Chesterfield College
Annual Report and Financial Statements
Year ended 31 July 2022

Chesterfield College

Contents

Chesterfield College

Reference and Administrative Details

Corporation
A full list of members is given on pages 16-17 of these financial statements.

Clerk to the Corporation
Jessica Shore

Senior management team

Julie Richards	Principal and CEO; Accounting Officer Chesterfield College
David Malone	Deputy Principal & Chief Operating Officer
Henry Taylor-Toone	Vice Principal Finance and Corporate Services *(Appointed 7 February 2022)*
Craig Acaster	Vice Principal People and Culture
Jackie Rossa	Vice Principal Quality Improvement and Assurance *(Resigned 31 July 2022)*
Keith Oxspring	Financial Management Consultant *(Resigned 17 February 2022)*

Principal and Registered Office
Infirmary Road, Chesterfield, S41 7NG

Professional advisors

External auditors	Mazars LLP, Nottingham
Internal auditors	ICCA Education Training and Skills Ltd, Birmingham
Solicitors	Freeths LLP, Nottingham
Bankers	Barclays Bank PLC, Birmingham

Chesterfield College

Report of the Corporation including the Strategic Report

OBJECTIVES AND STRATEGY

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

Legal status

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

Mission, Vision and Strategy

The College's mission and vision remain the same as those adopted in 2015:

<u>Our Mission</u>
Inspiring Futures, Changing Lives.

<u>Our Vision</u>
To be recognised locally and nationally as an outstanding College by the students, employers and communities we serve.

Annual self-assessment of governance

The Corporation Board conducted its annual self-assessment was completed and approved in December 2022. The overall judgement for governance was self-assessed as Good.

The last external governance review was undertaken in 2021 and the Corporation Board plans to commission a new review during 2023/24.

Implementation of Strategic Plan

The College adopted a new 5 year strategic plan from 2019-2024 and this is reviewed annually and has been developed with its staff, students, governing body and external partners as a statement of the collective ambition for The Chesterfield College Group. This directly feeds into six strategic implementation plans that cover the key areas of the College Group. Implementation of the Year 2 objectives has been reviewed and the Group feels it is on track with the strategic plan.

The expectations placed on Further Education have changed dramatically over the years. It is now more important than ever that the College's strategic plan embraces and values the staff who dedicate themselves to inspiring the future of every student they teach. Raising the ambitions of the College's students will develop local communities and help support the economy to grow and prosper.

The College's strategy focuses on five key areas: People, looking at customer excellence, developing talented people and offering outstanding services: Performance, developing skills, achieving excellence, and inspiring success: Position, ensuring the College is responsive, ambitious, and an educational business: Prosperity, ensuring the College is financially sound, and equipped to flourish: Progress, driving ambition, enabling progression and maximising potential.

The Chesterfield College Group has much to be proud of and strives for the highest possible standard in everything it does. The successes of its students, the benefits it brings to local and national businesses and the strong partnerships it holds within local communities are evidence of its achievements so far. Together in collaboration with its staff, students and stakeholders, the College continues on its journey to be recognised as a high quality education business, financially sound and equipped to serve the needs of the local community.

Covid-19 has had an impact on the strategic plan for the College, and the impact of the pandemic has meant that the College has had to review its strategic priorities and has reassigned timescales to objectives that better reflected the current situation. This is due to the need to change delivery models for students across all of the College's provision, to ensure financial stability, understand and develop the workplace for non-student facing roles. The College has implemented a working model that mixes traditional office based work with home working. This has been done by accelerating the systems and ICT strategy to support the volume of infrastructure changes required.

Resources

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

Tangible resources include the main College site on Infirmary Road, Lockoford Lane Automotive Centre, Langer Lane and leased premises at Derby, Nottingham and Manchester.

The group has net assets of £12,574,000 (2020-21: net liabilities £14,041,000), including £3,720,000 pension liability (2020-21: £31,168,000) and total debt of £3,347,000 (2020-21: £3,541,000) with Barclays bank.

At 31st July 2022 the College employed 608 people (2020-21: 599), of whom 261 (2020-21: 242) were teaching or work-based tutors.

During the financial year 2021-22 the College enrolled approximately 6,043 students. The College's student population includes 2,472 16-to-18-year-old students, 2,106 apprentices, 253 higher education students and 1,212 adult learners.

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students, employer engagement and external relationships including Local Enterprise Partnerships.

The College received an Ofsted inspection in November 2022 which resulted in the College being graded as 'Good' (an improvement on the previous grading) with a Skills rating of 'Strong'. This is a brilliant result and demonstrates how the College is able to deliver for our learners, our local employers and the wider community.

