



BOSTON COLLEGE CORPORATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Key management personnel

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

Claire Foster Principal and CEO; Accounting Officer

Vicki Locke Deputy Principal (resigned 31st May 2022)

Heather Marks Vice Principal Curriculum and Quality (from 27th June 2022)

Debbie Holland Vice Principal Finance and Corporate Services

Adrian Humphreys Executive Director Business, Innovation and Partnerships

Jen Durrant Executive Director People

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

| | |
|---------------------------|--------------------------------|
| Irwin Mitchell Solicitors | Chattertons Legal Services Ltd |
| Riverside East | 28 Wide Bargate |
| 2 Millsands | Boston |
| Sheffield | Lincolnshire |
| S3 8DT | PE21 6RT |

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Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

REPORT OF THE GOVERNING BODY

Objectives and Strategy

The members present their annual report together with the financial statements and auditor's report for Boston College for the year ended 31 July 2022.

Legal status

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

Mission, Vision, Strategy and Objectives

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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

REPORT OF THE GOVERNING BODY (CONTINUED)

Mission, Strategy and Objectives (continued)

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

Key Performance indicators

| Key performance indicator | Measure/Target | Actual for 2021/22 |
|--|----------------|--------------------|
| Ofsted rating | Good | Good |
| Education specific EBITDA | > 4% | 4.16% |
| Operating Surplus / (Deficit) as a % of income | >0.5% | (0.79%) |
| Cash Days | > 25 | 55 |
| Current ratio | > 1 | 1.37 |
| Cash balances | > £1.5m | £2.3m |
| Staff Costs as % of income (excluding FRS 102 pension costs) | 65% | 74% |
| Borrowing to income | <20% | 10.2% |
| 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 477 people, (2020/21: 456) of whom 169 (2020/21: 159) are teaching.

The college enrolled 5,610 students. The college's student populations include 1,746 16 to 18 year old students, 493 apprentices, 208 higher education students, 54 advanced learner loan students, 2,390 adult learners and approximately 719 Local Authority community learning students.

The College has £13.9m (2020/21: £6.5m) of net assets including £0m pension liability (2020/21: £7.4m) and one long-term debt of £1.6m (2020/21: £1.7m).

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

REPORT OF THE GOVERNING BODY (CONTINUED)

Resources (continued)

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. There were no assets in the course of construction at the 31 July 2022, the Horncastle campus building is due to open for delivery on 31st October 2022. This is a wholly LEP funded project and is part of the Horncastle hub. East Lindsey District council are responsible for the construction of the building and will own the building once complete, the College will lease the college part of the building from the Council and pay an annual service charge.

Some of our successes for the 12 months are listed below:

- AoC finalists for the Beacon Awards in the Edge Award for Excellence in real world learning
- The EMAT building was a winner of Lincolnshire Construction Awards, in the Development project award
- Health and Social Care Work Skills, opening Centre of Regional Excellent – CareCoRE
- Matrix Assessment success
- Aspiring and Inspiring leaders programme
- Apprenticeships clean sweep at Lincolnshire Apprenticeship Awards
- F1 in Schools project – visit to Red Bull F1 headquarters, work with schools and academies and universities
- Successful funding bids for Centre for Fresh Food Produce and Logistics, Local labour market, Strategic development fund and OfS capital funding.

The Business, Innovation and Partnerships (BIP) Team ensure the College's high quality brand is promoted to support success in attracting students and building external relationships. Our quality is evident in the Ofsted "Good" rating confirming high standards of provision. Students develop expert outcomes and essential knowledge, skills and behaviours to a high standard, and this helps them to access high quality destinations. 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
- Charities
- 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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

REPORT OF THE GOVERNING BODY (CONTINUED)

Financial position

Financial results

The College generated a deficit before other gains and losses in the year of £1,400,000 (2020/21 £838,000). The majority of the deficit was due to the Local Government Pension Scheme charge to the Income and Expenditure account of £1,273,000. The College's financial outturn has been impacted by the Adult Education budget allocated not being met, with 65% delivery achieved against the 97% threshold which has resulted in a clawback of £683,000. Activity based income from commercial activity and international learner numbers was also affected in 2021/22. Due to the large clawback in Adult Education budget and reduced income levels, the college proactively managed its spending, ensuring efficiency savings were made from management of vacancies and strict control of non-pay spend resulting in an end of year deficit of £1,400,000 which, after adjusting for the LGPS charge of £1,273,000, was in line with the original budget for the year.

The total comprehensive income in 2021/22 of £7,377,000 (2020/21 income of £645,000) is stated after accounting for the actuarial gain on the Lincolnshire County Council Pension Fund for the year of £8,777,000.

Developments

Tangible fixed asset additions during the year amounted to £1,591,000. This was split between premises of £918,000 and equipment purchased of £673,000. The premises additions included £425,000 for the Care CoRe refurbishment LEP funded project, £402,000 for professional fees for the Mayflower building project funded through Boston Towns Deal funding, £48,000 for new roof and window replacements and £43,000 on estate improvement works. The equipment additions related to IT investment, furniture and specialist equipment for the Care CoRe refurbishment and specialist equipment purchased for teaching.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

REPORT OF THE GOVERNING BODY (CONTINUED)

Financial position (continued)

Reserves

The College has accumulated reserves of £13.9m and cash of £2.4m.

Sources of income

The College has significant reliance on the Education Sector Funding bodies for its principal funding sources, largely from recurrent grants. In 2021/22 these organisations provided 78.6% of the College's total income.

Group Companies

The College had one subsidiary company trading during 2021/22, 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 £29,000. The College has one dormant company called Boston College Group.

Current and future development and performance

During the academic year 2021-22 Boston College maintained its trend in high quality results and despite the financial challenges from price cost inflation and reduced adult education delivery the College retained the financial health grade of good. The College has seen a significant fall in adult education delivery and commercial activity based income due to activity levels remaining lower since the Covid pandemic, 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 2022/23 and beyond. The long term loan of £1.6m ensures liquidity is maintained and investment into the College estate and infrastructure continues.

