

**boston:college**



***Boston College  
Corporation***

**Members' Report and  
Financial Statement**

**For the year ended  
31 July 2016**

# **Boston College Corporation**

## **FINANCIAL STATEMENTS**

for the year ended 31 July 2016

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

#### **Key management personnel**

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2015/16:

**Amanda Mosek** Principal and CEO; Accounting Officer

**Janet Hemmant** Vice Principal: Corporate Services

**Fiona Grady** Vice Principal: Curriculum and Quality

**Paul Collins** Director of Business Development

**Keith Tharby** Director of Workforce Development

#### **Board of Governors**

A full list of Governors is given on page 11 of these financial statements.

**Janet Hemmant** Vice Principal: Corporate Services acted as Clerk to the Corporation throughout the period.

#### **Professional advisers**

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

RSM UK Audit LLP  
Two Humber Quays  
Wellington Street West  
Hull  
HU1 2BN

#### **Internal auditors**

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

#### **Bankers**

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

#### **Solicitors**

Chattertons  
28 Wide Bargate  
Boston  
Lincolnshire  
PE21 6RT

# **Boston College Corporation**

## **FINANCIAL STATEMENTS**

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# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

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### REPORT OF THE GOVERNING BODY

#### Nature, objective and strategies

The members present their report and the audited financial statements for the year ended 31 July 2016.

#### 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

The College's mission as approved by its members is "To be a brilliant college that transforms people's lives and makes an outstanding contribution to the economic, social and cultural life of Lincolnshire in partnership with employers and other key stakeholders."

This mission is supported by a statement of the College's key values: Trust, Openness, Respect, Challenge, Honesty and Excellence.

#### Public Benefit

Boston College is an exempt charity under Part 3 of the Charities Act 2011 and from 9<sup>th</sup> November 2016 is regulated by the Department for Education. The members of the Governing Body, who are trustees of the Charity, are disclosed on page 11.

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 or unemployed learners to access education
- Excellent student progression into work and/or Higher Education
- Strong student support systems

The delivery of public benefit is further covered throughout this report.

#### Implementation of strategic plan

The College operates to a strategic plan which includes the College's strategic objectives, key performance indicators and financial forecasts. The Corporation monitors the performance of the College against these objectives which are reviewed and updated each year. Each area of the college produces a business plan based on the overall strategic priorities and this also feeds through to individual staff appraisal.

#### Financial objectives

The College's primary financial objectives were:

- to use its resources to support delivery of its vision in an efficient and effective way, maintaining adequate liquidity and financial stability
- to secure a broad base of income, setting income diversification targets annually; also generating additional income by providing focused, customised and innovative services to businesses.

# **Boston College Corporation**

## **FINANCIAL STATEMENTS**

for the year ended 31 July 2016

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

#### **Nature, objective and strategies (continued)**

##### **Performance indicators**

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Skills Funding Agency ("SFA"). The College is assessed by the SFA as having a 'Satisfactory' financial health grading. The current rating of satisfactory is considered an acceptable outcome.

##### **Financial position**

##### **Financial results**

The College generated a surplus before other gains and losses in the year of £203,000 (2014/15 £627,000 restated surplus), with total comprehensive income of £-1,469,000, (2014/15 £618,000). The total comprehensive income in 2015/16 is stated after accounting for the actuarial loss on the Lincolnshire County Council Pension Fund for the year of (£1,672,000).

The College has accumulated reserves of £5,646,000 and cash of £4,252,000.

Tangible fixed asset additions during the year amounted to £488,000. This was split between premises of £192,000 and equipment purchased of £296,000. Other than premises, the main additions were computer and other equipment for teaching.

The College has significant reliance on the Skills Funding Agency and Education Funding Agency as its principal funding sources, largely from recurrent grants. In 2015/16 these organisations provided 81% of the College's total income.

The College had one subsidiary company trading during 2015/16, 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.

##### **Treasury policies and objectives**

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks. Low rates of investment return have continued to affect College income during 2015/16.

The College has a treasury management policy in place.

The College has a single bank loan in place which amounted to £2,282,000 on 31 July 2016. The borrowing had been authorised by the Accounting Officer and complies with the requirements of the College's Financial Memorandum with the Skills Funding Agency.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation.

##### **Cash flows and liquidity**

The College had a cash inflow of £1,908,000, during 2015/16, primarily as a result of its sale of the De Montfort Campus.

The size of the College's borrowing and its approach to interest rates were calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow.

# **Boston College Corporation**

## **FINANCIAL STATEMENTS**

for the year ended 31 July 2016

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

#### **Nature, objective and strategies (continued)**

##### **Reserves policy**

The Corporation adopts a prudent policy on reserves, matching its need to maintain reserves with the need to invest in the future of the college. For this reason the Corporation generally operates on the basis of unallocated cash reserves remaining in excess of £1 million which equates to 2-3 months of payroll costs. The actual cash balance at the end of 2015-16 was £4,252,000. The College has no restricted reserves.

#### **Current and future development and performance**

##### **Teaching and Learning**

The College recruited a total of 5,282 funded learners in 2015/16 onto its directly funded contracts. This covered Learner Responsive, Employer Responsive and Community Learning provision. The total included 1,694 16-18 year-olds on full time courses and 316 16-18 year olds on apprenticeships.

The College exceeded its target for 16-18 year-olds by 90 learners (6%) following the implementation of actions arising from the recruitment strategy group which was formed to reverse the decline in 16-18 student numbers in 2014/15. The 16-18 funding earned was 104% of the allocation.

A total of 2,568 adults were recruited onto a range of full and part-time classroom based courses. In addition there were 716 learners in the workplace including 19+ apprenticeships. The funding target for 19+ apprenticeships was exceeded by 20% but lower funding rates for adults along with the assumption that employers would, in most cases contribute an equivalent amount in fees presents an ongoing challenge in meeting the adult funding targets. In addition, changes to funding rules meant that from September 2015, any adult who withdrew from their course no longer attracted SFA funding and 20% of the funding is only paid if learners achieved their qualifications. These changes meant that it is extremely difficult to forecast the amount of work that needed to be subcontracted out in order to meet the Single Adult Budget (SAB) target. This was very closely monitored throughout the year and it is expected that 94% of the adult funding allocation will be achieved.

From September 2014, adults aged 24 and over who want to study at level 3 were no longer grant funded and had to either pay the full amount or take out a student loan to cover the cost of their courses. Take up of 24+ loans declined in 2015/16 compared to the previous year, mainly as a result of lower numbers of students on Access to HE courses. From September 2016 the 24+ loans will be replaced by 19+ advanced learning loans for adults aged 19 or over taking courses at level 3 or above.