Stakeholders

The College has many stakeholders including:

- Current, future and past students;
- Staff and their trade unions;
- Bank and leasing companies;
- Local and national employers;
- The local community;
- Local borough council, combined authority and Local Enterprise Partnerships;
- Education sector funding bodies;
- FE Commissioner & other FE and HE institutions;
- Professional bodies.

Public Benefit

Chesterfield College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 16-17. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

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

- High quality teaching and learning
- Widening participation and tackling social exclusion
- Excellent employment record for students, providing 'work ready' students
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs)

DEVELOPMENT AND PERFORMANCE

Financial Results

The inclusion of the LGPS pension costs in accordance with FRS102 has a significant impact on the presentation of the accounts.

The table below shows the financial outturn position and the impact of these charges for the group.

	2022	2021
	£'000	£'000
Deficit before tax	(5,065)	(2,672)
Adjustment for non-operational items:		
- Asset impairment	300	-
- Pension Reserve Costs	3,232	2,490
Underlying operating deficit	(533)	(182)

2021-22 saw the College return to full face-to-face delivery as we saw an end to Covid lockdowns. Despite not being in lockdown we have continued to face challenges which has resulted in an increase in our underlying deficit to £533,000 (2020-21 £182,000).

The apprenticeship market has failed to recover back to pre-Covid levels, with the impact of the change from Frameworks to Standards coupled with a lack of candidates and general macroeconomic uncertainty resulting in a lower-than-expected level of Apprenticeship income. Strategically we are focusing on higher-value, more predictable apprenticeship areas to improve stability and profitability.

Across 16-18, Apprentices and Adult provision the recruitment landscape is proving to be challenging. Increases in industry sector salaries (particularly within Engineering and Construction) has meant we are facing difficulties in recruiting and retaining staff. To address this, we have introduced flexible benefits which has an immediate and positive impact.

The College is also facing significant increases in gas and electricity costs and general inflationary pressures. The College has benefited from have fixed gas and electricity contracts in place for 2021-22 but the impact of price increases will be felt in significantly 2022-23.

Cash flows and liquidity

At £1,076,000 (2020-21: £2,962,000), net cash flow from operating activities was strong.

The College has made significant improvement in working capital flows and cash flow management procedures to ensure it maintains positive net cash flows from operating activities.

On 29 November 2022 following an announcement by the Office for National Statistics (ONS) Chesterfield College Group was reclassified as a public sector organisation. As a result, the College is not allowed to enter to independently obtain external financing. The College was able to obtain agreement from the Department for Education (DfE) to extend the existing Term Loan to 31 July 2023 at which point the DfE will refinance the loan.

Following discussions with the ESFA it was agreed that the College would receive smoothed payments of 16-19 funding during FY22/23. In addition, following the reclassification of Further Education colleges the Department for Education (DfE) announced that payments would continue to be smoothed. This will help improve the historical low cash period of December to April.

Developments

Capital expenditure incurred during 2021-22 amounted to £1,521,000 (2020-21: £2,439,000). During the year, work was undertaken on a number of projects utilising the funding received from the Skills Accelerator Development Fund. The overall aim of the project was to develop an Advanced Manufacturing facility focussed on design and prototype engineering utilising Additive Manufacturing at its heart.

The centre showcases the benefits of Additive Manufacturing and its capabilities across a range of applications, sectors, and qualifications. The facility would house the latest 3D printing technology, software packages and necessary testing equipment needed by a range of sectors including Energy, Aerospace, Transport, Infrastructure, Automotive, Healthcare, Consumer Products, Food Manufacturing and Product Development.

Reserves

The Group has accumulated positive reserves of £12,574,000 (2020-21: (£14,041,000) negative reserves). However, these reserves include an LGPS pension provision of £3,720,000 (2020-21: £31,168,000). If this provision is excluded, then accumulated reserves would stand at £16,294,000 (2019-20: £17,127,000). The Group also has cash and short-term investment balances of £1,564,000 (2020-21: £2,538,000) and continues to keep a tight control over cash balances through effective cash flow forecasting and cash management. The Group wishes to continue to accumulate reserves and cash balances to create a contingency fund.

Sources of income

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2021/22, ESFA provided 82.0% (2020/21: 82.5%) of the Group's total income.

Group companies

The College has four trading subsidiary companies, Training Services 2000 Limited, Recruit Unlimited Limited, Chesterfield College Enterprises Limited and Learning Unlimited ATA Limited.