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 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 opened in February 2021. The College is part of the Lincolnshire Institute of Technology joint venture. In 2020/21 we also completed the Digital Technology, Logistics and Transport Academy, a £3.275 million build part funded by £2.4 million in GLLEP funding. The curriculum is being expanded with heavy involvement from the Port of Boston and the Centre for Fresh Food Produce and Logistics. The Care Core which is The Centre of Regional Excellence for Care saw the refurbishment of the second floor of the Trent building at Rochford campus into a dedicated industry-leading training suite for the health and social care sector. The £0.736m project created a real life ward, flat, three classrooms, new windows and roofing part funded by the GLLEP. The college were also successful in securing £1.23m of LEP funding for the Horncastle adult college campus which is part of the Horncastle Public Sector Hub being built by East Lindsey District Council. The Horncastle campus is fully funded via the GLLEP and will be operated by Boston College. The course provision is linked to the requirements of local employers and adults focusing on digital skills in line with the GLLEP's Local Industrial Strategy. The college facility is part of a larger integrated public sector hub development, enabling the more efficient delivery of public, health and education services in the district for the benefit of local communities and economies. The College will operate the new learning space under a 25-year lease, with five year break clauses. The Horncastle campus completion date is 21st October 2022 with course delivery starting on 31st October 2022.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

REPORT OF THE GOVERNING BODY (CONTINUED)

Current and future development and performance (continued)

The College have also been successful in a bid to the government through the Towns Deal for Boston, which will see £10 million investment to create the iconic Mayflower building, to enrich the lives of students and visitors. The Towns Deal for Boston will attract £21.9 million to support economic growth and productivity, of which the Mayflower building is part of. The new building will provide public access to a café, restaurant, hair and beauty facilities, exhibition space, digital hub, and events space. New business units for 'start up' companies and employment and training facilities for local people to upskill and re-train for new careers. Conference facilities and meeting rooms to be used by local people and businesses. New teaching catering facilities and bakery will be provided in addition to new classrooms to gain hair and beauty qualifications.

The College have also been successful in funding from the FE Capital Transformation Fund. The funding is for the replacement of double glazed windows for the Rochford building and supports 50% of the cost. The replacement windows ensure the fabric of the building is efficient and insulated and is part of the college journey to carbon net zero.

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 GLLP's development of a Local Industrial Strategy, engaging in T-level roll out 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 2021-22 are predicted to be 10% above national average for apprenticeships and exceeding 2020-21 rates however headline achievement rates for 16-19 and adults are tracking below 2020-21 achievement data. A 100% pass rate was achieved for A Levels (eighth consecutive year). English high grades have exceeded national averages when compared to the sector, 54% compared to 28.4%, 26% above the national average. High grades in maths have declined and whilst this is a similar picture across the sector, the national average for mathematics saw 20.1% compared to 17%, 3% below the national average. It should be noted that Ofsted do not intend to use 2021/22 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. The proportion of learners with learning difficulties and disabilities, particularly emotional and behaviour disorders has continued to rise, with over 30% 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. There will be additional increases in additional learning support needed in the coming year and leading into the next year following on from discussions with Lincolnshire County Council.

Future Developments

Boston College strategic drivers for 2022-23 are through the five key pillars:

People

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

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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

REPORT OF THE GOVERNING BODY (CONTINUED)

Current and future development and performance (continued)

Our existing high quality means that we need to innovate in line with industry to stay ahead. Investing in digital, health and social care, transport and logistics with a real focus on port and the food manufacturing sector are key elements required to support regional and national priorities. Attracting highly skilled teaching staff and ensuring our pedagogical practices are 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 has formed part of the development of the estate's strategy that was completed in March 2021. 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 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 2021-22 due to an overall increase in demographics, despite increases in the local schools sixth form places. Apprenticeship income has grown back to pre-pandemic levels during 2021/22 and is a key growth area for the College in 2022/23 and beyond. Higher education is also a priority growth area however planned numbers are lower in 2022/23. The College had its second Access and Participation Plan approved in 2022/23. The college continue to grow the adult curriculum using local market intelligence and employer forums to ensure the adult offer suits the local needs of the community. The reduction in subcontracting to minimum levels during 2021/22 and to zero in 2022/23 ensures the adult education budget is diverted to the local needs of the community.

The most recent pension valuations saw increases in contribution rates which are included within our forecasts, the financial support provided by government continues until July 2023. The 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 ensuring curriculum efficiency and financial sustainability. The increasing energy costs are also a key financial risk in 2022/23 and so the college is actively mitigating the increases where possible.

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 1,746 funded students in 2021/22 onto its directly funded contracts for 16-19 ESFA, which was 2 less than the contracted amount of 1,748.

The College did not meet the Adult Education Budget (AEB) funding target in the year due to reduced activity in local delivery and was 65% of the funding target. The allocation for 2021/22 was similar to the prior year and the College are expecting a clawback of £683,000 in December 2022.

The College received an allocation of £220,000 in 2021/22 for Small Group Tuition Funding, which was used to provide students with additional tuition required for disruption to learning through Covid. The fund was not fully spent in the year and the unspent funds will be returned back to the ESFA.

Funding from Advanced Learning Loans by adults aged 19+ was £160,691 which is significantly lower than 2020/21, by 64% and is due to the new National Skills Funding for some Level 3 courses, meaning more students who would usually access a loan received funding for their course.

HE numbers remained static in 2021/22, with 208 students enrolled on HE courses. Continuing to grow our provision, including at Level 6, with our 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 and the Mayflower which will have dedicated space for our HE learners will ensure this provision continues to grow.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

REPORT OF THE GOVERNING BODY (CONTINUED)

Current and future development and performance (continued)

Overall apprenticeship numbers have decreased from 2020/21 however funding received has increased. In 2021/22 there were 493 active apprentices, this compares to 560 active apprentices in 2020/21. The college has seen an increase in new starts following the pandemic and the government incentives from apprenticeships, the College has 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.

Financial Plan

The Corporation approved the financial plan in July 2022 which sets objectives for the period to 31st July 2023 and provided a forecast to 31st July 2024. The Corporation is satisfied that its resources are adequate to fund its plans, the College's cash reserves are healthy, and the college will remain in "Good" financial health for each year to 2024.

The Adult Education income saw a significant decrease in 2020/21 and 2021/22 due to the inability to deliver face to face education to adults because of Covid restrictions and the demand for local delivery; a clawback of £683k is expected in December 2022 and has been included in the 2021/22 accounts. The College are working on the adult strategy going forward using the Skills for Jobs Whitepaper, ensuring the curriculum offer for adults meets the needs of the local community. The financial plans also incorporate mitigation for the increased energy prices being seen across the country, with contingencies built in ensuring the college can meet its energy bills over the next 2 years.

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 2021/22. The long term loan was renegotiated in 2020/21 with no increase to borrowings and with no covenant requirements. The College has a treasury management policy in place.

Cash flows and liquidity

The College had a cash outflow of £0.272m during 2021/22 from continued investment in the college estate and infrastructure. During 2022/23 and 2023/24 the college has a number of large build projects ongoing which will affect cashflows due to the defrayal required for claiming capital grants; it is anticipated that an increase in loans will be required to support cashflows and investment during this period which has been factored into the financial plans.

