrafts	39	32
Net interest on defined pension liability (note 23)	75	60
	114	92

11 Taxation

The members do not believe the College is liable for any corporation tax arising out of its activities during either year.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Tangible fixed assets - Group and College

	Land and buildings		Equipment	Assets in the Course of Construction	Total
	Freehold £000	Leasehold £000			
Cost or valuation					
At 1 August 2019	19,602	1,197	2,969	2,888	26,656
Additions	1,242		675	789	2,706
Disposals			(3)		(3)
Adjustments	2,888			(2,888)	-
At 31 July 2020	<u>23,732</u>	<u>1,197</u>	<u>3,641</u>	<u>789</u>	<u>29,359</u>
Depreciation					
At 1 August 2019	5,904	141	2,421	-	8,466
Charge for year	450		281		731
Elimination in respect of disposals			(1)		(1)
At 31 July 2020	<u>6,354</u>	<u>141</u>	<u>2,701</u>	<u>-</u>	<u>9,196</u>
Carrying amount at 31 July 2020	<u>17,378</u>	<u>1,056</u>	<u>940</u>	<u>789</u>	<u>20,163</u>
Carrying amount at 31 July 2019	<u>13,698</u>	<u>1,056</u>	<u>548</u>	<u>2,888</u>	<u>18,190</u>

Land and buildings were revalued as at 31 July 1997 for the purposes of these financial statements at depreciated replacement cost by James Eley and Son, a firm of independent chartered surveyors. These assets are held at book value.

Land and buildings includes land valued at Group and College £ 835,000 (2019 £835,000) which is not depreciated as it is considered to have an infinite useful life.

Leasehold costs relate to the Peter Paine Sports Centre in Boston. The College has agreed to lease the building on a 99 year lease commencing 2011.

Assets in the course of construction are the costs relating to the Digital, Technical and Logistics Academy due to open in January 2021 and the Institute of Technology which is due to open at the end of October 2020.

If inherited land and buildings had not been revalued they would have been included in the balance sheet at the following amounts:

	Group and College £000
Cost	NIL
Aggregate depreciation based on cost	NIL
Carrying amount based on cost	<u>NIL</u>

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Intangible Assets – Group and College

	Software £000	Website £000	Total £000
Cost or valuation			
At 1 August 2019	51	30	81
Additions	-	12	12
At 31 July 2020	<u>51</u>	<u>42</u>	<u>93</u>
Depreciation			
At 1 August 2019	1	5	6
Charge for year	3	6	9
At 31 July 2020	<u>4</u>	<u>11</u>	<u>15</u>
Carrying amount at 31 July 2020	<u>47</u>	<u>31</u>	<u>78</u>
Carrying amount at 31 July 2019	<u>50</u>	<u>25</u>	<u>75</u>

The College purchased a new finance system in 2018/19 which went live in July 2019.

14 Non-current Investments

	2020 £	2019 £
Investments in subsidiary companies	<u>4</u>	<u>4</u>

Interest in group undertakings

	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held by:	
			Group	College
Boston College Group Limited	England and Wales	Ordinary £1 shares	100%	100%
Eastern Enterprises Limited	England and Wales	Ordinary £1 shares	100%	100%

Eastern Enterprises Limited operated wholly within the United Kingdom. The principal activity during the year was to charge commercial lettings in the property known as the Red Lion Quarter in Spalding.

15 Stock

	Group and College	
	2020 £000	2019 £000
Raw materials and consumables	<u>20</u>	<u>21</u>

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Debtors

	Group	College	Group	College
	2020	2020	2019	2019
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	424	399	292	281
Amounts owed by subsidiary undertakings	-	66	-	74
Prepayments and accrued income	209	209	776	775
Amounts owed by the Education and Skills Funding Agency	174	174	122	122
Total	807	848	1,190	1,252

Trade debtors includes £38,000 (2019 £24,000) for bad debt provision.