The principal activity of Training Services 2000 Limited is as a training provider, whilst Recruit Unlimited Limited carries out recruitment services and provides ancillary support services. Chesterfield College Enterprises Limited operates a restaurant. The company was badly affected by Covid-19 restrictions during the year and a decision has now been taken to cease trading with the company being wound down. Learning Unlimited ATA Limited is an apprenticeship training agency. Any surpluses generated by the subsidiaries are transferred to the College by Gift Aid distribution.

In the current year, Training Services 2000 Limited generated a surplus of £519,429 (2020-21: £469,669), Recruit Unlimited Limited generated a surplus of £128,244 (2020-21: £1,191 deficit), Chesterfield College Enterprises Limited no longer traded in 2021-22 but generated an exceptional surplus of £252,876 as the result of the write off of intercompany balances which is eliminated upon group consolidation (2020-21: £41,719 surplus) and Learning Unlimited ATA Limited incurred a deficit of £7,428 (2020-21: £2,083).

FUTURE PROSPECTS

Developments

The College continues to develop its curriculum offer and in order to do this the College will carry out a strategic review of each curriculum area. These reviews will look at the end-to-end training needs in the area and determine the strategic implementation plan that sits alongside the Group Strategic Plan. This review will also consider other non-grant funded income and how it can diversify current income streams in order to enhance financial performance, which will enable the College to reinvest where needed.

The College continues to rationalise its ICT infrastructure and is moving to a suite of Business Information Systems that are from a single source. This will enable harmonious integration enabling staff to spend less time on administrative duties and more time developing core activities.

The College continues to diversify its income streams, investing in Digital Marketing, Curriculum Design and Sales strategies to grow the current short accredited and non-accredited course offer.

Financial plan

The College governors approved a financial plan in July 2022 which set financial targets and objectives for the period to 31 July 2023. As at January 2023 the College was forecasting a financial health rating of 'Requires Improvement' for the year-ending 31 July 2023 with a year-end cash balance in line with 31 July 2022.

Treasury policies and objectives

The College has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. Short term borrowing for temporary revenue purposes is authorised by the Principal/Chief Executive Officer. All other borrowing requires the authorisation of the Corporation.

Reserves

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 positive £6,724,000 (2020/21: negative £20,064,000) inclusive of the LGPS pension provision of £3,720,000 (2020/21: £31,168,000). Without this provision, Income and Expenditure reserves would stand at £10,444,000 (2020/21: £11,104,000). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management

The College has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

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

The main risk factors affecting the College are outlined below:

- Inconsistent/inadequate delivery of services across the College
- An incident occurs which has significant negative impact on public perception of the College
- The quality of teaching, learning and student outcome is not improved swiftly and consistently
- Strategic partnerships are not developed or managed well
- The curriculum and wider offering is unsuitable for student and other stakeholder needs
- Changes in government policy are not swiftly implemented

- College fails to achieve the planned surplus or target financial health rating of "Good"
- The College's innovation ambitions are not embraced by staff or delivered to stakeholders
- Major event that damages the College's estate
- IT security event impacting on core systems and/or the theft of data
- The College's offer is not diversified effectively to achieve growth in income
- The potential impact of the ongoing Covid-19 global pandemic
- Failure of health and safety systems leading to incidents
- Failure of safeguarding systems and processes leading to harm, damage to reputation and litigation

With the assistance of the College's internal auditors, the Senior Management Team have undertaken a comprehensive review of its strategic risks which will continue to be monitored throughout the financial year.

KEY PERFORMANCE INDICATORS

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency (ESFA). The College is assessed by the ESFA as having a ‘Requires Improvement’ financial health grade.

Key Performance Area	Strategic Intent	Performance Measure	Target Value	Actual Value
Prosperity	Financially sound, equipped to flourish	Surplus (before LGPS actuarial adjustment)	0.4%	(2.0)%
		Pay to income ratio (education specific)	<= 65.0%	71.6%
		Total debt as a proportion of income	<= 20.0%	13.2%
		Current ratio	>= 1.5	0.49
		ESFA financial health grade	Good	Requires Improvement
		Compliance with bank covenants	Pass	Fail
Performance	Developing skills, achieving excellence, inspiring success	Achievement rates for classroom provision	>= 83%	82.4%
		Achievement rates for work-based provision	>= 88%	56.3%
		Achievement rates for maths and English provision	>= 80%	78.9%
		Achievement rates for HE provision	>= 88%	90.4%
Progress	Driving ambition, enabling progression, maximising potential	Value-added score for Applied General provision	<= 6	6
		Value-added score for Academic provision	<= 6	4
Position	Responsive, ambitious, educational business	Number of students enrolled	>= 7,000	6,593
People	Customer excellence, talented people, outstanding services	Staff turnover	<15.0%	17.2%
		Staff completion of mandatory training	100%	100%

Student achievements

Students continue to prosper at the College. Achievement rates remained high in 21-22 at 86.9% of 16-18 year old students and 85.6% of all students move into a positive destination of employment further or higher education.