The College has a single bank loan in place which amounted to £1.6m on 31 July 2022. The borrowing was 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 was renegotiated in 2021/22 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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

REPORT OF THE GOVERNING BODY (CONTINUED)

Current and future development and performance (continued)

Reserves policy

The College has adopted a formal reserves policy which was reviewed by the Corporation in September 2022. The College holds and maintains reserves in order to achieve all elements of its Strategic Plan. The College believes that the most appropriate measure of the level of reserves to be maintained is the level of unrestricted cash held by the College, as measured at the year-end date of 31st July each year.

The College has accumulated reserves of £13.9m (2021 £6.5m) and cash balances of £2.4m (2021 £2.6m).

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.

The main risk factors affecting the College are outlined below along with the action taken to minimise them. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. Significant Funding Variance

The College has considerable reliance on continued government funding through the further education sector funding body (78.6% in 2021-22) 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.

This risk is mitigated in several 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.
- Monitor performance targets frequently and take remedial action as necessary
- Curriculum planning process ensures appropriate plans in place to deliver appropriate activity
- Active pursuit of cost efficiencies and income generation opportunities.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

REPORT OF THE GOVERNING BODY (CONTINUED)

Principal risks and uncertainties (continued)

2. Cyber Security

Cyber security and the failure of college systems not keeping data secure is a key risk for the College. Mitigations include dedicated 24/7 eyes on approach and ISO27001 accreditation.

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 Council.

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.

Boston College Corporation

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REPORT OF THE GOVERNING BODY (CONTINUED)

Principal risks and uncertainties (continued)

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.

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 are routinely analysed and monitored to ensure they achieve the desired impacts and outcomes.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

REPORT OF THE GOVERNING BODY (CONTINUED)

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 | 0.0520 |

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 | £4,344 |
| Total pay bill | £11,806,000 |
| Percentage of total bill spent on facility time | 0.0368% |

Paid trade union activities

| | |
|---|---------|
| Time spent on paid trade union activities as a percentage of total paid facility time | 0.0520% |
|---|---------|

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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

REPORT OF THE GOVERNING BODY (CONTINUED)

Events after the end of the reporting period

On 29 November 2022, the Office for National Statistics reclassified all college corporations and their subsidiary undertakings as public sector institutions. The Department for Education consequently introduced some changes to the financial framework for all colleges which take effect in 2022-23. Having considered the announcement and initial government response, the known changes are not expected to have a material impact on the College's operations or financial position, nor the basis on which the financial statements are prepared.

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 24 months show cash balances staying above £1.5m, and include AEB clawback of £683k, match funding for the FE Capital Transformation fund and the timing of grant income receipts from defrayed expenditure. The impact of COVID-19 and lockdowns did continue to impact the college's income generating ability, mainly adult education, apprenticeship, international and commercial income streams but this did start to grow in 2021/22 and will continue to do so into 2022/23. The bank loan was renegotiated in 2020/21 with 3 lenders bidding, the preferred lender was the incumbent bank (Natwest) and has no covenant attached to the new loan facility. There may be a requirement to increase borrowing in 2022/23 due to the increased capital investment throughout that year and into 2023/24 and will be to ensure cash balances are maintained at the levels agreed by Corporation, prior approval from DfE will be sought if this is required. 2022/23 enrolments are strong and cash balances remain above £1.5m 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 14 December 2022 and signed on its behalf by:

P L Cropley
Chair

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

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 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance; and
- iii. 'whilst not having adopted the UK Corporate Governance Code 2018, the corporation has due regard to its principles and guidance'

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 2022. 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 2022

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 2021-22 % |
|-----------------|---------------------|---------------------------------|---------------------|-------------------|--|
| Mr A Atkin | 25 Feb 2019 | 4 years | | A | 60 |
| Ms H Barker | 15 Dec 2021 | To end of 2021/22 academic year | | | 50 |
| Mr D Bland | 9 Apr 2020 | 4 years | | St | 40 |
| Mrs R Catlett | 30 Oct 2019 | 4 years | | St | 80 |
| Mr P Cropley | 13 May 2019 | 4 years | | F&R/R/S&G | 100 |
| Mr D Earnshaw | 6 Dec 2021 | 4 years | | F&R/R | 80 |
| Mr D Fannin | 12 May 2021 | 4 years | | | 40 |
| Ms K Folling | 11 Dec 2019 | 2 years | 17 Sep 2021 | St | 0 |
| Mrs C Foster | 27 Apr 2020 | | | F&R/St/S&G | 100 |
| Ms K Harris | 21 Oct 2020 | 3 years | | F&R | 100 |
| Mrs H Lee | 30 Oct 2019 | 4 Years | | A/S&G | 60 |
| Mr D Parnell | 7 Jul 2021 | 4 years | | F&R | 100 |
| Mr C Pett | 25 Feb 2019 | 4 years | | A | 100 |
| Mrs H Rumbold | 14 Dec 2020 | 4 years | | St | 80 |
| Mr A Sedgwick | 15 Dec 2021 | To end of 2022/23 academic year | | St | 75 |
| Ms A Savage | 9 May 2018 | 4 years | 8 May 2022 | A/S&G | 67 |
| Mr G Tawton | 25 Feb 2019 | 4 years | | F&R/R/S&G | 80 |
| Mr P Tomlinson | 10 Mar 2021 | 2 years | | St | 80 |
| Ms S Williamson | 20 Oct 2021 | 4 years | | A | 60 |
| Mr N Worth | 16 Dec 2019 | 4 years | | F&R/R/S&G/St | 100 |

Mrs J Hemmant is Clerk to the Corporation.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

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

Vicki Locke Deputy Principal (resigned 31 May 2022)

Adrian Humphreys Executive Director Business Innovation and Partnerships (from 1st October 2021)

Debbie Holland Vice Principal Finance and Corporate Services

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 2022

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

The Corporation (continued)

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, other than staff and student 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 2021/22. This event included presentations by external speakers. The Finance and Resources also ran a CPD session for members on budget setting. Members and the Clerk receive briefings from organisations such as the Association of Colleges, participate in sector webinars and meetings and have access to online training materials.

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. An external governance review will take place in 2022/23.

Remuneration Committee

Throughout the year ending 31 July 2022, the College's remuneration committee comprised four members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and the Clerk.

Details of remuneration for the year ended 31 July 2022 are set out in Note 8 to the financial statements.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

The Corporation (continued)

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 met on three occasions during 2021/22 with an average attendance of 62%. Attendance of individual committee members was:

| | |
|-----------------|------|
| Mr A Atkins | 100% |
| Mrs H Lee | 33% |
| Mr C Pett | 100% |
| Ms A Savage | 0% |
| Ms S Williamson | 50% |

The committee 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.

