

**BOSTON COLLEGE CORPORATION**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

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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 Senior Leadership Team and were represented by the following in 2016/17:

**Amanda Mosek** Principal and CEO; Accounting Officer (left on 31 August 2017)

**Joanne Maher** Principal and CEO; Accounting Officer (appointed 1 September 2017)

**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 (left on 9 January 2017)

**Dawn Telford** Head of Learner Services

**Vicky Locke** Head of Quality

**Richard Chambers** Head of Curriculum

#### Board of Governors

A full list of Governors is given on page 12 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

for the year ended 31 July 2017

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# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

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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 2017.

#### 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 following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the Charity, are disclosed on page 12.

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

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

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

The delivery of public benefit is 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 2017

### REPORT OF THE GOVERNING BODY (CONTINUED)

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

##### Performance indicators

Key performance indicator	Measure/Target	Actual for 2016/17
Staff Costs as % of income (excluding FRS 102 pension costs)	64.7%	65.8%
Staff Costs as % of income (excluding FRS 102 and partnership costs)	71.0%	71.6%
% Operating Surplus / Deficit	3.66%	1.5%
Cash Days	50	102
Current ratio	1 : 1	2.17 : 1
Net Cash reserves	£1.0 m	£2.0 m
Covenant	> 1.1 : 1	9.75 : 1
<b>Financial Health Score</b>	Outstanding	Outstanding

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 Education and Skills Funding Agency ("ESFA"). The College is assessed by the ESFA as having an 'outstanding' financial health grading.

#### Financial position

##### Financial results

The College generated a surplus before other gains and losses in the year of £224,000 (2015/16 £203,000 surplus), with total comprehensive income of £2,950,000, (2015/16 £1,469,000 deficit). The total comprehensive income in 2016/17 is stated after accounting for the actuarial gain on the Lincolnshire County Council Pension Fund for the year of £2,726,000.

The College has accumulated reserves of £8,596,000 and cash of £4,318,000.

Tangible fixed asset additions during the year amounted to £960,000. This was split between premises of £647,000 and equipment purchased of £313,000. Other than premises works at the Sam Newsom Centre, the main additions were computer and other equipment for teaching.

The College has significant reliance on the Education Sector Funding bodies as its principal funding sources, largely from recurrent grants. In 2016/17 these organisations provided 81% of the College's total income.

The College had one subsidiary company trading during 2016/17, 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.

# **Boston College Corporation**

## **FINANCIAL STATEMENTS**

for the year ended 31 July 2017

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

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

##### **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 2016/17.

The College has a treasury management policy in place.

The College has a single bank loan in place which amounted to £2,168,000 on 31 July 2017. The borrowing had been authorised by the Accounting Officer and complies with the requirements of the College's Financial Memorandum with the Education and 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 and complies with the requirements of the Financial Memorandum.

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

The College had a cash inflow of £73,000 during 2016/17.

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.

##### **Reserves policy**

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £5.3m (2016: £2.3m). 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 2016-17 was £4,318,000. The College has no restricted reserves.

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

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### REPORT OF THE GOVERNING BODY (CONTINUED)

#### Current and future development and performance

##### Financial health

The Corporation is satisfied that its resources are adequate to fund its plans, and the College's cash reserves are healthy. The college has concluded that its financial health status is "outstanding" in all years of the financial plan. The College is able to fund the developments in its strategic plan and there are no elements requiring substantial funding not already reflected in the financial plan. The College is satisfied that, whilst the financial framework within which it operates is challenging and often unpredictable, adverse variances can be accommodated by strong risk management and contingency planning.

##### Teaching and Learning

The College recruited a total of 5,397 funded learners in 2016/17 onto its directly funded contracts for 16-19 EFA, Apprenticeships and AEB provision. The total included 1,664 16-18 year-olds on full time courses and 271 16-18 year olds on apprenticeships.

The College did not meet its target for 16-18 year-olds (1,670) with a shortfall of 47 learners (3%) which reflected the falling demographic. The number of 16 year olds from surrounding schools had dropped from 3,571 to 3,308, a 7% decline. However the 16-18 funding earned was 100% of the allocation as the proportion of learners on full-time study programmes has increased in line with government policy.

A total of 2,667 adults were recruited onto a range of full and part-time classroom based courses. In addition there were 807 learners in the workplace, the majority being 19+ apprentices. Although the 19+ apprenticeship enrolments have increased, the funding was slightly below target at 98%. This was due to the lower funding rates for adult apprentices employed by large organisations (such as the NHS).

A reduction in adult enrolments on English, maths, ESOL, Access to HE and other full time courses meant the College delivered Adult Education Budget (AEB) funding target was not met. Additional allocations were offered to Subcontractors but they too were unable to utilise all the funding resulting in 89% of the allocation being used.