17 Creditors: amounts falling due within one year:

	Group	College	Group	College
	2020	2020	2019	2019
	£000	£000	£000	£000
Bank loans and overdraft	116	116	116	116
Trade creditors	95	95	1,216	1,216
Other taxation and social security	151	151	148	148
Other creditors	350	350	359	359
Accruals	703	686	753	736
Government capital grants	236	236	113	113
Government grants – revenue	164	164	88	88
Amounts owed to:				
Education and Skills Funding Agency	89	89	68	68
Total	1,904	1,887	2,861	2,844

18 Creditors: amounts falling due after one year

	Group	College	Group	College
	2020	2020	2019	2019
	£000	£000	£000	£000
Bank Loan	1,705	1,705	1,821	1,821
Government capital grants	5,460	5,460	4,517	4,517
Total	7,165	7,165	6,338	6,338

Government capital grants includes £3.2m that relates to GLEP funding, £2.8m is ringfenced for the EMAT centre and £0.4 for the DTLA centre.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Creditors: amounts falling due after one year (continued)

Bank loans and overdrafts

	Group 2020 £000	College 2020 £000	Group 2019 £000	College 2019 £000
Bank loans and overdrafts are repayable as follows:				
In one year or less	116	116	116	116
Between one and two years	116	116	116	116
Between two and five years	348	348	348	348
In five years or more	1,241	1,240	1,356	1,356
Total	1,821	1,820	1,936	1,936

Interest was charged at a flat rate of 1.25% where the College can match the outstanding balance of the loan with funds in a non-interest bearing current account. The unmatched balance is subject to a margin of 2.5% above the Bank's base rate, this arrangement was up until 31 March 2019. From 1 April 2019, the interest rate chargeable was 1.6% above base rate on the outstanding balance of the loan. This was because of the removal of the Group Interest Arrangement. The loan is repayable by quarterly instalments from August 2014 to September 2034 and is secured on the Rochford Campus.

19 Provisions for liabilities

Group and College	Enhanced Pension £000	Other £'000	Total £'000
At 1 August 2019	99	296	395
Amounts utilised	(10)	(119)	(129)
Changes in period charged to Statement of Comprehensive Income	89	177	266
At 31 July 2020			

The other provision is the future costs associated with premises commitments over the period to 2021.

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

The principal assumptions for this calculation are:

	2020	2019
Price inflation	1.3%	2.2%
Discount rate	2.2%	2.0%

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 Financial commitments

The total future minimum lease payments under non-cancellable operating leases as follows:

	Group and College	
	2020	2019
	£000	£000
Payments due		
Not later than one year	28	28
Later than one year and not later than five years	28	57
Total lease payments due	<u>56</u>	<u>85</u>

Capital commitments

	Group and College	
	2020	2019
	£'000	£'000
Commitments contracted for at 31 July	<u>3,977</u>	<u>1,214</u>

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 (a) Notes to the cash flow statement

	2020	2019
	£'000	£'000
(Deficit) after tax for the year	(589)	(155)
Adjustment for:		
Depreciation	739	700
Deferred capital grants released to income	(144)	(80)
Investing activities – receipt of capital grant	-	-
Investment income	(8)	(8)
Interest payable	114	91
(Decrease) in provisions	(111)	(91)
Pensions costs less contributions payable	626	417
Operating cash flow before movements in working capital	<u>627</u>	<u>874</u>
(Increase) / Decrease in stocks	1	(3)
(Increase) / Decrease in debtors	383	(580)
Increase/(decrease) in creditors	(1,082)	830
Increase in creditors due after one year	(647)	647
Cash generated from operations	<u>(718)</u>	<u>1,768</u>

22 (b) Analysis of changes in net debt

	At 1 August 2019	Cash flows	Other non- cash changes	At 31 July 2020
£000	£000	£000	£000	£000
Cash	3,822	(389)	(1,350)	2,083
Cash equivalents	-			-
Overdraft facility repayable on demand	-			-
	<u>3,822</u>	<u>(389)</u>	<u>(1,350)</u>	<u>2,083</u>
Loans falling due within one year	(116)			(116)
Loans falling due after more than one year	(1,820)	116		(1,704)
Finance lease obligations	(85)	29		(56)
Total	<u>1,801</u>	<u>(244)</u>	<u>(1,350)</u>	<u>207</u>

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 Retirement Benefits

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 Lincolnshire County Council Pension Fund (LCCPF) for non-teaching staff, which is managed by West Yorkshire Pension Fund. Both are multi-employer defined-benefit plans.

Total pension cost for the year	2020	2019
	£000	£000
Teachers' Pension Scheme: contributions paid	962	635
Lincolnshire County Council Pension Fund		
Contributions paid	870	815
FRS 102 (28) charge	<u>626</u>	<u>417</u>
Charge to the Statement of Comprehensive Income	1,495	1,232
Enhanced pension charge to Statement of Comprehensive Income	<u>7</u>	<u>(34)</u>
Total Pension Cost for Year within staff costs	<u>2,465</u>	<u>1,833</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LCCPF 31 March 2019.