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 and the governance of information security.

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.

Search and Governance Committee

The Search and Governance Committee comprises six members of the Corporation and has responsibility for governance structures and processes. It ensures that the Corporation has the appropriate balance of skills, experience, and knowledge to enable it to discharge its duties and responsibilities effectively.

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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

Internal Control (continued)

Scope of responsibility (continued)

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 2022 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 2022 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- 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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

Internal Control (continued)

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 2021/22 and that were undertaken both remotely and onsite are:

- Mock Funding Audit
- Apprenticeships delivery model
- Corporate Governance
- Safeguarding including the Prevent duty
- Support costs benchmarking
- Capital Project management

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
- 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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

Internal Control (continued)

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 2022 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the senior leadership team and internal audit, and taking account of events since 31 July 2022.

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 14 December 2022 and signed on its behalf by:

P L Cropley

.....
Signed
Chair

.....
Signed
Accounting Officer - Claire Foster

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

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

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

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify 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 and contracts with ESFA, or any other public funder.

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

Signed

.....
Claire Foster
Accounting officer

14th December 2022

Statement of the chair of governors

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

Signed

.....
Peter Cropley
Chair of governors

14th December 2022

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

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

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

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

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

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

Approved by order of the members of the corporation on 14 December 2022 and signed on its behalf by:

.....
Peter Cropley
Chair of governors
14th December 2022

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BOSTON COLLEGE

Opinion

We have audited the financial statements of Boston College Corporation (the "College") and its subsidiaries (the "Group") for the year ended 31 July 2021 which comprise the consolidated and College statement 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 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) and the Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard

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 2021 to 2022 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 notes to the financial statements, has been materially misstated.
- the College's expenditure on access and participation activities for the financial year has been materially misstated.

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

Responsibilities of the Corporation of Boston College Corporation

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 23 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group and College operates in and how the Group and College are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency and Regulatory Advice 9: Accounts Direction published by the Office for Students'. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management whether the Group is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities in order to draw a conclusion.

The Group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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 29 October 2021. 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
LE19 1SD

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

CONSOLIDATED AND COLLEGE STATEMENT OF COMPREHENSIVE INCOME

| | Notes | 2022 | | 2021 | |
|---|---------|----------------|------------------|----------------|------------------|
| | | Group £'000 | College £'000 | Group £'000 | College £'000 |
| INCOME | | | | | |
| Funding body grants | 3 | 12,812 | 12,812 | 12,479 | 12,479 |
| Tuition fees and education contracts | 4 | 2,823 | 2,823 | 2,546 | 2,546 |
| Other income | 5 | 649 | 620 | 654 | 634 |
| Investment income | 6 | 2 | 31 | 1 | 21 |
| Total income | | 16,286 | 16,286 | 15,680 | 15,680 |
| EXPENDITURE | | | | | |
| Staff costs | 7 | 12,938 | 12,938 | 12,101 | 12,101 |
| Other operating expenses | 9 | 3,428 | 3,428 | 3,310 | 3,310 |
| Depreciation | 12 & 13 | 1,142 | 1,142 | 947 | 947 |
| Interest and other finance costs | 10 | 178 | 178 | 160 | 160 |
| Total expenditure | | 17,686 | 17,686 | 16,518 | 16,518 |
| Deficit before other gains and losses | | (1,400) | (1,400) | (838) | (838) |
| Loss on disposal of tangible fixed assets | | - | - | - | - |
| Deficit before tax | | (1,400) | (1,400) | (838) | (838) |
| Taxation | 11 | - | - | - | - |
| Deficit for the year | | (1,400) | (1,400) | (838) | (838) |
| Re-measurement of net defined benefit pension liability | 22 | 8,777 | 8,777 | 1,483 | 1,483 |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR | | 8,777 | 8,777 | 1,483 | 1,483 |
| Total Comprehensive Income for the year | | 7,377 | 7,377 | 645 | 645 |
| (Deficit) for the year attributable to the Corporation of the College | | (1,400) | (1,400) | (838) | (838) |
| Total Comprehensive Income for the year attributable to the Corporation of the College | | 7,377 | 7,377 | 645 | 645 |

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

CONSOLIDATED AND COLLEGE BALANCE SHEETS AS AT 31 JULY 2022

| | Notes | Group 2022 £000 | College 2022 £000 | Group 2021 £000 | College 2021 £000 |
|--|-------|-----------------------|-------------------------|-----------------------|-------------------------|
| Fixed assets | | | | | |
| Tangible assets | 12 | 24,708 | 24,708 | 24,249 | 24,249 |
| Intangible assets | 13 | 65 | 65 | 69 | 69 |
| Investments | 14 | - | - | - | - |
| Total fixed assets | | 24,773 | 24,773 | 24,318 | 24,318 |
| Current assets | | | | | |
| Stock | 15 | 21 | 21 | 14 | 14 |
| Debtors | 16 | 948 | 1,013 | 965 | 1,020 |
| Pension asset | 22 | 117 | 117 | - | - |
| Cash at bank and in hand | | 2,369 | 2,280 | 2,621 | 2,552 |
| Total current assets | | 3,455 | 3,431 | 3,600 | 3,586 |
| Current liabilities | | | | | |
| Creditors - amounts falling due within one year | 17 | (3,079) | (3,055) | (3,191) | (3,177) |
| Net current assets | | 376 | 376 | 409 | 409 |
| Total assets less current liabilities | | 25,149 | 25,149 | 24,727 | 24,727 |
| Creditors – amounts falling due after more than one year | 18 | (11,221) | (11,221) | (10,762) | (10,762) |
| Provisions for liabilities | | | | | |
| Defined benefit pension scheme | 22 | - | - | (7,387) | (7,387) |
| Other provisions | 19 | (56) | (56) | (83) | (83) |
| Total net assets | | 13,872 | 13,872 | 6,495 | 6,495 |
| Unrestricted reserves | | | | | |
| Income and expenditure reserve | | 11,264 | 11,264 | 3,765 | 3,765 |
| Revaluation reserve | | 2,608 | 2,608 | 2,730 | 2,730 |
| Attributable to the College Corporation and total unrestricted reserves | | 13,872 | 13,872 | 6,495 | 6,495 |

The financial statements on pages 26 – 54 were approved and authorised for issue by the Corporation on 14 December 2022 and were signed on its behalf on that date by:

P L Cropley
Chair

C Foster
Accounting Officer

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES

| | Income and expenditure reserve | Revaluation reserve | Total |
|--|--------------------------------------|------------------------|---------------|
| | £'000 | £'000 | £'000 |
| Group | | | |
| Balance at 1 August 2020 | 2,998 | 2,852 | 5,850 |
| (Deficit) for the year | (838) | - | (838) |
| Other comprehensive income | 1,483 | - | 1,483 |
| Transfers between revaluation and income and expenditure reserves | 122 | (122) | - |
| Total comprehensive income for the year | 3,765 | 2,730 | 6,495 |
| Balance at 31 July 2021 | 3,765 | 2,730 | 6,495 |
| (Deficit) for the year | (1,400) | - | (1,400) |
| Other comprehensive income | 8,777 | - | 8,777 |
| Transfers between revaluation and income and expenditure reserves | 122 | (122) | - |
| Total comprehensive income for the year | 7,499 | (122) | 7,377 |
| Balance at 31 July 2022 | 11,264 | 2,608 | 13,872 |
| | | | |
| | Income and expenditure reserve | Revaluation reserve | Total |
| | £'000 | £'000 | £'000 |
| College | | | |
| Balance at 1 August 2020 | 2,998 | 2,852 | 5,850 |
| (Deficit) for the year | (838) | - | (838) |
| Other comprehensive income | 1,483 | - | 1,483 |
| Transfers between revaluation and income and expenditure reserves | 122 | (122) | - |
| Total comprehensive income for the year | 3,765 | 2,730 | 6,495 |
| Balance at 31 July 2021 | 3,765 | 2,730 | 6,495 |
| (Deficit) for the year | (1,400) | - | (1,400) |
| Other comprehensive income | 8,777 | - | 8,777 |
| Transfers between revaluation and income and expenditure reserves | 122 | (122) | - |
| Total comprehensive income for the year | 7,499 | (122) | 7,377 |
| Balance at 31 July 2022 | 11,264 | 2,608 | 13,872 |

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

CONSOLIDATED STATEMENT OF CASH FLOWS

| | Notes | 2022 | 2021 |
|---|-------|---------|---------|
| | | £'000 | £'000 |
| Operating activities | | | |
| Cash generated from operations | 21 | 533 | 1,645 |
| Taxation paid | | - | - |
| Net cash from operating activities | | 533 | 1,645 |
| | | | |
| Investing activities | | | |
| Investment income | | 2 | 1 |
| Purchase of tangible fixed assets | | (1,591) | (5,012) |
| Purchase of intangible fixed assets | | (6) | - |
| Receipt of capital grant | | 925 | 4,058 |
| | | (670) | (953) |
| Financing activities | | | |
| Interest paid | | (20) | (33) |
| Repayments of borrowings | | (95) | (121) |
| | | (115) | (154) |
| | | | |
| (Decrease) / Increase in cash and cash equivalents in the year | | (252) | 538 |

| | | | |
|---|--|-------|-------|
| Cash and cash equivalents at beginning of the year | | 2,621 | 2,083 |
| Cash and cash equivalents at end of the year | | 2,369 | 2,621 |
| Cash and cash equivalents comprise | | | |
| Cash at bank and in hand | | 2,369 | 2,621 |
| Bank overdraft | | - | - |
| | | 2,369 | 2,621 |

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

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 2019 (the F & HE SORP 2019), the College Accounts Direction for 2020 to 2021, 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 F & HE SORP 2019, 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 2021-22. 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 2022.

Going Concern

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

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

Going Concern (continued)

The College currently has £1.6m of loans outstanding and which were renegotiated in 2020/21, with the incumbent lender being successful with terms of the loan being negotiated over 10 years and with no covenant. The College's forecasts including 24 month cashflow projections to 31 July 2024 and financial projections, which incorporate sensitivity analysis, indicate that it will be able to operate within this existing facility for the foreseeable future. The College will continue to receive significant investment in 2022-23 from the Towns Deal funding and FE Capital transformation fund for the Mayflower building and window replacement scheme. The impact of the covid pandemic did continue to impact the college's income generating ability, mainly adult education, apprenticeship, international and commercial income streams but this did start to grow in 2021/22 and will continue to do so into 2022/23. The bank loan was renegotiated in 2020/21 with 3 lenders bidding, the preferred lender was the incumbent bank (Natwest) and has no covenant attached to the new loan facility. There may be a requirement to increase borrowing in 2022/23 due to the increased capital investment throughout that year and into 2023/24 and will be to ensure cash balances are maintained at the levels agreed by Corporation, prior approval from DfE will be sought if this is required. 2022/23 enrolments are strong and cash balances remain above £1.5m 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. 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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

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.

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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

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.

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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

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.

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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

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.

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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

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.

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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

- 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Funding Body Grants

| | 2022 Group | 2022 College | 2021 Group | 2021 College |
|--|---------------|-----------------|---------------|-----------------|
| | £000 | £000 | £000 | £000 |
| Recurrent grants | | | | |
| Education and Skills Funding Agency – adult | 1,337 | 1,337 | 1,742 | 1,742 |
| Education and Skills Funding Agency – 16-18 | 9,344 | 9,344 | 8,894 | 8,894 |
| Education and Skills Funding Agency – apprenticeships | 1,307 | 1,307 | 1,161 | 1,161 |
| Office For Students | 99 | 99 | 72 | 72 |
| Specific grants | | | | |
| Education and Skills Funding Agency – provider relief scheme | - | - | - | - |
| Teacher Pension Scheme contribution grant | 326 | 326 | 333 | 333 |
| Releases of government capital grants | 389 | 389 | 270 | 270 |
| Education and Skills Funding Agency – Adult (Covid) | 10 | 10 | 7 | 7 |
| | | | | |
| Total | 12,812 | 12,812 | 12,479 | 12,479 |

4 Tuition fees and education contracts

| | 2022 Group | 2022 College | 2021 Group | 2021 College |
|------------------------------------|---------------|-----------------|---------------|-----------------|
| | £000 | £000 | £000 | £000 |
| Adult Education fees | 182 | 182 | 108 | 108 |
| Apprenticeship fees and contracts | 25 | 25 | 22 | 22 |
| Fees for FE loan supported courses | 376 | 376 | 520 | 520 |
| Fees for HE loan supported courses | 1,492 | 1,492 | 1,367 | 1,367 |
| International students fees | 7 | 7 | 25 | 25 |
| Total tuition fees | 2,082 | 2,082 | 2,042 | 2,042 |
| Education contracts | 741 | 741 | 504 | 504 |
| | | | | |
| Total | 2,823 | 2,823 | 2,546 | 2,546 |