Take up of the Advanced Learning Loans by adults aged 19+ was about 25% greater than that of the 24+ loans which were in place in 2015/16. However the increase in adults taking out Advanced Learning Loans meant that there were fewer learners drawing down AEB funding.

The College recruited 4 International Students (non-funded) in 2016/17. International recruitment has been depressed by the border controls which have restricted student choice and eligibility and the Brexit vote is likely to have a significant impact on numbers of EU learners. International marketing activity has been increased and new markets explored as the traditional international market has declined.

The College started delivering traineeships two years ago and numbers have almost doubled with 34 trainees enrolled in 2016/17.

HE numbers were the same as the previous year with 172 students enrolled on HE courses 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 2017

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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 in the spring term, 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 2017/18.

The College continues to provide a very broad and responsive curriculum offer aligned to local needs as well as regional and national priorities. These are detailed in the Curriculum Strategy 2015-17 which 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 continued to provide 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. With the need to provide work placements as part of the 16-19 Study Programmes, employer links increased considerably in 2016/17.

Improvements in teaching and learning have continued and the Teaching and Learning Hub team have been highly effective in supporting new and existing staff to develop their skills. A continued focus for 2016/17 was to improve the use of Information Learning Technology (ILT) including the Moodle Virtual Learning Environment (VLE). The new electronic student tracking and monitoring system, VITAL, was rolled out College wide from September 2016 and has proved to be extremely successful.

Headline achievement rates for 2016/17 are expected to be slightly lower than in 2015/16. With the continued challenge of meeting the government's condition of funding for maths and English, many more learners are continuing to study maths and English but not achieving the higher level qualifications. Strategies to improve achievement rates in English and maths were implemented from the start of the 2016/17 academic year and were effective in improving the A\*-C (grades 4-9) GCSE achievement rate, but not so in the case of Functional Skills.

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 growth is dependent on the numbers approved for high needs funding by the Local Authority.

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

Higher Education opportunities in Boston have increased since September 2013 when the College started its full-time HE offer of local, affordable Higher National diplomas and Foundation degrees. The provision has grown steadily and the appointment of a dedicated HE Manager in 2017 is expected to lead to additional growth.

#### **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 2017

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### REPORT OF THE GOVERNING BODY (CONTINUED)

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

##### Future Developments

Boston College is the top performing college in Greater Lincolnshire, based upon national achievement rates, and is in a strong position financially. It is graded as good by Ofsted and 'A' level pass rates are 100%, with HE student satisfaction the joint highest nationally for the second consecutive year. The maintenance of stable finances is a critical priority and this is achieved through a balance 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, as outlined in the GLLEP Strategic Economic Plan, 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 funding from Greater Lincolnshire LEP to deliver this. The College will 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 Further Education sector underwent an 'Area Review' process through 2016-17 in order to ensure that colleges are financially stable in the long term, efficiently ran, and delivering a demand led curriculum offer. Nationally, the process resulted in 52 proposed college mergers, 15 of which have collapsed or changed substantially to date. The AoC have reported that colleges have been funding the majority of upfront costs and structural changes themselves as the grants available were too small. The Greater Lincolnshire Area Review Report (DfE, 2017) process concluded that "Boston College will remain as a stand-alone institution acting as a key provider of general technical education serving the town of Boston and surrounding rural areas" (Greater Lincolnshire Area Review Report, 2017, p. 24). The colleges 'strong balance sheet' and financial position supported the recommendation to stand-alone. The college will continue to work collaboratively with Grantham and New College Stamford around apprenticeships.

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 Education and Skills 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 were:

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

Enrolments of full time 16-18 learners for 2016/17 reduced compared to the previous year due to the falling demographic but early indications are that the learner number target for 2017/18 is likely to be achieved. Numbers of 16-18 apprenticeship starts increased in 2016/17 by nearly 20% and are expected to be maintained at that level in 2017/18. There is likely to be growth in 19+ apprenticeships as levy paying employer's start using their funds to upskill existing staff. The number of learners enrolled on Traineeships increased whilst enrolments on the HE programmes were the same as in 2015/16 and are likely to drop slightly in 2017/18.

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

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### REPORT OF THE GOVERNING BODY (CONTINUED)

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

##### Future Developments (continued)

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".

##### 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 £4,888,000 (2015/16: £4,932,000) held in current assets.

##### Financial

The College has £8.596 million (2015/16: £5.646 million) of net assets including £-4.454 million pension liability (2015/16: £-6.709 million) and one long-term debt.

##### People

The College employs approximately 465 people in full and part-time positions. This equates to 337 (2015/16: 352) full-time posts of which 151 (2015/16: 154) are teaching.

On 31 August 2017, Amanda Mosek left the position of Principal and Chief Executive of the College and was succeeded by Jo Maher who took up the post on 1 September 2017.