The College recruited 14 International Students (non-funded) in 2015/16. International recruitment has been depressed by the border controls which have restricted student choice and eligibility. International marketing activity has been increased and new markets explored as the traditional international market has declined. Following the successful Ofsted inspection in June 2014, the College became eligible to deliver the new traineeships (pre-apprenticeship training) and recruited 19 trainees in 2015/16.

With the removal of the Higher Education Student Number Control (SNC) in September 2015, the College was able to almost double its HE enrolments and funding from the Student Loans Company, with 172 students enrolled on HE courses in 2015/16. Further growth is expected in 2016/17.

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

# **Boston College Corporation**

## **FINANCIAL STATEMENTS**

for the year ended 31 July 2016

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

#### **Current and future development and performance (continued)**

During the autumn term, a comprehensive review of the curriculum was undertaken by programme area managers and a detailed curriculum plan linking funding and other income to direct delivery costs was produced. Programme areas were set contribution targets and performance against target will be monitored throughout 2016/17.

The College continues to provide a very broad and responsive curriculum offer aligned to local needs as well as regional and national priorities and the Curriculum Strategy 2015-17 had input from, and was approved by the GLLEP. The College has been highly responsive to the broad range of employer requirements and provides outstanding opportunities for educational and social inclusion. The Enterprise Zone has provided additional opportunities for learners and employers to come together for mutual benefit and throughout the year a number of employer networking events were held in the zone. The Equality & Diversity Committee has representation from external members and is an effective vehicle for supporting community cohesion.

The rapid rate of improvement in teaching and learning which took place in 2014 has been maintained and exceeded in some respects. The Teaching and Learning Hub has had an extremely positive impact and the work of leaders and managers in improving quality was recognised when the College was shortlisted for an Association of Colleges Beacon Award in November 2015. A key focus for 2015/16 was to continue to improve the use of Information Learning Technology (ILT) including the Moodle Virtual Learning Environment (VLE). A new electronic student tracking and monitoring system, VITAL, was piloted successfully with 4 programme areas and the full rollout is due to take place from September 2016.

Overall success rates for 2015/16 are likely to be lower than in 2014/15, mainly as a result of a drop in English and maths achievement rates arising from the government's condition of funding. Strategies to improve achievement rates in English and maths are being implemented from the start of the 2016/17 academic year. A key objective is to improve pass rates on level 1 and 2 Functional Skills and increase the A\*-C GCSE achievement rate.

Learners benefit from high levels of very 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 approximately 33 % of 16-19 year old learners having a declared learning difficulty and/or disability. This places significant pressure on the additional learning support budget and is a trend which looks set to continue.

#### **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 had a reduction in enrolments due to a decline in 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. ESF Skills for the Workforce project funding was used to provide upskilling for people in employment particularly in low paid sectors such as care.

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. With the removal of HE student number controls the provision has grown and is expected to expand even further.

#### **Events after the end of the reporting period**

There were no post balance sheet events.

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

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### REPORT OF THE GOVERNING BODY (CONTINUED)

#### Current and future development and performance (continued)

##### Future Developments

Boston College is in a strong position, both from a quality and financial viewpoint. It is the only GFE college rated as good by Ofsted in Lincolnshire and, according to the national success rate tables, in 2014/15 it was the top performing college in Lincolnshire for 16-18, apprenticeships and adult provision. The maintenance of stable finances is a critical priority and this is achieved through a combination of prudent management of costs and targeted growth. Designated areas of growth in the short to medium term are apprenticeships and Higher Education. One of the LEP's priority sectors is engineering and manufacturing and the College is working hard to address the impending skills shortages in this area. The College plans to build a new centre for Engineering, Manufacturing and Technology and is seeking growth funding from Greater Lincolnshire LEP to deliver this. The College will still continue to offer a broad and varied curriculum at level 3 and below in order to ensure that there is adequate choice for learners in the area. The nearest college is 35 miles away.

The Further Education sector is going through a turbulent period as a result of area review. Boston College will be participating in the Greater Lincolnshire area review which begins in October 2016 and is due to finish in February 2017. The College believes that it is in a strong position going into area review as it has undertaken a fundamental review of how it can ensure that it continues to meet local needs in the future. A formal collaboration with Grantham College and New College Stamford is in operation which will lead to improved efficiency and savings and a better services for employers and learners. The colleges are working together on a number of projects including procurement, the creation of a joint apprenticeship company and the development of a joint leadership and management qualification that will be partly delivered on-line.

The condition of the College's property is subject to regular review and the Corporation ensures that through investment it maintains the fabric and quality of the College's existing accommodation. The College's plans to redevelop the main Boston campus were thwarted by the failure of the national capital funding programme and parts of its estate are dated. Good use has been made of grant funding from the Skills Funding Agency, Education Funding agency and others to repair and renew elements of the estate and the College has an ongoing commitment to continue this process as funds become available. The College's investment in its physical resources underpins delivery of its strategic objectives and longer-term sustainability.

The strategic priorities for 2016-17 are:

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

These have been well-publicised across the College and promoted more widely through the College website.

Enrolments of full time 16-18 learners for 2015-16 have increased on the previous year despite the competitive external environment. Numbers of 16-18 apprenticeships increased in 2015/16 and they are expected to increase again for 2016/17 because of a continuing focus. The College began offering Traineeships for the first time in 2015/16. Numbers enrolling on the HE programmes have continued to grow.

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"



# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

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### REPORT OF THE GOVERNING BODY (CONTINUED)

#### Resources

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

Tangible resources include buildings at main College sites and £4,932,000 (2014/15: £3,331,000) held in current assets.

#### Financial

The College has £5.646 million (2014/15: £7.115 million) of net assets including £-6,709 million pension liability (2014/15: £-4.671 million) and one long-term debt.

#### People

The College employs approximately 446 people in full and part-time positions. This equates to 352 (2014/15: 350) full-time posts of which 154 (2014/15: 150) are teaching.

#### Reputation

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships and is evident in the Ofsted 'Good' rating.

#### 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 Risk Management Group 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 Risk Management Group also considers any risks which may arise as a result of a new area of work being undertaken by the College.

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

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

#### 1. Government Policy / Initiatives

The College has considerable reliance on continued government funding through the further education sector funding bodies (81% in 2015-16) 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.

Public sector funding constraints and the devolution agenda have significant implications for the further education sector particularly through the area review process. Whilst there is still uncertainty over the decision making and implementation arrangements, this is a risk over which the college has limited control.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements.
- Ensuring the College is rigorous in delivering high quality education and training.
- Considerable focus and investment is placed on maintaining dialogue and managing key relationships with funders
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Active pursuit of cost efficiencies and income generation opportunities.