5 Other income

| | 2022 Group | 2022 College | 2021 Group | 2021 College |
|--|---------------|-----------------|---------------|-----------------|
| | £000 | £000 | £000 | £000 |
| | | | | |
| Catering and residences | 287 | 287 | 250 | 250 |
| Other income generating activities | 156 | 127 | 126 | 106 |
| Coronavirus Job Retention Scheme grant | - | - | 87 | 87 |
| Miscellaneous income | 206 | 206 | 191 | 191 |
| | | | | |
| Total | 649 | 620 | 654 | 634 |

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Investment income

| | 2022 Group | 2022 College | 2021 Group | 2021 College |
|---------------------------|-----------------------|-------------------------|-----------------------|-------------------------|
| | £000 | £000 | £000 | £000 |
| Income from bank deposits | 2 | 2 | 1 | 1 |
| Gift aid | - | 29 | - | 20 |
| Total | 2 | 31 | 1 | 21 |

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:

| | 2022 No. | 2021 No. |
|--|---------------------|---------------------|
| Teaching staff | 169 | 159 |
| Non-teaching staff | 308 | 297 |
| | 477 | 456 |
| | 2022 | 2021 |
| | £000 | £000 |
| Staff costs for the above persons | | |
| Wages and salaries | 8,953 | 8,641 |
| Social security costs | 765 | 694 |
| Other pension costs | 3,104 | 2,670 |
| Payroll sub total | 12,822 | 12,005 |
| Contracted out staffing services | 113 | 92 |
| | 12,935 | 12,097 |
| Restructuring costs – contractual | - | - |
| Restructuring costs – non contractual | 3 | 4 |
| | 12,938 | 12,101 |

All restructuring costs were approved by the Executive Leadership Team.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

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 2021/22 were represented by the Executive Team which comprised the Principal, Deputy Principal (until 31 May 2022), Vice Principal Curriculum and Quality (from 27 June 2022) Vice Principal Finance and Corporate Services, Executive Director Business Innovation and Partnerships and Executive Director People.

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

| | 2022 | 2021 |
|--|------|------|
| | No. | No. |
| The number of key management personnel including the Accounting Officer was: | 5 | 5 |

| The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was: | | | | | | |
|---|--------------------------|------|------|-------------|--|--|
| | Key management personnel | | | Other staff | | |
| | 2022 | 2021 | 2022 | 2021 | | |
| | No. | No. | No. | No. | | |
| £40,001 to £45,000 p.a. | - | 1 | - | - | | |
| £45,001 to £50,000 p.a. | - | - | 4 | 5 | | |
| £50,001 to £55,000 p.a. | 1 | - | - | - | | |
| £55,001 to £60,000 p.a. | - | 1 | - | - | | |
| £60,001 to £65,000 p.a. | 1 | 1 | - | - | | |
| £65,001 to £70,000 p.a. | 2 | - | - | - | | |
| £70,001 to £75,000 p.a. | - | 1 | - | - | | |
| £110,001 to £115,000 p.a. | - | - | - | - | | |
| £115,001 to £120,000 p.a. | 1 | 1 | - | - | | |
| £120,001 to £125,000 p.a. | - | - | - | - | | |
| | 5 | 5 | 4 | 5 | | |

The Executive Team make up the key management personnel in 2021/22 and consist of the Principal and Chief Executive Officer, Claire Foster, the Deputy Principal, Vicki Locke (until 31 May 2022), the Vice Principal Curriculum and Quality (from 27 June 2022), Heather Marks, the Vice Principal Finance and Corporate Services, Debbie Holland, the Executive Director Business Innovation and Partnerships, Adrian Humphreys and the Executive Director People, Jen Durrant.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

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:

| | 2022 | | 2021 |
|-------------------------|--------------|--|--------------|
| | £'000 | | £'000 |
| Salaries | 370 | | 337 |
| Benefits in kind | - | | - |
| National Insurance | 46 | | 44 |
| | 416 | | 381 |
| Pension contributions | 87 | | 87 |
| | | | |
| Total emoluments | 503 | | 468 |

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:

| | | | Accounting Officer 2022 | | Accounting Officer 2021 |
|-----------------------|--|--|------------------------------------|--|------------------------------------|
| | | | £'000 | | £'000 |
| Salaries | | | 120 | | 117 |
| Benefits in kind | | | - | | - |
| | | | 120 | | 117 |
| | | | | | |
| Pension contributions | | | 28 | | 28 |

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

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 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. A 2 year remuneration framework, including annual increases, was agreed at this time.

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.

| | 2022 No | 2021 No |
|---|------------|------------|
| Principal and CEO's salary as a multiple of the median of all staff | 6.2 | 6.7 |
| Principal and CEO's total remuneration as a multiple of the median of all staff | 6.2 | 6.7 |

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 £nil (2021 £nil). This would represent 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 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Other operating expenses

| | 2022 Group | 2022 College | 2021 Group | 2021 College |
|--------------------|---------------|-----------------|---------------|-----------------|
| | £000 | £000 | £000 | £000 |
| Teaching costs | 451 | 451 | 483 | 483 |
| Non teaching costs | 2,096 | 2,096 | 1,982 | 1,982 |
| Premises costs | 881 | 881 | 845 | 845 |
| Total | 3,428 | 3,428 | 3,310 | 3,310 |

| | 2022 Group | 2022 College | 2021 Group | 2021 College |
|--|---------------|-----------------|---------------|-----------------|
| | £000 | £000 | £000 | £000 |
| Deficit before taxation is stated after charging/(crediting): | | | | |
| Auditors' remuneration: | | | | |
| Financial statements audit | 36 | 36 | 38 | 38 |
| Internal audit | 16 | 16 | 15 | 15 |
| Other services provided by financial statements auditors | | | | |
| - Audit related assurance services and regularity | 4 | 4 | 4 | 4 |
| - Other assurance services | | | - | - |
| Operating lease rentals – plant and machinery | 14 | 14 | 28 | 28 |
| Operating lease rentals – other assets | | | - | - |

10 Interest and other finance costs – Group and College

| | 2022 | 2021 |
|---|------|------|
| | £000 | £000 |
| Bank loans and overdrafts | 37 | 33 |
| Net interest on defined pension liability (note 22) | 141 | 127 |
| | 178 | 160 |

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 2022

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 | £000 | £000 | £000 |
| Cost or valuation | | | | | |
| At 1 August 2021 | 28,193 | 1,197 | 4,993 | - | 34,383 |
| Additions | 510 | - | 673 | 408 | 1,591 |
| Disposals | - | - | (17) | - | (17) |
| Adjustments | - | - | - | - | - |
| At 31 July 2022 | 28,703 | 1,197 | 5,649 | 408 | 35,957 |
| Depreciation | | | | | |
| At 1 August 2021 | 6,870 | 141 | 3,123 | - | 10,134 |
| Charge for year | 560 | 5 | 567 | - | 1,132 |
| Elimination in respect of disposals | - | - | (17) | - | (17) |
| At 31 July 2022 | 7,430 | 146 | 3,673 | - | 11,249 |
| Carrying amount at 31 July 2022 | 21,273 | 1,051 | 1,976 | 408 | 24,708 |
| Carrying amount at 31 July 2021 | 21,323 | 1,056 | 1,870 | - | 24,249 |