##### 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. Significant Funding Allocation Variance

The College has considerable reliance on continued government funding through the further education sector funding body (81% in 2016-17) 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.

It is recognised that the introduction of the apprenticeship levy will significantly affect that marketplace though the full implications are not yet known since the new arrangements are at an early stage of implementation.

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

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### REPORT OF THE GOVERNING BODY (CONTINUED)

#### Principal risks and uncertainties (continued)

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 and key stakeholders
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Active pursuit of cost efficiencies and income generation opportunities.

#### 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 affect the College's liability and costs in respect of support staff pensions. With its obligation to participate in the scheme, the College has almost no control over these costs.

The risk is mitigated by an agreed deficit recovery plan with the Lincolnshire County Council Pension Fund.

#### 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 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 2017

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### REPORT OF THE GOVERNING BODY (CONTINUED)

#### Principal risks and uncertainties (continued)

##### 7. Failure to maintain the financial viability of the College

The College's current financial health grade is classified as "outstanding" as described above. Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies

#### 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 Body
- Association of Colleges
- Universities
- FE Commissioner;
- Local Authorities;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies

The College values these important relationships and engages in regular communication with them through service provision, meeting attendance, conferences, 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 in operation for five years.

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

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### REPORT OF THE GOVERNING BODY (CONTINUED)

#### STAKEHOLDER RELATIONSHIPS (CONTINUED)

##### Equality

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 6 December 2017 and signed on its behalf by:

  
P L Cropley  
Chair

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

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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 August 2016 to 31 July 2017 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 2017. 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 Education and 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 2017

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

#### The Corporation

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

Name	Date of Appointment	Term of Office	Date of Resignation	Committees Served	Corporation meeting Attendance 2016-17
					%
Mr A Atkins	25 Feb 2015	4 years		A	50
Mr Stephen Brown	14 Oct 2015	4 years		St/A	100
Mr P Cropley	13 May 2015	4 years		F&R/R/S&G	100
Mr S Crozier	5 July 2017	To 10 May 2020			100
Mr R Dalton	16 Dec 2015	To 31 Jul 2017		St	100
Mr M Gallagher	11 May 2016	4 years		F&R/S&G	83
Mr D Hanson	14 Oct 2015	4 years		A	83
Mr G Harrison	11 May 2016	To 31 Jul 2017		St	100
Ms H Mather	14 Dec 2016	4 years		St	100
Mr S McCracken	19 Nov 2013	4 years		F&R/R/S&G	83
Ms J Maher	1 Sept 2017			F&R/A/St/S&G	
Prof J Mitchell	9 July 2014	4 years		St	66
Mrs A Mosek	11 July 2011		31 Aug 2017	F&R/A/St/S&G	100
Mr C Pett	25 Feb 2015	4 years		St	83
Mr P Scarlett	15 May 2013 Reappointed 15 May 2017	4 years	5 Jul 2017	F&R/R	50
Mr G Tawton	25 Feb 2015	4 years		F&R	66
Mr B Webb	11 May 2016	4 years		St	83
Mr N Worth	16 Dec 2015	4 years		F&R	66
Mrs H Wright	14 July 2016	4 years		A	50
Student governor					
Student governor					

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 2017

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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) (left 31 August 2017)

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 including the Association of Colleges.

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

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



# **Boston College Corporation**

## **FINANCIAL STATEMENTS**

for the year ended 31 July 2017

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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 a formal CPD event for all governors during 2016/17. The CPD included presentations by external speakers.

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

#### **Corporation performance**

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

#### **Remuneration Committee**

Throughout the year ending 31 July 2017, 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 the Clerk. The committee met twice during 2016-17.

Details of remuneration for the year ended 31 July 2017 are set out in Note 8 to the financial statements.

#### **Audit Committee**

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

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

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

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

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.

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

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

#### Standards Committee

The Standards Committee comprises eight members of the Corporation, including the staff members, plus 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.

#### 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 2017 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 2017 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

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

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

#### *The risk and control framework (continued)*

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At 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.

#### *Review of effectiveness*

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control is informed by:

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

The Accounting Officer has been advised on the implications of any weaknesses identified as a result of her review on the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance. Should there be any weaknesses, a plan to address these and to ensure continuous improvement of the system will be put in place.

The Accounting Officer and senior leadership team receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Accounting Officer and 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 2017 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2017 by considering documentation from the senior leadership team and internal audit, and taking account of events since 31 July 2017.

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*".

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

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

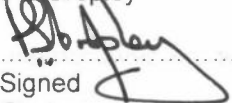
#### Going concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason and recognising the factors outlined in the Future Developments section on page 6, it continues to adopt the going concern basis in preparing the financial statements.