89.5% of 16-18 year old and 86.5% of total students moved into employment, further or higher education after they completed College.

Payment performance

The late payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. During the accounting period 1 August 2021 to 31 July 2022, the College paid the majority of invoices promptly and incurred no interest charges in respect of late payment for this period.

EQUALITY AND DIVERSITY

Equality

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College’s Equality Policy is published on the College’s Intranet site.

The College publishes an Annual Equality Report and Equality objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College is a ‘Positive about Disabled’ employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College has committed to the ‘Mindful Employer’ initiative to assist the mental health wellbeing of staff. The College has achieved accreditation to the Committed to Equality (C2E) standard at the gold (highest) level. The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

a) Accessible premises – The College complies with the requirements to ensure that premises are accessible and reasonable adjustment is made to ensure that disabled students and staff can access our premises.

b) Training and development – The College delivers quality and diversity training and disability awareness training, including events specifically designed to enable tutors and support staff to deliver a better service to students with a disability.

c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.

d) The admissions policy for all students is described in the College Charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.

e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.

Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College.

Numbers of employees who were employed in the relevant period	FTE employee number
2	1.6

Percentage of time	Number of employees
0%	0
1-50%	2
51-99%	0
100%	0

Total cost of facility time	£11,215
Total pay bill	£21,398,000
Percentage of total bill spent on facility time	0.05%
Time spent on paid trade union activities as a percentage of total paid facility time	0%

Going concern

The College has prepared these financial statements on the assumption that it is a going concern and will be able to trade into the foreseeable future. Informing this opinion, the Corporation Board have taken into account reports presented to it such as monthly management accounts, budgets, forecasts, ESFA returns, cash flow forecasts as well as correspondence from its Bankers as well as reports prepared by its Internal and External auditors.

The Group has net assets of £12,574,000 (202021: net liabilities of £14,041,000). However, this includes the LGPS pension provision of £3,720,000 (2020/21: £31,168,000. Without this provision, net assets would stand at £16,594,000 (2020/21: £17,127,000).

The College currently has a £3,347,000 (2020/21: £3,541,000) Term Loan outstanding. On 29 November 2022 it was announced that the Chesterfield College Group (as a Further Education corporation) would be re-classified as a public sector organisation. One of the impacts of reclassification is that the Group is no longer permitted to take commercial borrowings without permission from the Department for Education (DfE), and permission is only likely in exceptional circumstances. The Group's Term Loan was due to expire on 30 December 2022, and any re-financing of the balloon payment would classify as new commercial borrowings and therefore no longer permitted. The Group has therefore taken the following actions:

- Received permission from the DfE to extend the existing Term Loan until 31 July 2023 – this extension was duly signed in December 2022.
- Submitted an application to the DfE for the Balloon payment due at the end of the Term Loan on 31 July 2023 to be repaid by DfE. This request is being processed and we are expecting a decision in the Spring of 2023.

The Corporation Board considers the prospect that the Balloon payment will be repaid by the DfE on behalf of the Group to be highly likely.

Included within the Group's cashflow forecast is the disposal of an asset. As at 31 January 2023 Heads of Terms had been signed between the Group and the purchaser, with final contracts due to be signed in February 2023. The Corporation Board considers the prospect of this sale highly likely given the nature of the asset and the motivation of the purchaser.

The Corporation Board has ensured that future surplus and cash flow projections have been prepared on a prudent basis. Although the Corporation is satisfied that there is sufficient headroom within these cash flow projections to ensure the College has adequate resources to continue in operational existence for the foreseeable future, there are continuing challenges which are facing all Colleges within the Further Education sector.

The high rate of inflation is not being met by increases in funding rate. The 16-19 funding rates for FY23/24 have been announced with an average increase of 2.9%, significantly lower than CPI inflation of 9.2% in December 2022.

In addition, volatility in gas and electricity prices continues to pose a risk, albeit the price per therm of gas fell in January 2023 back to pre-February 2022 levels.