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

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### REPORT OF THE GOVERNING BODY (CONTINUED)

#### Principal risks and uncertainties (continued)

##### 2. European Union withdrawal

The outcome of the vote in the European Union referendum is likely to impact on the number of EU learners enrolling at the College. The high percentage of 'No' votes in Boston and subsequent publicity may also impact on the number of non-EU learners coming to the town.

In recent years, the College has managed significant amounts of EU project funding. This funding opportunity will disappear once the UK's membership of the European Union comes to an end.

This risk is one over which the College has very limited control.

##### 3. Major Enrolments shortfall

Changes to funding arrangements, policy and competition all have the potential to significantly affect the number of learners recruited by the college both locally and internationally. These risks are monitored and mitigated in a number of ways:

- Ensuring the College is rigorous in delivering high quality education and training.
- Working closely with employers and the local community to ensure the College's offer is relevant and meeting skills needs
- Ensuring that its management focus and investments enhance the quality of learner experience and promote the College's position as the provider of choice within its market

##### 4. Staff recruitment

The College has faced increasing challenges in the recruitment of teaching staff in some key areas and has adopted a number of strategies to address these challenges.

##### 5. Pension liability

Changes in the factors which impact on the valuation of the local government pension scheme such as market conditions, interest rates and longevity of pensioners are increasing the College's liability and costs in respect of support staff pensions. With its obligation to participate in the scheme, the College has almost no control over these costs.

##### 6. Capital Investment

The transfer of responsibility for skills capital funding from the Skills Funding Agency to the Local Enterprise Partnership has led to uncertainty about the process for obtaining funding for major works. Funding is subject to the outcomes of a government bidding process. The College has ensured that the LEP is fully aware of its capital requirements through submitted bids and has also bid to alternative funding streams as opportunities arose.

# **Boston College Corporation**

## **FINANCIAL STATEMENTS**

for the year ended 31 July 2016

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

#### **Principal risks and uncertainties (continued)**

##### **Stakeholder relationships**

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

- Students
- Employers
- Staff
- The voluntary sector
- Greater Lincolnshire LEP
- Education Sector Funding Bodies;
- FE Commissioner;
- Local Authorities;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies

The College recognises the importance of these relationships and engages in regular communication with them through the College website, direct interaction and active contribution to joint planning.

##### **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. The College encourages staff and student involvement through membership of the Corporation and other cross-college groups such as the Equality & Diversity Group. A staff suggestion scheme has been operation for four years and is overseen by the Director of Workforce Development.

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. The Principal actively listens to learners through initiatives such as Buzz the Boss and Principal's Question Time. Each course nominates a learner representative who attend meetings with the Head of Learner Services and other senior managers to discuss their group's college and course experience. These learners all receive training to be more effective in performing their role. An annual learner representative conference takes place in December each year.

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

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### REPORT OF THE GOVERNING BODY (CONTINUED)

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

##### Equal opportunities

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

##### 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 / 12 / 2016 and signed on its behalf by:

  
P. Cropley  
Chair

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

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### 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<sup>st</sup> August 2015 to 31<sup>st</sup> July 2016 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

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

In the opinion of the Governors, the College complies with all the provisions of the adopted Code of Good Governance, and it has complied throughout the year ended 31 July 2016. 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.

We have not adopted and therefore do not apply the UK Corporate Governance Code. 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 is committed to providing learning opportunities that truly meet the needs of the local community and that will bring new opportunities and improve lives, whatever personal circumstances. The College embraces the commitment to community learning outlined in New Challenges, New Chances, specifically to

- Maximise access to community learning for adults, bringing new opportunities and improving lives, whatever people's circumstances
- Promote social renewal by bringing local communities together to experience the joy of learning and the pride that comes with achievement
- Maximise the impact of community learning on the social and economic well-being of individuals, families and communities.
- In addition the College is wholly committed to meeting the Skills Funding Agency's requirement that colleges should operate in strong local partnerships to ensure that plans and strategies are underpinned by engagement with communities, Local Authorities, Local Enterprise Partnerships and other key local stakeholders. We recognise the need to be cost effective and to secure additional revenue over and above the public subsidy.

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

### 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 %
Mr A Atkins	25 Feb 2015	4 years		A	83
Mr Stephen Brown	14 Oct 2015	4 years		St	100
Mr P Cropley	13 May 2015	4 years		F&R/R/S&G	83
Mr R Dalton	16 Dec 2015	31 Jul 2017		St	100
Mr M Gallagher	17 May 2012 Reappointed 11 May 2016	4 years 4 years		F&R/S&G	50
Mr D Hanson	10 Oct 2011 Reappointed 14 Oct 2015	4 years		A	50
Mr G Harrison	11 May 2016	31 Jul 2017		St	100
Mr S McCracken	19 Nov 2013	4 years		F&R/R/S&G	100
Ms O McMahon	16 Oct 2013	4 years	3 Mar 2016	St	100
Prof J Mitchell	9 July 2014	4 years		St	33
Mrs A Mosek	11 July 2011			F&R/A/St/S&G	100
Mr C Pett	25 Feb 2015	4 years		St	100
Mr A Reynolds	27 Feb 2012	4 years	26 Feb 2016	A/S&G	100
Ms S Richards	17 Oct 2012	4 years	8 Jan 2016	A	33
Mr P Scarlett	15 May 2013	4 years		F&R/R	50
Mr K Smith	14 May 2014	4 years	25 Jan 2016	St	67
Mr G Tawton	25 Feb 2015	4 years		F&R	67
Mr B Webb	11 May 2016	4 years		St	100
Mr N Worth	16 Dec 2015	4 years		F&R	100
Mrs H Wright	14 Jul 2012 Reappointed 14 July 2016	4 years		A/St	83

Mrs J Hemmant, the College's Vice Principal: Corporate Services, acts as Clerk to the Corporation.

# **Boston College Corporation**

## **FINANCIAL STATEMENTS**

for the year ended 31 July 2015

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### **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 five wholly owned subsidiaries, Wilcomex Limited, Eastern Enterprises Limited, South Lincolnshire Academy Limited, South Lincolnshire College Limited and East Lindsey Skills Alliance Limited:

Mrs A Mosek (Principal)

Mr P Collins (Director of Business Development)

Mrs F Grady (Vice Principal: Curriculum and Quality)

Mrs J Hemmant (Vice Principal: 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](http://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 and have online access to bulletins from 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 2016

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

#### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance committee which is responsible for the selection and nomination of new members for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required and held two formal CPD events for all governors during 2015/16. The CPD included presentations by external speakers.

Members of the Corporation are appointed for a term of office not exceeding four years.

#### **Corporation performance**

The Corporation was self-assessed in 2016 as 'Good' and this reflected the grade at Ofsted inspection in 2014.