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 (2021 £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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Intangible Assets – Group and College

| | Software £000 | Website £000 | Total £000 |
|--|------------------|-----------------|---------------|
| Cost or valuation | | | |
| At 1 August 2021 | 51 | 42 | 93 |
| Addition | 6 | - | 6 |
| At 31 July 2022 | 57 | 42 | 99 |
| Depreciation | | | |
| At 1 August 2021 | 5 | 19 | 24 |
| Charge for year | 2 | 8 | 10 |
| At 31 July 2022 | 7 | 27 | 34 |
| Carrying amount at 31 July 2022 | 50 | 15 | 65 |
| Carrying amount at 31 July 2021 | 46 | 23 | 69 |

14 Non-current Investments

| | 2022 £ | 2021 £ |
|-------------------------------------|-----------|-----------|
| Investments in subsidiary companies | 4 | 4 |

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 | |
|-------------------------------|-------------------|--------------|
| | 2022 £000 | 2021 £000 |
| Raw materials and consumables | 21 | 14 |

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Debtors

| | Group | College | Group | College |
|---|------------|--------------|------------|--------------|
| | 2022 | 2022 | 2021 | 2021 |
| | £000 | £000 | £000 | £000 |
| Amounts falling due within one year: | | | | |
| Trade debtors | 351 | 342 | 468 | 463 |
| Amounts owed by subsidiary undertakings | - | 74 | - | 60 |
| Prepayments and accrued income | 347 | 347 | 333 | 333 |
| Amounts owed by the Education and Skills Funding Agency | 250 | 250 | 164 | 164 |
| Total | 948 | 1,013 | 965 | 1,020 |

Trade debtors includes £47,000 (2021 £62,000) for bad debt provision.

17 Creditors: amounts falling due within one year:

| | Group | College | Group | College |
|-------------------------------------|--------------|--------------|--------------|--------------|
| | 2022 | 2022 | 2021 | 2021 |
| | £000 | £000 | £000 | £000 |
| Bank loans and overdraft | 95 | 95 | 95 | 95 |
| Trade creditors | 144 | 144 | 362 | 362 |
| Other taxation and social security | 156 | 156 | 154 | 154 |
| Other creditors | 517 | 517 | 566 | 566 |
| Accruals | 456 | 432 | 1,238 | 1,224 |
| Government capital grants | 373 | 373 | 374 | 374 |
| Government grants – revenue | 433 | 433 | 285 | 285 |
| Amounts owed to: | | | | |
| Education and Skills Funding Agency | 905 | 905 | 117 | 117 |
| Total | 3,079 | 3,055 | 3,191 | 3,177 |

18 Creditors: amounts falling due after one year

| | Group | College | Group | College |
|---------------------------|---------------|---------------|---------------|---------------|
| | 2022 | 2022 | 2021 | 2021 |
| | £000 | £000 | £000 | £000 |
| Bank Loan | 1,526 | 1,526 | 1,605 | 1,605 |
| Government capital grants | 9,695 | 9,695 | 9,157 | 9,157 |
| Total | 11,221 | 11,221 | 10,762 | 10,762 |

Government capital grants includes £5.4m that relates to GLLEP funding, £2.6m is ringfenced for the EMAT centre, £2.4m for the DTLA centre and £0.4m for the Care CoRE.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

| Bank loans and overdrafts | | | | | |
|---|--------------|----------------|--|--------------|----------------|
| | Group | College | | Group | College |
| | 2022 | 2022 | | 2021 | 2021 |
| | £000 | £000 | | £000 | £000 |
| Bank loans and overdrafts are repayable as follows: | | | | | |
| In one year or less | 95 | 95 | | 95 | 95 |
| Between one and two years | 95 | 95 | | 95 | 95 |
| Between two and five years | 285 | 285 | | 285 | 285 |
| In five years or more | 1,146 | 1,146 | | 1,225 | 1,225 |
| Total | 1,621 | 1,621 | | 1,700 | 1,700 |

The loan was renegotiated in June 2021 into two new loans, half of the loan value is capital repayment plus interest and the other half is interest only. Interest is charged at 2.12% over base rate.

19 Provisions for liabilities

| Group and College | Enhanced Pension | Other | Total |
|--|-------------------------|--------------|--------------|
| | £000 | £'000 | £'000 |
| At 1 August 2021 | 83 | - | 83 |
| Amounts utilised | (27) | - | (27) |
| Changes in period charged to Statement of Comprehensive Income | - | - | - |
| At 31 July 2022 | 56 | - | 56 |

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:

| | 2022 | 2021 |
|-----------------|-------------|-------------|
| Price inflation | 3.3% | 1.6% |
| Discount rate | 2.9% | 2.6% |

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

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 | |
|---|-------------------|-----------|
| | 2022 | 2021 |
| | £000 | £000 |
| Payments due | | |
| Not later than one year | 11 | 28 |
| Later than one year and not later than five years | - | - |
| Total lease payments due | 11 | 28 |

| Capital commitments | Group and College | |
|---------------------------------------|-------------------|-------|
| | 2022 | 2021 |
| | £'000 | £'000 |
| Commitments contracted for at 31 July | - | 217 |

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 (a) Notes to the cash flow statement

| | 2022 | 2021 |
|---|------------|--------------|
| | £'000 | £'000 |
| (Deficit) after tax for the year | (1,400) | (838) |
| Adjustment for: | | |
| Depreciation | 1,142 | 947 |
| Deferred capital grants released to income | (389) | (278) |
| Investing activities – receipt of capital grant | - | - |
| Investment income | (2) | (1) |
| Interest payable | 178 | 160 |
| (Decrease) in provisions | (27) | (281) |
| Pensions costs less contributions payable | 1,132 | 777 |
| Operating cash flow before movements in working capital | 634 | 486 |
| | | |
| (Increase) / Decrease in stocks | (7) | 6 |
| Decrease / (Increase) in debtors | 17 | (134) |
| (Decrease) / Increase in creditors | (111) | 1,287 |
| Cash generated from operations | 533 | 1,645 |