Contributions amounting to £195,067(2019 £157,095) were payable to the scheme at 31 July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. 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. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuation and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI.

As a result of the valuation, new employer contributions rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 Retirement Benefits (continued)

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 £962,000 (2019: £642,000).

The next valuation result is due to be implemented from 1 April 2023.

Lincolnshire County Council Pension Fund

The Lincolnshire County Council Pension Fund is a funded defined-benefit plan, with the assets held in separate funds administered by Lincolnshire County Council. The total contributions made for the year ended 31 July 2020 were £1,000,969, of which employer's contributions totalled £790,305 and employees' contributions totalled £210,664. The agreed contribution rates for future years are 21.5% for employers and range from 5.5% to 12.5% for employees, depending on salary. Following the triennial valuation, the College made deficit repayments of £78,000 for the year ending 31 March 2020.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2020 by a qualified independent actuary:

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	* 2.4%	1.7 %
Future pensions increases	1.9%	2.2%
Discount rate	1.5%	2.2%
Inflation assumption (CPI)	1.9%	2.2%
Commutation of pensions to lump sums	50%	50%

* 1% for 2020/21, followed by 2% p.a. thereafter, calculated over the average term to retirement (7 years) of active members with final salary linked benefits.

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	At 31 July 2020 years	At 31 July 2019 years
<i>Retiring today</i>		
Males	21.4	21.2
Females	23.7	23.5
<i>Retiring in 20 years</i>		
Males	22.4	22.5
Females	25.2	25.2

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 Retirement Benefits (continued)

Principal Actuarial Assumptions (continued)

	Fair value at 31 July 2020 £'000	Fair value at 31 July 2019 £'000
Equity instruments	14,853	16,913
Debt instruments	4,587	3,428
Property	2,184	2,286
Cash	218	228
	<u>21,842</u>	<u>22,855</u>
Actual return on plan assets	<u>(852)</u>	<u>1,546</u>

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

	2020 £'000	2019 £'000
Fair value of plan assets	21,842	22,855
Present value of plan liabilities	<u>(29,808)</u>	<u>(25,959)</u>
	<u>(7,966)</u>	<u>(3,104)</u>

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

	2020 £'000	2019 £'000
Amounts included in staff costs		
Current service cost	(1,472)	(1,229)
Past service cost	(24)	(3)
Net interest on the net defined benefit pension liability	<u>(75)</u>	<u>(60)</u>
Total	<u>(1,571)</u>	<u>(1,292)</u>
Amount recognised in Other Comprehensive Income:		
Remeasurement of net defined benefit pension liability	<u>(4,161)</u>	<u>(682)</u>
Amount recognised in Other Comprehensive Income	<u>(4,161)</u>	<u>(682)</u>

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 Retirement Benefits (continued)

	2020	2019
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	25,959	22,671
Current service cost	1,472	1,229
Past service cost	24	3
Interest cost	585	648
Contributions by scheme participants	211	201
Actuarial Losses / (gains)	2,041	1,640
Benefits paid	(484)	(433)
	<u>29,808</u>	<u>25,959</u>

Changes in fair value of plan assets

	2020	2019
	£'000	£'000
Fair value of plan assets at start of period	22,855	20,726
Interest income	510	588
Return on plan assets (excluding net interest on the net defined benefit liability)	(2,120)	958
Employer contributions	870	815
Contributions by scheme participants	211	201
Benefits paid	(484)	(433)
	<u>21,842</u>	<u>22,855</u>

24 Amounts disbursed as agent learner support funds

	2020	2019
	£'000	£'000
Funding body grants	526	551
Disbursed to students	(251)	(365)
Administration costs	(16)	(16)
	<u>259</u>	<u>170</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. Where bank details were unavailable for the disbursement of funds vouchers were purchased from EdenRed who worked in conjunction with the National Voucher Scheme and distributed to students.

25 Related party transactions

Key management compensation disclosure is given in note 8.

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

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 26 October 2020 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Boston College during the period 1 August 2019 to 31 July 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice 2019 to 2020 (the "Code") issued by the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the ESFA has other assurance arrangements in place.

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

Responsibilities of Corporation of Boston College for regularity

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

Reporting accountant's responsibilities for reporting on regularity

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

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

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

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

Use of our report

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

RSM UK AUDIT LLP
Chartered Accountants
Rivermead House
7 Lewis Court
Grove Park
Leicester
Leicestershire
LE19 1SD

RSM UK Audit LLP

Date 18/12/2020