#### **Remuneration Committee**

Throughout the year ending 31 July 2016, the College's remuneration committee comprised five members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders. The committee did not have any meetings during 2015-16.

Details of remuneration for the year ended 31 July 2016 are set out in note 8 to the financial statements.

#### **Audit Committee**

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

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

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

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

The Audit Committee also advises the Corporation on the appointment of internal, 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 seven members of the Corporation and has responsibility for the review of the College's financial performance. The committee also takes a lead role in oversight of human resources and property matters.

#### **Standards Committee**

The Standards Committee comprises eight members of the Corporation, including the staff members and 2 student members at the discretion 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.



# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

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

#### Internal Control

##### *Scope of responsibility*

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum 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 2016 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 2016 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 EFA and SFA's *Joint 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 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 2016

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

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

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and 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 2016 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2016 by considering documentation from the senior leadership team and internal audit, and taking account of events since 31 July 2016.


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*".

#### **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 5, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 14/12/ 2016 and signed on its behalf by:

P L Cropley

  
.....  
Signed  
Chair

A Mosek

  
.....  
Signed  
Accounting Officer

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

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

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

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

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

R L Cropley



Signed  
Chair

14 / 12 / 2016

A Mosek



Signed  
Accounting Officer

14 / 12 / 2016

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

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### STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Financial Memorandum agreed between the Skills Funding Agency and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year, in accordance with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education* and with the Accounts Direction for 2015-16 financial statements issued jointly by the Skills Funding Agency and the Education Funding Agency, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements the Corporation is required to:

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

The Corporation is also required to prepare a report of the Governing Body which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

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

Approved by order of the members of the Corporation on 14/12/ 2016 and signed on its behalf by:



P L Cropley  
Chair

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BOSTON COLLEGE

We have audited the Group and College financial statements ("the Financial Statements") set out on pages 19 to 46. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as set out in our engagement letter dated 16 November 2015.

This report is made solely to the Corporation, as a body, in accordance with the Financial Memorandum published by the Skills Funding Agency and our engagement letter dated 16 November 2015. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required under our engagement letter dated 16 November 2015 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.

### Respective Responsibilities of the Corporation of Boston College and Auditor

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 17 the Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the Financial Statements in accordance with the terms of our engagement letter dated 16 November 2015, Joint Audit Code of Practice issued by the Skills Funding Agency and Education Funding Agency and International Standards on Auditing (UK and Ireland). The International Standards on Auditing (UK and Ireland) require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

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

### Opinion on financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Groups' and the College's affairs as at 31 July 2016 and of the Group's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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

We have nothing to report in respect of the following matters where the Joint Audit Code of Practice issued jointly by the Skills Funding Agency and the Education 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.

RSM UK Audit LLP

**RSM UK AUDIT LLP**  
Chartered Accountants  
Two Humber Quays  
Wellington Street West  
Hull  
HU1 2BN

19

December 2016

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2016		2015	
	Notes	Group £'000	College £'000	Group £'000	College £'000
<b>INCOME</b>					
Funding body grants	3	12,021	12,021	14,642	14,642
Tuition fees and education contracts	4	1,787	1,787	1,614	1,614
Other income	5	1,094	1,014	1,183	1,110
Investment income	6	5	62	3	46
<b>Total income</b>		<b>14,907</b>	<b>14,884</b>	<b>17,442</b>	<b>17,412</b>
<b>EXPENDITURE</b>					
Staff costs	7	9,688	9,688	9,546	9,546
Other operating expenses	9	4,155	4,132	6,099	6,069
Provision for future premises costs	18	-	-	274	274
Depreciation	12	659	659	652	652
Interest and other finance costs	10	202	202	244	244
<b>Total expenditure</b>		<b>14,704</b>	<b>14,681</b>	<b>16,815</b>	<b>16,785</b>
<b>Surplus before other gains and losses</b>		<b>203</b>	<b>203</b>	<b>627</b>	<b>627</b>
Loss on disposal of tangible fixed assets		-	-	-	-
<b>Surplus before tax</b>		<b>203</b>	<b>203</b>	<b>627</b>	<b>627</b>
Taxation	11	-	-	-	-
<b>Surplus for the year</b>		<b>203</b>	<b>203</b>	<b>627</b>	<b>627</b>
Remeasurement of net defined benefit pension liability	22	(1,672)	(1,672)	(9)	(9)
<b>Other Comprehensive income for the year</b>		<b>(1,672)</b>	<b>(1,672)</b>	<b>(9)</b>	<b>(9)</b>
<b>Total Comprehensive Income for the year</b>		<b>(1,469)</b>	<b>(1,469)</b>	<b>618</b>	<b>618</b>
<b>Surplus for the year attributable to the Corporation of the College</b>		<b>203</b>	<b>203</b>	<b>627</b>	<b>627</b>
<b>Total Comprehensive Income for the year attributable to Corporation of the College</b>		<b>(1,469)</b>	<b>(1,469)</b>	<b>618</b>	<b>618</b>

# Boston College Corporation

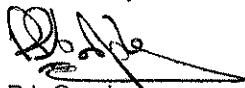
## FINANCIAL STATEMENTS


for the year ended 31 July 2016

### BALANCE SHEETS

	Notes	Group 2016 £000	College 2016 £000	Group 2015 £000	College 2015 £000
<b>Fixed assets</b>					
Tangible assets	12	15,375	15,375	16,646	16,646
Investments	13	-	-	-	-
<b>Total fixed assets</b>		<b>15,375</b>	<b>15,375</b>	<b>16,646</b>	<b>16,646</b>
<b>Current assets</b>					
Stock	14	36	36	36	36
Debtors	15	644	716	930	1,026
Cash at bank and in hand		4,252	4,165	2,365	2,240
<b>Total current assets</b>		<b>4,932</b>	<b>4,917</b>	<b>3,331</b>	<b>3,302</b>
<b>Current liabilities</b>					
Creditors - amounts falling due within one year	16	(2,348)	(2,333)	(2,334)	(2,305)
<b>Net current assets</b>		<b>2,584</b>	<b>2,584</b>	<b>997</b>	<b>997</b>
<b>Total assets less current liabilities</b>		<b>17,959</b>	<b>17,959</b>	<b>17,643</b>	<b>17,643</b>
Creditors – amounts falling due after more than one year	17	(4,900)	(4,900)	(5,089)	(5,089)
<b>Provisions for liabilities</b>					
Defined benefit pension scheme	22	(6,709)	(6,709)	(4,671)	(4,671)
Other provisions	18	(704)	(704)	(768)	(768)
<b>Total net assets</b>		<b>5,646</b>	<b>5,646</b>	<b>7,115</b>	<b>7,115</b>
<b>Unrestricted reserves</b>					
Income and expenditure reserve		2,306	2,306	2,553	2,553
Revaluation reserve		3,340	3,340	4,562	4,562
<b>Attributable to the College Corporation and total unrestricted reserves</b>		<b>5,646</b>	<b>5,646</b>	<b>7,115</b>	<b>7,115</b>