21 (b) Analysis of changes in net debt

| | At 1 August 2021 | Cash flows | Other non-cash changes | At 31 July 2022 |
|--|------------------------|---------------|------------------------------|-----------------------|
| £000 | £000 | £000 | £000 | £000 |
| Cash and cash equivalents | 2,621 | (252) | - | 2,369 |
| Overdraft facility repayable on demand | - | - | - | - |
| | 2,621 | (252) | - | 2,369 |
| Loans falling due within one year | (95) | - | - | (95) |
| Loans falling due after more than one year | (1,605) | 79 | - | (1,526) |
| | | | | |
| Total | 921 | (173) | - | 748 |

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 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 | | | 2022 | 2021 |
|--|--|-------|--------------|--------------|
| | | | £000 | £000 |
| Teachers' Pension Scheme: contributions paid | | | 1,031 | 1,013 |
| Lincolnshire County Council Pension Fund | | | | |
| Contributions paid | | 935 | | 875 |
| FRS 102 (28) charge | | 1,132 | | 777 |
| Charge to the Statement of Comprehensive Income | | | 2,067 | 1,652 |
| Enhanced pension charge to Statement of Comprehensive Income | | | 6 | 5 |
| | | | | |
| Total Pension Cost for Year within staff costs | | | 3,104 | 2,670 |

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 £213,949 (2021 £208,989) 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 2021-22 academic year and currently through to July 2023.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Retirement Benefits (continued)

Valuation of the Teachers' Pension Scheme (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 £1,030,819 (2021: £1,012,552).

The next valuation result is due to be implemented from 1 April 2024.

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 2022 were £1,174,768, of which employer's contributions totalled £935,086 and employees' contributions totalled £238,681. The agreed contribution rates for future years are 23.8% for employers and range from 5.5% to 12.5% for employees, depending on salary.

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 2021 by a qualified independent actuary:

| | | | At 31 July 2022 | At 31 July 2021 |
|--------------------------------------|--|--|--------------------|--------------------|
| Rate of increase in salaries | | | 3.30% | 2.85% |
| Future pensions increases | | | 3.30% | 2.85% |
| Discount rate | | | 3.40% | 1.75% |
| Inflation assumption (CPI) | | | 3.30% | 2.85% |
| Commutation of pensions to lump sums | | | 50% | 50% |

* 1% for 2021/22, 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 2022 | At 31 July 2021 |
|-----------------------------|--|--------------------|--------------------|
| | | years | years |
| <i>Retiring today</i> | | | |
| Males | | 21.2 | 21.2 |
| Females | | 23.7 | 23.6 |
| <i>Retiring in 20 years</i> | | | |
| Males | | 22.1 | 22.0 |
| Females | | 25.1 | 25.0 |

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Retirement Benefits (continued)

Principal Actuarial Assumptions (continued)

| | | | Fair value at 31 July 2022 | Fair value at 31 July 2021 |
|-------------------------------------|--|--|----------------------------------|----------------------------------|
| | | | £'000 | £'000 |
| Equity instruments | | | 20,568 | 19,082 |
| Debt instruments | | | 3,472 | 3,753 |
| Property | | | 3,607 | 2,742 |
| Cash | | | 855 | 1,090 |
| | | | 28,502 | 26,667 |
| Actual return on plan assets | | | 483 | (5,381) |

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

| | 2022 | 2021 |
|-----------------------------------|----------|----------|
| | £'000 | £'000 |
| Fair value of plan assets | 28,502 | 26,667 |
| Present value of plan liabilities | (28,385) | (34,054) |
| | 117 | (7,387) |

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

| | 2022 | 2021 |
|---|---------|---------|
| | £'000 | £'000 |
| Amounts included in staff costs | | |
| Current service cost | (2,069) | (1,652) |
| Past service cost | - | - |
| Administration Expenses | (19) | (14) |
| Net interest on the net defined benefit pension liability | (122) | (113) |
| Total | (2,210) | (1,779) |
| Amount recognised in Other Comprehensive Income: | | |
| Remeasurement of net defined benefit pension liability | 8,777 | 1,483 |
| Amount recognised in Other Comprehensive Income | 8,777 | 1,483 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Retirement Benefits (continued)

| | 2022 | 2021 |
|---|---------|--------|
| | £'000 | £'000 |
| Changes in the present value of defined benefit obligations | | |
| Defined benefit obligations at start of period | 34,054 | 29,808 |
| Current service cost | 2,069 | 1,652 |
| Past service cost | - | - |
| Interest cost | 596 | 444 |
| Contributions by scheme participants | 235 | 219 |
| Actuarial (Gains) / Losses | (8,294) | 2,631 |
| Benefits paid | (275) | (700) |
| | | |
| Defined benefit obligations at end of period | 28,385 | 34,054 |
| | | |
| Changes in fair value of plan assets | | |
| | 2022 | 2021 |
| | £'000 | £'000 |
| | | |
| Fair value of plan assets at start of period | 26,667 | 21,842 |
| Interest income | 474 | 331 |
| Return on plan assets (excluding net interest on the net defined benefit liability) | 483 | 4,114 |
| Administration Expenses | (19) | (14) |
| Employer contributions | 937 | 875 |
| Contributions by scheme participants | 235 | 219 |
| Benefits paid | (275) | (700) |
| | | |
| Fair value of plan assets at end of period | 28,502 | 26,667 |

23 Amounts disbursed as agent learner support funds

| | 2022 | 2021 |
|--|-------|-------|
| | £'000 | £'000 |
| Funding body grants | 734 | 607 |
| | | |
| Disbursed to students | (325) | (315) |
| Administration costs | (24) | (21) |
| | | |
| Balance unspent as at 31 July, included in creditors | 385 | 271 |

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.

Boston College Corporation

FINANCIAL STATEMENTS

for the year ended 31 July 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 Access and participation expenditure – Group and College

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Access investment | 6 | 9 |
| Financial support provided to students | 5 | 13 |
| Support for disabled students | | |
| Research and evaluation related to access and participation | 33 | 27 |
| | | |
| Total access and participation expenditure | 44 | 49 |

The College's access and participation plan is available on the College's website at [Boston-College-Access-and-Participation-Plan-2020.pdf](#).

25 Related party transactions

Key management compensation disclosure is given in note 8.

During the year the College purchased goods and services of £292.80 (2021 - £36.00) and sold goods and services of £44,417 (2021 - £39,015) to its subsidiary. There were amounts £576 (2021 - £534) owed to the subsidiary and £73,584 (2021 - £59,757) owed by the subsidiary at the reporting date.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF BOSTON COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH 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") or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Boston College during the period 1 August 2021 to 31 July 2022 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 2021 to 31 July 2022 have 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 (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

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 are 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 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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 those of any other public funder 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.

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.

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

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

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Date