The college is in sound financial health with good cash reserves. The financial plan prepared in summer 2017 confirmed an ESFA measurement of financial health as 'outstanding' throughout the years to 2018/19 covered by the plan. The college's robust and proven financial planning and control processes are established to maintain its viability.

Approved by order of the members of the Corporation on 6 December 2017 and signed on its behalf by:

P. J. Cropley

  
.....  
Signed  
Chair

J Maher

  
.....  
Signed  
Accounting Officer

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

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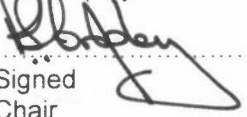
### GOVERNING BODY'S STATEMENT ON THE REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the college's financial memorandum. 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 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 ESFA.

P. Cropley

  
Signed  
Chair

6 December 2017

J Maher

  
Signed  
Accounting Officer

6 December 2017

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

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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 College's Financial Memorandum with the ESFA, 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 *College Accounts Direction 2016 to 2017* issued by the ESFA, 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 ESFA are used only in accordance with the Financial Memorandum with the ESFA 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 ESFA are not put at risk.

Approved by order of the members of the Corporation on 6 December 2017 and signed on its behalf by:

  
P L Cropley  
Chair

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

## Opinion

We have audited the financial statements of Boston College (the "College") and its subsidiary (the "Group") for the year ended 31 July 2017 which comprise the consolidated and college statements of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards (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 24 July 2017.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2017 and of the Group's and the College'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.

## Basis for opinion

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

## Conclusions relating to going concern

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

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

## Other information

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

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

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

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2016 to 2017 issued by the Department for Education 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.



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

### Responsibilities of the Corporation of Boston College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 19, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

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 24 July 2017. 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 24 July 2017 to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

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

Date

12/12/2017



# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2017		2016	
	Notes	Group £'000	College £'000	Group £'000	College £'000
<b>INCOME</b>					
Funding body grants	3	12,334	12,334	12,021	12,021
Tuition fees and education contracts	4	1,873	1,873	1,787	1,787
Other income	5	944	908	1,094	1,014
Investment income	6	3	36	5	62
<b>Total income</b>		<b>15,154</b>	<b>15,151</b>	<b>14,907</b>	<b>14,884</b>
<b>EXPENDITURE</b>					
Staff costs	7	9,970	9,970	9,688	9,688
Other operating expenses	9	4,089	4,086	4,155	4,132
Depreciation	12	678	678	659	659
Interest and other finance costs	10	193	193	202	202
<b>Total expenditure</b>		<b>14,930</b>	<b>14,927</b>	<b>14,704</b>	<b>14,681</b>
<b>Surplus before other gains and losses</b>		<b>224</b>	<b>224</b>	<b>203</b>	<b>203</b>
Loss on disposal of tangible fixed assets		-	-	-	-
<b>Surplus before tax</b>		<b>224</b>	<b>224</b>	<b>203</b>	<b>203</b>
Taxation	11	-	-	-	-
<b>Surplus for the year</b>		<b>224</b>	<b>224</b>	<b>203</b>	<b>203</b>
Re-measurement of net defined benefit pension liability	22	2,726	2,726	(1,672)	(1,672)
<b>Other Comprehensive income for the year</b>		<b>2,726</b>	<b>2,726</b>	<b>(1,672)</b>	<b>(1,672)</b>
<b>Total Comprehensive Income for the year</b>		<b>2,950</b>	<b>2,950</b>	<b>(1,469)</b>	<b>(1,469)</b>
<b>Surplus for the year attributable to the Corporation of the College</b>		<b>224</b>	<b>224</b>	<b>203</b>	<b>203</b>
<b>Total Comprehensive Income for the year attributable to the Corporation of the College</b>		<b>2,950</b>	<b>2,950</b>	<b>(1,469)</b>	<b>(1,469)</b>