The financial statements on pages 19 - 46 were approved and authorised for issue by the Corporation on 14/12/2016 and were signed on its behalf on that date by:

  
P L Cropley  
Chair

  
A Mosek  
Accounting Officer

# Boston College Corporation

FINANCIAL STATEMENTS  
for the year ended 31 July 2016

## CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES

	Income and expenditure reserve	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Group</b>			
<b>Balance at 1 August 2014</b>	1,813	4,684	6,497
Surplus for the year	627	-	627
Other comprehensive income	(9)	-	(9)
Transfers between revaluation and income and expenditure reserves	122	(122)	-
<b>Total comprehensive income for the year</b>	740	(122)	618
<b>Balance at 31 July 2015</b>	2,553	4,562	7,115
Surplus for the year	203	-	203
Other comprehensive income	(1,672)	-	(1,672)
Transfers between revaluation and income and expenditure reserves	1,222	(1,222)	-
<b>Total comprehensive income for the year</b>	(247)	(1,222)	(1,469)
<b>Balance at 31 July 2016</b>	2,306	3,340	5,646
	Income and expenditure reserve	Revaluation reserve	Total
	£'000	£'000	£'000
<b>College</b>			
<b>Balance at 1 August 2014</b>	1,813	4,684	6,497
Surplus for the year	627	-	627
Other comprehensive income	(9)	-	(9)
Transfers between revaluation and income and expenditure reserves	122	(122)	-
<b>Total comprehensive income for the year</b>	740	(122)	618
<b>Balance at 31 July 2015</b>	2,553	4,562	7,115
Surplus for the year	203	-	203
Other comprehensive income	(1,672)	-	(1,672)
Transfers between revaluation and income and expenditure reserves	1,222	(1,222)	-
<b>Total comprehensive income for the year</b>	(247)	(1,222)	(1,469)
<b>Balance at 31 July 2016</b>	2,306	3,340	5,646



# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

### CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2016 £'000	2015 £'000
<b>Operating activities</b>			
Cash generated from operations	21	1,445	1,927
Taxation paid		-	-
<b>Net cash from operating activities</b>		<u>1,445</u>	<u>1,927</u>
<b>Investing activities</b>			
Proceeds from sale of tangible fixed assets		1,093	4
Investment income		5	3
Purchase of tangible fixed assets		(488)	(695)
		<u>610</u>	<u>(688)</u>
<b>Financing activities</b>			
Interest paid		(31)	(67)
Repayments of borrowings		(116)	(116)
		<u>(147)</u>	<u>(183)</u>
<b>Increase in cash and cash equivalents in the year</b>		<u>1,908</u>	<u>1,056</u>
<b>Cash and cash equivalents at beginning of the year</b>		2,329	1,273
<b>Cash and cash equivalents at end of the year</b>		<u>4,237</u>	<u>2,329</u>
<b>Cash and cash equivalents comprise</b>			
Cash at bank and in hand		4,252	2,365
Bank overdraft		(15)	(36)
		<u>4,237</u>	<u>2,329</u>

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

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### 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 12. The nature of the College's operations are set out in the Report of the Governing body.

##### Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2015-16 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. Details of the transition to FRS 102 are disclosed in note 25.

These consolidated and College financial statements are the first consolidated financial statements of Boston College prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The consolidated financial statements of Boston College for the year ended 31 July 2015 were prepared in accordance with previous UK GAAP. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

The application of first time adoption allows certain exemptions from the full requirements of the FRS 102 and the 2015 FE HE SORP in the transition period. The following exemption has been taken in these financial statements:

- Revaluation as deemed cost – at 1 August 2014, the College has retained the carrying values of freehold land and buildings as being deemed cost

Comparative figures have been restated to reflect the adjustments made, except to the extent that the College has taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in reserves at the transition date.

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.

In accordance with the 2015 FE HE SORP and FRS 102, 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.

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2015

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, Wilcomex Limited, Eastern Enterprises Limited, South Lincolnshire Academy Limited, South Lincolnshire College Limited and East Lindsey Skills Alliance Limited. Of these, only Eastern Enterprises Limited traded during 2015-16. 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 2016.

##### Going Concern

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

The College currently has £2.3m of loans outstanding with bankers on terms negotiated in 2011. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. The latest 2-year financial plan prepared by the College covers the period 2016 - 2018. This shows that the College expects to maintain a sound financial position over the period of the plan.

Accordingly the Governors have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its 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 of the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end.

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 HEFCE 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 2015

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### **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 Income and Expenditure Account.

##### **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 a 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 bodies.

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2015

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### 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. 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

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.

##### Impairment of fixed assets

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

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

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

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2015

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### **Borrowing costs**

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

##### **Operating leases**

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

##### **Stock**

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

##### **Cash and cash equivalents**

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

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

##### **Financial Instruments**

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

##### **Financial assets and liabilities**

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

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

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

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

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

# **Boston College Corporation**

## **FINANCIAL STATEMENTS**

for the year ended 31 July 2015

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### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **1 ACCOUNTING POLICIES (CONTINUED)**

##### **Taxation**

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

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

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

##### **Provisions and contingent liabilities**

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

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

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

##### **Agency arrangements**

The College acts as an agent in the collection and payment of Discretionary Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 23, 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.

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2015

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 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.

- 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 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. 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.

- Impairment of fixed assets

The group 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.

- Provisions

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



# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2015

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3 Funding Body Grants

	2016 Group £000	2016 College £000	2015 Group £000	2015 College £000
<b>Recurrent grants</b>				
Skills Funding Agency	4,418	4,418	5,354	5,354
Education Funding Agency	7,342	7,342	7,437	7,437
Higher Education Funding Council	121	121	122	122
<b>Specific grants</b>				
Skills Funding Agency	-	-	1,452	1,452
Releases of government capital grants	140	140	277	277
<b>Total</b>	<b>12,021</b>	<b>12,021</b>	<b>14,642</b>	<b>14,642</b>

#### 4 Tuition fees and education contracts

	2016 Group £000	2016 College £000	2015 Group £000	2015 College £000
Tuition fees	1,413	1,413	1,147	1,147
Education contracts	374	374	467	467
<b>Total</b>	<b>1,787</b>	<b>1,787</b>	<b>1,614</b>	<b>1,614</b>