# Boston College Corporation

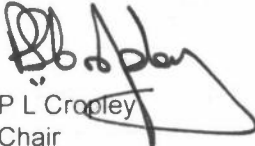
## FINANCIAL STATEMENTS


for the year ended 31 July 2017

### BALANCE SHEETS

	Notes	Group 2017 £000	College 2017 £000	Group 2016 £000	College 2016 £000
<b>Fixed assets</b>					
Tangible assets	12	15,657	15,657	15,375	15,375
Investments	13	-	-	-	-
<b>Total fixed assets</b>		<u>15,657</u>	<u>15,657</u>	<u>15,375</u>	<u>15,375</u>
<b>Current assets</b>					
Stock	14	22	22	36	36
Debtors	15	548	614	644	716
Cash at bank and in hand		4,318	4,236	4,252	4,165
<b>Total current assets</b>		<u>4,888</u>	<u>4,872</u>	<u>4,932</u>	<u>4,917</u>
<b>Current liabilities</b>					
Creditors - amounts falling due within one year	16	(2,253)	(2,237)	(2,348)	(2,333)
<b>Net current assets</b>		<u>2,635</u>	<u>2,635</u>	<u>2,584</u>	<u>2,584</u>
<b>Total assets less current liabilities</b>		<u>18,292</u>	<u>18,292</u>	<u>17,959</u>	<u>17,959</u>
Creditors – amounts falling due after more than one year	17	(4,707)	(4,707)	(4,900)	(4,900)
<b>Provisions for liabilities</b>					
Defined benefit pension scheme	22	(4,454)	(4,454)	(6,709)	(6,709)
Other provisions	18	(535)	(535)	(704)	(704)
<b>Total net assets</b>		<u>8,596</u>	<u>8,596</u>	<u>5,646</u>	<u>5,646</u>
<b>Unrestricted reserves</b>					
Income and expenditure reserve		5,378	5,378	2,306	2,306
Revaluation reserve		3,218	3,218	3,340	3,340
<b>Attributable to the College Corporation and total unrestricted reserves</b>		<u>8,596</u>	<u>8,596</u>	<u>5,646</u>	<u>5,646</u>

The financial statements on pages 22 - 47 were approved and authorised for issue by the Corporation on 6 December 2017 and were signed on its behalf on that date by:

  
P L Cropley  
Chair

  
J Maher  
Accounting Officer

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

### 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 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
Surplus for the year	224	-	224
Other comprehensive income	2,726	-	2,726
Transfers between revaluation and income and expenditure reserves	122	(122)	-
<b>Total comprehensive income for the year</b>	3,072	(122)	2,950
<b>Balance at 31 July 2017</b>	5,378	3,218	8,596
	Income and expenditure reserve	Revaluation reserve	Total
	£'000	£'000	£'000
<b>College</b>			
<b>Balance at 1 August 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
Surplus for the year	224	-	224
Other comprehensive income	2,726	-	2,726
Transfers between revaluation and income and expenditure reserves	122	(122)	-
<b>Total comprehensive income for the year</b>	3,072	(122)	2,950
<b>Balance at 31 July 2017</b>	5,378	3,218	8,596

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

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### CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2017 £'000	2016 £'000
<b>Operating activities</b>			
Cash generated from operations	21	1,160	1,445
Taxation paid		-	-
<b>Net cash from operating activities</b>		<u>1,160</u>	<u>1,445</u>
<b>Investing activities</b>			
Proceeds from sale of tangible fixed assets		15	1,093
Investment income		2	5
Purchase of tangible fixed assets		(960)	(488)
		<u>(943)</u>	<u>610</u>
<b>Financing activities</b>			
Interest paid		(28)	(31)
Repayments of borrowings		(116)	(116)
		<u>(144)</u>	<u>(147)</u>
<b>Increase in cash and cash equivalents in the year</b>		<u>73</u>	<u>1,908</u>
<b>Cash and cash equivalents at beginning of the year</b>		4,237	2,329
<b>Cash and cash equivalents at end of the year</b>		<u>4,310</u>	<u>4,237</u>
<b>Cash and cash equivalents comprise</b>			
Cash at bank and in hand		4,318	4,252
Bank overdraft		(8)	(15)
		<u>4,310</u>	<u>4,237</u>

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

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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 13. 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 2016-17 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

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

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 2017

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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 2016-17. 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 2017.

##### 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 £2.2m 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 2017 - 2019. 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 for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end.

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 2017

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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 2017

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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 and it is consolidated to have an infinite useful life. Depreciation on other assets is calculated, using the straight line basis, to write off the cost of each assets to its estimated residual value over its expected useful lives, as follows:

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

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, as 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 2017

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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 2017

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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 certain Discretionary Support Funds. Related payments received from the funding body and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 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 2017

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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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2017. 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 2017

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3 Funding Body Grants

	2017 Group £000	2017 College £000	2016 Group £000	2016 College £000
<b>Recurrent grants</b>				
Education and Skills Funding Agency – adult	3,007	3,007	2,815	2,815
Education and Skills Funding Agency – 16-18	7,510	7,510	7,342	7,342
Education and Skills Funding Agency – apprenticeships	1,588	1,588	1,603	1,603
Higher Education Funding Council	152	152	121	121
<b>Specific grants</b>				
Releases of government capital grants	77	77	140	140
<b>Total</b>	<b>12,334</b>	<b>12,334</b>	<b>12,021</b>	<b>12,021</b>

#### 4 Tuition fees and education contracts

	2017 Group £000	2017 College £000	2016 Group £000	2016 College £000
Tuition fees	1,408	1,408	1,413	1,413
Education contracts	465	465	374	374
<b>Total</b>	<b>1,873</b>	<b>1,873</b>	<b>1,787</b>	<b>1,787</b>