#### 5 Other income

	2016 Group £000	2016 College £000	2015 Group £000	2015 College £000
Catering and residences	493	493	488	488
Other income generating activities	280	200	258	185
Non-government capital grants	-	-	149	149
Miscellaneous income	321	321	288	288
<b>Total</b>	<b>1,094</b>	<b>1,014</b>	<b>1,183</b>	<b>1,110</b>

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 6 Investment income

	2016 Group £000	2016 College £000	2015 Group £000	2015 College £000
Income from bank deposits	5	5	3	3
Gift aid	-	57	-	43
<b>Total</b>	<b>5</b>	<b>62</b>	<b>3</b>	<b>46</b>

#### 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, expressed as full-time equivalents, was:

	2016 Number	2015 Number
Teaching staff	154	150
Non-teaching staff	198	200
	<b>352</b>	<b>350</b>

#### Staff costs for the above persons

	2016 £000	2015 £000
Wages and salaries	7,705	7,706
Social security costs	511	475
Other pension costs	1,406	1,271
<b>Payroll sub total</b>	<b>9,622</b>	<b>9,452</b>
Contracted out staffing services	66	71
	<b>9,688</b>	<b>9,523</b>
Restructuring costs – contractual	-	23
Restructuring costs – non contractual	-	-
	<b>9,688</b>	<b>9,546</b>

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2015

### 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 are represented by the Senior Leadership Team which comprises the Principal, Vice Principal: Curriculum and Quality, Vice Principal: Corporate Resources, Director of Business Development and Director of Workforce Development. Staff costs include compensation paid to key management personnel for loss of office.

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

	2016 No.	2015 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 but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	2016 No.	2015 No.	2016 No.	2015 No.
£40,001 to £50,000 p.a.	1	-	-	-
£50,001 to £60,000 p.a.	1	2	-	-
£60,001 to £70,000 p.a.	2	2	-	-
£100,001 to £110,000 p.a.	1	1	-	-
	<u>5</u>	<u>5</u>	<u>-</u>	<u>-</u>

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

	2016 £'000	2015 £'000
Salaries	327	333
Benefits in kind	-	-
National Insurance	36	34
	<u>363</u>	<u>367</u>
Pension contributions	59	57
	<u>422</u>	<u>424</u>
<b>Total emoluments</b>	<b>422</b>	<b>424</b>

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 8 Key management personnel

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:

	2016 £'000	2015 £'000
Salaries	105	103
Benefits in kind	-	-
National Insurance	13	12
	<u>118</u>	<u>115</u>
Pension contributions	<u>17</u>	<u>15</u>

#### Governors' remuneration

The Accounting Officer and the staff member 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 £263; 3 Governors (2015 £296; 3 Governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2015

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 9 Other operating expenses

	2016 Group £000	2016 College £000	2015 Group £000	2015 College £000
Teaching costs	1,430	1,430	2,910	2,910
Non teaching costs	1,732	1,732	1,954	1,954
Premises costs	993	970	1,235	1,205
<b>Total</b>	<b>4,155</b>	<b>4,132</b>	<b>6,099</b>	<b>6,069</b>

	2016 Group £000	2016 College £000	2015 Group £000	2015 College £000
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**Surplus before taxation is stated after charging/(crediting):**

Auditors' remuneration:

Financial statements audit*	15	15	15	15
Internal audit	17	17	13	13
Other services provided by financial statements auditors				
- Audit related assurance services and regularity	3	3	4	4
- Other assurance services	1	1	1	1
(Profit) on disposal of tangible fixed assets	(21)	(21)	(4)	(4)
Operating lease rentals – plant and machinery	33	33	22	22
Operating lease rentals – other assets	48	48	55	55

\* includes £1,000 in respect of the subsidiary undertaking (2014-15 £1,000).

#### 10 Interest and other finance costs – Group and College

	2016 £000	2015 £000
Bank loans and overdrafts	31	67
Net interest on defined pension liability (note 22)	171	177
	<b>202</b>	<b>244</b>

#### 11 Taxation

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

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2015

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 12 Tangible fixed assets - Group and College

	Land and buildings £000		Equipment £000	Total £000
	Freehold	Leasehold		
<b>Cost or valuation:</b>				
At 1 August 2015	19,223	1,399	3,993	24,615
Additions	173	19	296	488
Disposals	(1,100)	-	(114)	(1,214)
<b>At 31 July 2016</b>	<b>18,296</b>	<b>1,418</b>	<b>4,175</b>	<b>23,889</b>
<b>Depreciation</b>				
At 1 August 2015	4,497	65	3,407	7,969
Charge for year	334	23	302	659
Elimination in respect of disposals	-	-	(114)	(114)
<b>At 31 July 2016</b>	<b>4,831</b>	<b>88</b>	<b>3,595</b>	<b>8,514</b>
<b>Carrying amount at 31 July 2016</b>	<b>13,465</b>	<b>1,330</b>	<b>580</b>	<b>15,375</b>
Carrying amount at 31 July 2015	14,726	1,334	586	16,646

Land and buildings includes land valued at Group and College £835,000 (2015 £1,235,000) which is not depreciated.

The De Montfort Campus was sold in 2015/16 for the market value of £1,100,000.

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.

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

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

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2015

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 13 Non-current Investments

	2016 £	2015 £
Investments in subsidiary companies	10	10

#### Interest in group undertakings

	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held by:	
			Group	College
Wilcomex Limited	England and Wales	Ordinary £1 shares	100%	100%
Eastern Enterprises Limited	England and Wales	Ordinary £1 shares	100%	100%
South Lincolnshire Academy Limited	England and Wales	Ordinary £1 shares	100%	100%
South Lincolnshire College Limited	England and Wales	Ordinary £1 shares	100%	100%
East Lindsey Skills Alliance 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.

Wilcomex Limited, South Lincolnshire Academy Limited, South Lincolnshire College Limited and East Lindsey Skills Alliance Limited were dormant throughout the year.