#### 5 Other income

	2017 Group £000	2017 College £000	2016 Group £000	2016 College £000
Catering and residences	433	433	493	493
Other income generating activities	237	201	280	200
Miscellaneous income	274	274	321	321
<b>Total</b>	<b>944</b>	<b>908</b>	<b>1,094</b>	<b>1,01</b>

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 6 Investment income

	2017 Group £000	2017 College £000	2016 Group £000	2016 College £000
Income from bank deposits	3	3	5	5
Gift aid	-	33	-	57
<b>Total</b>	<b>3</b>	<b>36</b>	<b>5</b>	<b>62</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:

	2017 Number	2016 Number
Teaching staff	151	154
Non-teaching staff	186	198
	<b>337</b>	<b>352</b>

<b>Staff costs for the above persons</b>	<b>2017 £000</b>	<b>2016 £000</b>
Wages and salaries	7,677	7,705
Social security costs	624	511
Other pension costs	1,533	1,406
<b>Payroll sub total</b>	<b>9,834</b>	<b>9,622</b>
Contracted out staffing services	87	66
	<b>9,921</b>	<b>9,688</b>
Restructuring costs – contractual	49	-
Restructuring costs – non contractual	-	-
	<b>9,970</b>	<b>9,688</b>

All restructuring costs were approved by the Principal.

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

### 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, Head of Quality, Head of Curriculum and Head of Learner Services. 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

	2017	2016
	No.	No.
The number of key management personnel including the Accounting Officer was:	7	5

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

	Key management personnel		Other staff	
	2017	2016	2017	2016
	No.	No.	No.	No.
£40,001 to £50,000 p.a.	3	1	-	-
£50,001 to £60,000 p.a.	1	1	-	-
£60,001 to £70,000 p.a.	2	2	-	-
£100,001 to £110,000 p.a.	-	1	-	-
£110,001 to £120,000 p.a.	1	-	-	-
	<u>7</u>	<u>5</u>	<u>-</u>	<u>-</u>

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

	2017	2016
	£'000	£'000
Salaries	447	327
Benefits in kind	-	-
National Insurance	53	36
	<u>500</u>	<u>363</u>
Pension contributions	79	59
	<u>579</u>	<u>422</u>
<b>Total emoluments</b>	<b>579</b>	<b>422</b>

# Boston College Corporation

FINANCIAL STATEMENTS  
for the year ended 31 July 2017

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## 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:

	2017 £'000	2016 £'000
Salaries	120	105
Benefits in kind	-	-
National Insurance	15	13
	<hr/>	<hr/>
	135	118
	<hr/>	<hr/>
Pension contributions	20	17
	<hr/>	<hr/>

### 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 £351; 3 Governors (2016 £263; 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 2017

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 9 Other operating expenses

	2017 Group £000	2017 College £000	2016 Group £000	2016 College £000
Teaching costs	1,649	1,649	1,430	1,430
Non teaching costs	1,617	1,617	1,732	1,732
Premises costs	823	820	993	970
<b>Total</b>	<b>4,089</b>	<b>4,086</b>	<b>4,155</b>	<b>4,132</b>

	2017 Group £000	2017 College £000	2016 Group £000	2016 College £000
<b>Surplus before taxation is stated after charging/(crediting):</b>				
Auditors' remuneration:				
Financial statements audit*	17	17	15	15
Internal audit	13	13	17	17
Other services provided by financial statements auditors				
- Audit related assurance services and regularity	3	3	3	3
- Other assurance services	1	1	1	1
(Profit) on disposal of tangible fixed assets	(15)	(15)	(21)	(21)
Operating lease rentals – plant and machinery	30	30	33	33
Operating lease rentals – other assets	19	19	48	48

\* includes £1,800 in respect of the subsidiary undertaking (2015-16 £1,000).

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

	2017 £000	2016 £000
Bank loans and overdrafts	28	31
Net interest on defined pension liability (note 22)	165	171
	<b>193</b>	<b>202</b>

#### 11 Taxation

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



# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

### 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 2016	18,296	1,418	4,175	23,889
Transfer	245	(245)	-	-
Additions	630	17	313	960
Disposals	-	-	(92)	(92)
At 31 July 2017	19,171	1,190	4,396	24,757
<b>Depreciation</b>				
At 1 August 2016	4,831	88	3,595	8,514
Charge for year	363	6	309	678
Elimination in respect of disposals	-	-	(92)	(92)
At 31 July 2017	5,194	94	3,812	9,100
<b>Carrying amount at 31 July 2017</b>	13,977	1,096	584	15,657
Carrying amount at 31 July 2016	13,465	1,330	580	15,375

Land and buildings includes land valued at Group and College £835,000 (2016 £835,000) which is not depreciated as it is considered to have an infinite useful life.

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

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>	Nil

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 13 Non-current Investments

	2017 £	2016 £
Investments in subsidiary companies	10	10

#### Interest in group undertakings

			Proportion of nominal value of issued shares held by:	
	Country of incorporation or registration	Description of shares held	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	
	2017 £000	2016 £000
Raw materials and consumables	22	36

#### 15 Debtors

	Group 2017 £000	College 2017 £000	Group 2016 £000	College 2016 £000
Amounts falling due within one year:				
Trade debtors	253	249	265	260
Amounts owed by subsidiary undertakings	-	70	-	44
Prepayments and accrued income	186	186	152	185
Amounts owed by the Education and Skills Funding Agency	109	109	227	227
<b>Total</b>	<b>548</b>	<b>614</b>	<b>644</b>	<b>716</b>

Trade debtors includes £14,000 (2016 £14,000) for bad debt provision.

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	Group 2017 £000	College 2017 £000	Group 2016 £000	College 2016 £000
Bank loans and overdraft	123	123	130	130
Trade creditors	242	242	350	350
Payments received on account	427	427	353	353
Other taxation and social security	286	286	282	282
Other creditors	40	40	44	44
Accruals	580	564	523	508
Government capital grants	77	77	77	77
Amounts owed to:				
Education and Skills Funding Agency	478	478	589	589
<b>Total</b>	<b>2,253</b>	<b>2,237</b>	<b>2,348</b>	<b>2,333</b>

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

	Group 2017 £000	College 2017 £000	Group 2016 £000	College 2016 £000
Bank Loan	2,052	2,052	2,168	2,168
Government capital grants	2,655	2,655	2,732	2,732
<b>Total</b>	<b>4,707</b>	<b>4,707</b>	<b>4,900</b>	<b>4,900</b>

	Group 2017 £000	College 2017 £000	Group 2016 £000	College 2016 £000
<b>Bank loans and overdrafts</b>				
Bank loans and overdrafts are repayable as follows:				
In one year or less	123	123	130	130
Between one and two years	116	116	116	116
Between two and five years	348	348	348	348
In five years or more	1,588	1,588	1,704	1,704
<b>Total</b>	<b>2,175</b>	<b>2,175</b>	<b>2,298</b>	<b>2,298</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 2017

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 18 Provisions for liabilities

Group and College	Enhanced Pension £000	Other £'000	Total £'000
At 1 August 2016	197	507	704
Amounts utilised	(13)	(72)	(85)
Changes in period credited to Statement of Comprehensive Income	(30)	(54)	(84)
<b>At 31 July 2017</b>	<b>154</b>	<b>381</b>	<b>535</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:

	2017	2016
Price inflation	1.3%	1.3%
Discount rate	2.3%	2.3%

#### 19 Financial commitments

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

	Group and College	
	2017 £000	2016 £000
Payments due		
Not later than one year	44	64
Later than one year and not later than five years	122	96
<b>Total lease payments due</b>	<b>166</b>	<b>160</b>

The lease ended on 31 August 2016 after use of the break clause, and so did not run until the end of the lease term of 2021.

#### Capital commitments

	Group and College	
	2017 £'000	2016 £'000
Commitments contracted for at 31 July	-	444

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 20 FINANCIAL INSTRUMENTS

The Group has the following financial instruments:

	2017 £'000	2016 £'000
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	-	-
Debt instruments measured at amortised cost		
Trade debtors	253	265
Accrued income	38	32
<b>Total</b>	<u>291</u>	<u>297</u>

	2017 £'000	2016 £'000
<b>Financial liabilities</b>		
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost		
Trade creditors	242	350
Bank loans and overdrafts	2,176	2,298
Accruals	580	523
<b>Total</b>	<u>2,998</u>	<u>3,171</u>

# Boston College Corporation

FINANCIAL STATEMENTS  
for the year ended 31 July 2017

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 21 NOTES TO CASH FLOW STATEMENT

	2017 £'000	2016 £'000
<b>Surplus after tax for the year</b>	224	203
Adjustment for:		
Depreciation	678	659
Deferred capital grants released to income	(77)	(45)
Investment income	(2)	(5)
Interest payable	193	202
Profit on sale of fixed assets	(15)	(21)
(Decrease) in provisions	(169)	(64)
Pensions costs less contributions payable	306	195
Operating cash flow before movements in working capital	1,138	1,124
Decrease in stocks	14	-
Decrease in debtors	96	286
(Decrease)/increase in creditors	(88)	35
<b>Cash generated from operations</b>	1,160	1,445

### 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.

	2017 £000	2016 £000
<b>Total pension cost for the year</b>		
Teachers' Pension Scheme: contributions paid	585	571
Lincolnshire County Council Pension Fund		
Contributions paid	672	591
FRS 102 (28) charge	306	235
Charge to the Statement of Comprehensive Income	978	826
Enhanced pension charge to Statement of Comprehensive Income	(30)	9
<b>Total Pension Cost for Year within staff costs</b>	1,533	1,406

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 2016. Contributions amounting to £147,214 (2016 £139,336) were payable to the scheme at 31 July and are included within creditors.