#### 14 Stock

	Group and College	
	2016 £000	2015 £000
Raw materials and consumables	36	36

#### 15 Debtors

	Group 2016 £000	College 2016 £000	Group 2015 £000	College 2015 £000
Amounts falling due within one year:				
Trade debtors	265	260	299	277
Amounts owed by subsidiary undertakings	-	44	-	118
Prepayments and accrued income	152	185	239	239
Amounts owed by the Skills Funding Agency	227	227	392	392
<b>Total</b>	<b>644</b>	<b>716</b>	<b>930</b>	<b>1,026</b>

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2015

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 16 Creditors: amounts falling due within one year:

	Group 2016 £000	College 2016 £000	Group 2015 £000	College 2015 £000
Bank loans and overdraft	130	130	152	152
Trade creditors	350	350	355	354
Payments received on account	353	353	182	172
Other taxation and social security	282	282	152	146
Other creditors	44	44	55	43
Accruals	523	508	904	904
Government capital grants	77	77	141	141
Amounts owed to Funding body:				
Skills Funding Agency	510	510	283	283
Education Funding Agency	79	79	101	101
HEFCE	-	-	9	9
<b>Total</b>	<b>2,348</b>	<b>2,333</b>	<b>2,334</b>	<b>2,305</b>

#### 17 Creditors: amounts falling due after one year

	Group 2016 £000	College 2016 £000	Group 2015 £000	College 2015 £000
Bank Loan	2,168	2,168	2,283	2,283
Government capital grants	2,732	2,732	2,806	2,806
<b>Total</b>	<b>4,900</b>	<b>4,900</b>	<b>5,089</b>	<b>5,089</b>

	Group 2016 £000	College 2016 £000	Group 2015 £000	College 2015 £000
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#### Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

In one year or less	130	130	152	152
Between one and two years	116	116	116	116
Between two and five years	348	348	348	348
In five years or more	1,704	1,704	1,819	1,819
<b>Total</b>	<b>2,298</b>	<b>2,298</b>	<b>2,435</b>	<b>2,435</b>

Interest is charged at a flat rate of 1.25% where the College can match the outstanding balance of the loan with funds in a non-interest bearing current account. The unmatched balance is subject to a margin of 2.5% above the Bank's base rate. The loan is repayable by quarterly instalments from August 2014 to September 2034 and is secured on the Rochford Campus.



# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 18 Provisions for liabilities

Group and College	Enhanced pension £000	Other £'000	Total £'000
At 1 August 2015	204	564	768
Amounts utilised	(15)	(57)	(72)
Additions in period charged to Statement of Comprehensive Income	8	-	8
<b>At 31 July 2016</b>	<b>197</b>	<b>507</b>	<b>704</b>

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

The enhanced pension provision relates to the cost of staff who have already left the College's employ 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:

	2016	2015
Price inflation	1.3%	1.7%
Discount rate	2.3%	3.4%

#### 19 Financial commitments

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

	Group and College	
	2016 £000	2015 £000
Payments due		
Not later than one year	64	71
Later than one year and not later than five years	96	122
Later than five years	-	19
	<b>160</b>	<b>212</b>

#### Capital commitments

	Group and College	
	2016 £'000	2015 £'000
Commitments contracted for at 31 July	444	-

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2015

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 20 FINANCIAL INSTRUMENTS

The Group has the following financial instruments:

	2016	2015
	£'000	£'000
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	-	-
Debt instruments measured at amortised cost		
Trade debtors	265	299
Accrued income	32	25
<b>Total</b>	<u>297</u>	<u>324</u>

The Group has the following financial instruments:

	2016	2015
	£'000	£'000
<b>Financial liabilities</b>		
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost		
Trade creditors	350	355
Bank loans and overdrafts	2,298	2,435
Accruals	523	904
<b>Total</b>	<u>3,171</u>	<u>3,694</u>

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 21 NOTES TO CASH FLOW STATEMENT

	2016 £'000	2015 £'000
<b>Surplus after tax for the year</b>	203	627
Adjustment for:		
Taxation	-	-
Depreciation	659	652
Deferred capital grants released to income	(45)	427
Investment income	(5)	(3)
Interest payable	202	67
Profit on sale of fixed assets	(21)	126
(Decrease)/increase in provisions	(64)	221
Pensions costs less contributions payable	195	292
Operating cash flow before movements in working capital	921	1,782
Decrease in stocks	-	22
Decrease/(increase) in debtors	286	(272)
Increase/(decrease) in creditors	35	(232)
<b>Cash generated from operations</b>	<u>1,445</u>	<u>1,927</u>

#### 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.

	2016 £000	2015 £000
<b>Total pension cost for the year</b>		
Teachers' Pension Scheme: contributions paid	571	516
Lincolnshire County Council Pension Fund		
Contributions paid	591	623
FRS 102 (28) charge	<u>235</u>	<u>115</u>
Charge to the Statement of Comprehensive Income	826	738
Enhanced pension charge to Statement of Comprehensive Income	9	17
<b>Total Pension Cost for Year within staff costs</b>	<u>1,406</u>	<u>1,271</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LCCPF 31 March 2013. Contributions amounting to £139,336 (2015 £0) were payable to the scheme at 31 July and are included within creditors.

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 22 RETIREMENT BENEFITS (continued)

##### 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.

##### 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 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published in June 2014. 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 £191.5 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held the valuation date) of £176.6 billion
- Notional past service deficit of £14.9 billion
- Assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings
- Rate of real earnings growth is assumed to be 2.75%
- Assumed nominal rate of return is 5.06%

##### Valuation of the Teachers' Pension Scheme

The new employer contribution rate was 14.1% until 1 September 2015, when it increased to 16.48% (including a 0.08% administration fees), with an employer cost cap of 10.9% of pensionable pay. The employer contribution rate will be payable until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £571,000 (2015: £516,000)

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.

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

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

##### 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 2016 were £771,816, of which employer's contributions totalled £591,303 and employees' contributions totalled £180,513. The College made additional payments of £40,504 towards the pension deficit. The agreed contribution rates for future years are 20.1% for employers and range from 5.5% to 12.5% for employees, depending on salary.

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 22 RETIREMENT BENEFITS (continued)

##### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2016 by a qualified independent actuary.

	At 31 July 2016	At 31 July 2015
Rate of increase in salaries	3.4%	3.5%
Future pensions increases	1.9%	2.6%
Discount rate	2.4%	3.6%
Inflation assumption (CPI)	1.9%	2.6%
Commutation of pensions to lump sums	25%	25%

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

	At 31 July 2016 years	At 31 July 2015 years
<i>Retiring today</i>		
Males	22.2	22.2
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	24.5	24.5
Females	26.8	26.8

	Fair Value at 31 July 2016	Fair value at 31 July 2015
	£'000	£'000
Equity instruments	12,190	10,479
Debt instruments	2,085	1,793
Property	1,765	1,517
	<u>16,040</u>	<u>13,789</u>
<b>Actual return on plan assets</b>	<u>1,765</u>	<u>1,109</u>

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 22 RETIREMENT BENEFITS (continued)

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

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	16,040	13,789
Present value of plan liabilities	(22,749)	(18,460)
	<u>(6,709)</u>	<u>(4,671)</u>

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

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	(826)	(729)
Net interest on the net defined benefit pension liability	(171)	(177)
Benefit changes, (loss) on curtailment and (loss) in settlement	-	(9)
	<u>(997)</u>	<u>(915)</u>
<b>Total</b>		
	<u>(997)</u>	<u>(915)</u>
<b>Amount recognised in Other Comprehensive Income:</b>		
Remeasurement of net defined benefit pension liability	(1,672)	(9)
<b>Amount recognised in Other Comprehensive Income</b>	<u>(1,672)</u>	<u>(9)</u>

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 22 RETIREMENT BENEFITS (continued)

	2016 £'000	2015 £'000
<b>Changes in the present value of defined benefit obligations</b>		
Defined benefit obligations at start of period	18,460	16,616
Current service cost	826	729
Interest cost	676	675
Contributions by scheme participants	180	175
Actuarial losses	2,956	620
Benefits paid	(349)	(364)
Plan introductions, changes, curtailments and settlements	-	9

<b>Defined benefit obligations at end of period</b>	<b>22,749</b>	<b>18,460</b>
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#### Changes in fair value of plan assets

	2016 £'000	2015 £'000
Fair value of plan assets at start of period	13,789	12,246
Interest income	505	498
Return on plan assets (excluding net interest on the net defined benefit liability)	1,284	611
Employer contributions	631	623
Contributions by scheme participants	180	175
Benefits paid	(349)	(364)

<b>Fair value of plan assets at end of period</b>	<b>16,040</b>	<b>13,789</b>
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#### 23 Amounts disbursed as agent learner support funds

	2016 £'000	2015 £'000
Funding body grants	508	731
Disbursed to students	(375)	(465)
Administration costs	(19)	(28)
<b>Balance unspent as at 31 July, included in creditors</b>	<b>114</b>	<b>238</b>

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 2016

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 24 Related party transactions

Key management compensation disclosure is given in note 8.

#### 25 FIRST TIME ADOPTION OF FRS 102 AND THE 2015 FE HE SORP

##### Reconciliations and descriptions of the effect of the transition to FRS 102 and the 2015 FE HE SORP on;

- (i) the consolidated reserves at the date of transition to FRS 102 and the 2015 FE HE SORP;
  - (ii) the consolidated reserves at the end of the comparative period;
  - (iii) the consolidated statement of comprehensive income for the comparative period reported under previous UK GAAP including 2007 SORP
  - (iv) the college reserves at the date of transition to FRS 102 and the 2015 FE HE SORP;
  - (v) the college reserves at the end of the comparative period; and
  - (vii) the college statement of comprehensive income for the comparative period reported under previous UK GAAP including 2007 SORP;
- are given below.

Under FRS 102, the Consolidated Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Consolidated Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, management of liquid resources, and financing.

	Note	1 August 2014		31 July 2015	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
<b>Reconciliation of consolidated and College reserves</b>					
<b>Total reserves under previous SORP</b>		6,597	6,597	7,050	7,050
Employee compensated absences accrual	(a)	(232)	(232)	(219)	(219)
Recognition of non-government capital grants	(b)	132	132	284	284
Changes to measurement of net finance cost on defined benefit plans	(c)	-	-	-	-
Revaluation of tangible fixed assets		-	-	-	-
<b>Total effect of transition to FRS 102 and 2015 FE HE SORP</b>		<u>(100)</u>	<u>(100)</u>	<u>65</u>	<u>65</u>
<b>Total reserves under 2015 FE HE SORP</b>		<u>6,497</u>	<u>6,497</u>	<u>7,115</u>	<u>7,115</u>



# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2016

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 25. FIRST TIME ADOPTION OF FRS 102 AND THE 2015 FE HE SORP (continued)

	Year ended 31 July 2015 Group £'000	Year ended 31 July 2015 College £'000
<b>Reconciliation of consolidated and College comprehensive income</b>		
<b>Surplus for the year after tax under previous SORP</b>	720	720
Employee compensated absences (a)	13	13
Release of non-government grants received (b)	141	141
Reversal of capital grants amortisation (b)	11	11
Pensions provision – actuarial loss	(9)	(9)
Changes to measurement of net finance cost on defined benefit plans (c)	(258)	(258)
<b>Total effect of transition to FRS 102 and 2015 FE HE SORP</b>	<b>(102)</b>	<b>(102)</b>
<b>Total comprehensive income for the year under 2015 FE HE SORP</b>	<b>618</b>	<b>618</b>

#### a) Recognition of short term employment benefits

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP and were recognised as paid. Under FRS 102 the costs of short-term employee benefits are recognised as service is received. The expected cost of any unused entitlement is recognised in the period in which the employee's services are received. A liability of £232,000 was recognised on transition, and a reduction in the charge of £13,000 was recognised in comprehensive income in the year to 31 July 2015, and a liability of £219,000 recognised at 31 July 2015.

#### b) Non-government grants accounted for under performance model

Capital grants from sources other than those classified as "government" under FRS 102 and the 2015 FE HE SORP were received for relevant fixed assets and under the previous UK GAAP and 2007 SORP these were deferred and amortised over the remaining useful economic life of those fixed assets. Under FRS 102 these are accounted for under the performance model and credited to comprehensive income when the performance conditions are met. Deferred income was increased by £132k on transition and £141k at 31 July 2015. A further adjustment of £11k increase to income was also recognised in the year ended 31 July 2015 relating to the annual amortisation of the capital grants involved.

#### c) Change in recognition of defined benefit plan finance costs

Under previous UK GAAP an expected return on defined benefit plan assets was recognised in comprehensive income. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost of based on the net defined benefit liability using the discount rate applied to the defined benefit obligation. There has been no change in the defined benefit plan obligation at either 1 August 2014 or 31 July 2015. The effect of the change is to reduce the surplus for the year to 31 July 2015 by £258,000 and increase the credit in other comprehensive income by an equivalent amount.

#### d) Change in presentation and recognition of deferred capital grants

Under previous UK GAAP deferred capital grants in the balance sheet were presented within total funds. Under FRS102 and the 2015 FE HE SORP, deferred capital grants accounted for under the accrual model are allocated between creditors due within one year and those due after more than one year.

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

In accordance with the terms of our engagement letter dated 16 November 2015 and supplementary letter dated 10 November 2016 ('engagement letter') and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Boston College during the period 1 August 2015 to 31 July 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

The framework that has been applied is set out in the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which Skills Funding Agency has other assurance arrangements in place.

This report is made solely to the corporation of Boston College and the Secretary of State for Education acting through the Skills Funding Agency 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 Skills Funding Agency 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 Skills Funding Agency for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Boston College and the reporting accountant**

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

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 Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2015 to 31 July 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. We performed a limited assurance engagement as defined in that framework and our engagement letter.

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

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

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 high level financial control areas where we identified areas where a material irregularity is likely to arise. We undertook detailed testing, based on our identification of the 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 on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

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

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2015 to 31 July 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*RSM UK Audit LLP*

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*19/12/2016*