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

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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. Retirement and other pension benefits are paid by public funds provided by Parliament.

##### 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 be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £585,000 (2016: £571,000)

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>

##### Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform on the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 22 RETIREMENT BENEFITS (continued)

##### 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 2017 were £848,000, of which employer's contributions totalled £672,000 and employees' contributions totalled £176,000. The agreed contribution rates for future years are 21.5 % for employers and range from 5.5% to 12.5% for employees, depending on salary. Following the triennial valuation, the college will be making deficit repayments of £74,000 for the year ending 31 March 2018, increasing by £2,000 per annum until 31 March 2020.

##### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2017 by a qualified independent actuary.

	At 31 July 2017	At 31 July 2016
Rate of increase in salaries	*2.4%	3.4%
Future pensions increases	2.5%	1.9%
Discount rate	2.7%	2.4%
Inflation assumption (CPI)	2.5%	1.9%
Commutation of pensions to lump sums	50%	25%

\* 1% increase for the year to 31 July 2018 and 2.6% thereafter

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

	At 31 July 2017 years	At 31 July 2016 years
<i>Retiring today</i>		
Males	22.1	22.2
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	24.1	24.5
Females	26.6	26.8

	Fair Value at 31 July 2017 £'000	Fair value at 31 July 2016 £'000
Equity instruments	14,320	12,190
Debt instruments	2,203	2,085
Property	1,652	1,765
Cash	184	-
	<u>18,359</u>	<u>16,040</u>
<b>Actual return on plan assets</b>	<u>1,873</u>	<u>1,765</u>



# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

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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>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	18,359	16,040
Present value of plan liabilities	(22,813)	(22,749)
	<u>(4,454)</u>	<u>(6,709)</u>

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

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	(978)	(826)
Net interest on the net defined benefit pension liability	(165)	(171)
<b>Total</b>	<u>(1,143)</u>	<u>(997)</u>
<b>Amount recognised in Other Comprehensive Income:</b>		
Remeasurement of net defined benefit pension liability	2,726	(1,672)
<b>Amount recognised in Other Comprehensive Income</b>	<u>2,726</u>	<u>(1,672)</u>

# Boston College Corporation

## FINANCIAL STATEMENTS

for the year ended 31 July 2017

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 22 RETIREMENT BENEFITS (continued)

	2017 £'000	2016 £'000
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	22,749	18,460
Current service cost	978	826
Interest cost	555	676
Contributions by scheme participants	176	180
Actuarial (gains) / losses	(1,248)	2,956
Benefits paid	(397)	(349)
<b>Defined benefit obligations at end of period</b>	<u>22,813</u>	<u>22,749</u>

#### Changes in fair value of plan assets

	2017 £'000	2016 £'000
<b>Fair value of plan assets at start of period</b>	16,040	13,789
Interest income	390	505
Return on plan assets (excluding net interest on the net defined benefit liability)	1,478	1,284
Employer contributions	672	631
Contributions by scheme participants	176	180
Benefits paid	(397)	(349)
<b>Fair value of plan assets at end of period</b>	<u>18,359</u>	<u>16,040</u>

#### 23 Amounts disbursed as agent learner support funds

	2017 £'000	2016 £'000
Funding body grants	637	508
Disbursed to students	(301)	(375)
Administration costs	(14)	(19)
<b>Balance unspent as at 31 July, included in creditors</b>	<u>322</u>	<u>114</u>

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

#### 24 Related party transactions

Key management compensation disclosure is given in note 8.

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

## **Conclusion**

We have carried out an engagement, in accordance with the terms of our engagement letter dated 24 July 2017 and further to the requirements of the financial memorandum with the Skills Funding Agency to obtain limited assurance about whether the expenditure disbursed and income received by Boston College during the period 1 August 2016 to 31 July 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

## **Basis for conclusion**

The framework that has been applied is set out in the Post-16 Audit Code of Practice 2016 to 2017 issued by the Department for Education. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Education and Skills Funding Agency has other assurance arrangements in place.

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

## **Responsibilities of Corporation of Boston College for regularity**

The Corporation of Boston College is responsible, under the 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. The Corporation of Boston College is also responsible for preparing the Governing body's Statement of Regularity, Propriety and Compliance.

## **Reporting accountant's responsibilities for reporting on regularity**

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Post-16 Audit Code of Practice 2016 to 2017.

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

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

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

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

RSM UK Audit LLP

**RSM UK AUDIT LLP**

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Date: 12/12/2017