Accordingly, the College has concluded, that while the above are evidence that a material uncertainty exists, there is a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason continues to adopt the going concern basis in the preparation of its financial statements

On 29 November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions with immediate effect. The full impact of re-classification is yet to be confirmed (a new financial handbook will be implemented in August 2024) however, one immediate impact is that the College is no longer able to obtain commercial borrowing, reducing the College's ability to obtain borrowings to address cash short falls in the future.

The College finance team continue to carefully evaluate the potential impact of these challenges and these are reported to the Corporation Board monthly.

Accordingly, after making appropriate enquiries, the Corporation considers that while the above are evidence that a material uncertainty exists, there is a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt a going concern basis in preparing the financial statements.

Post balance sheet events

On 29 November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions with immediate effect and this prompted the Department for Education to introduce some new rules for colleges which will take effect during 2022/23.

The College considers this announcement to be a non-adjusting post balance sheet event and is evaluating the implications of the announcement and the potential new rules but do not consider that they will have an impact on these financial statements.

On 23 December 2022 the College agreed a 7-month extension to the existing Term Loan with Barclays, with the repayment date extended to 31 July 2023. The Department for Education has confirmed their intention to refinance this Term Loan under similar terms.

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 31 January 2023 and signed on its behalf by:

B Kaczmarczyk
31/01/2023 17:08:38

Beej Kaczmarczyk

Zbignew Beej Kaczmarczyk

Chair of Corporation

Chesterfield College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

The College endeavours to conduct its business:

1. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. in full accordance with the guidance to Colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code").

In the opinion of the Governors, the College complies all the provisions of the Code, and it has complied throughout the year ended 31 July 2022. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 25 June 2015.

The Corporation

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

	Date of Appointment / Re- appointment	**Term of office**	**Date of resignation**	**Status of appointment**	**Committees served**	**Attendance in 2021/22**
Joe Battye	06.12.21	4 years		Joint Vice Chair	Corporation	5/6
				Independent Member	Finance & Corporate Services	4/5
Pam Bond	20.05.21	4 years		Independent Member	Corporation	5/6
					Standards & Performance	3/3
Tony Campbell	15.10.20	4 years		Joint Vice Chair	Corporation	4/6
				Independent Member	Remuneration	1/1
				Independent Member	Governance & Search	2/3
				Independent Member *(Appointed 13.10.22)*	Audit	0/0
John Croot	18.05.21	2 years		Independent Member	Corporation	4/6
				Chair	Finance & Corporate Services	5/6
				Independent Member	Remuneration	0/1
					Governance & Search	2/3
Emma Cheshire	03.10.22	N/A		Student Governor	Corporation	0/0
Wesley Davies	20.05.21	4 years	31.08.22	Independent Member	Corporation	4/6
Howard Freeman	10.10.19	4 years		Independent Member	Corporation	5/6
				Chair	Audit	3/3
				Independent Member	Remuneration	1/1
					Governance & Search	2/3

	Date of Appointment / Re- appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance in 2021/22
Martyn Glossop	26.06.21	4 years		Co-opted Member	Standards & Performance	3/3
Liam Harris	20.10.21		30.06.22	Student Governor	Corporation	1/4
Jan Hemper	11.04.19	4 years		Independent Member	Corporation	5/6
					Finance & Corporate Services	3/5
Steve Jones	24.11.21	4 years		Co-opted Member	Audit	2/2
Beej Kaczmarczyk	22.03.22	2 years		Chair	Corporation	6/6
				Independent Member	Finance & Corporate Services	5/5
				Independent Member	Remuneration	1/1
				Chair	Governance & Search	3/3
Sue Martin-Standley	15.10.20	4 years		Co-opted Member	Standards & Performance	1/1
				Co-opted Chair *(Resigned 16/12/21)*	Remuneration	1/1
				Independent Member *(Appointed 16/12/21)*	Corporation	4/4
				Independent Member	Standards & Performance	2/2
Leigh McKenzie	11.04.19	4 years		Independent Member	Corporation	5/6
					Standards & Performance	2/3
Lou Mycroft	15.10.20	4 years		Independent Member	Corporation	4/6
				Chair	Standards & Performance	3/3
Lee Needham	15.10.20	4 years		Staff Governor	Corporation	3/6
Emma Pearson	16.12.20	4 years		Staff Governor	Corporation	3/6
					Standards & Performance	3/3
Julie Richards	01.03.17	N/A		Principal & CEO	Corporation	6/6
				Member	Finance & Corporate Services	5/5
				Member	Standards & Performance	3/3
				Member	Governance & Search	3/3
Victoria Searby	05.04.22			Co-opted Member	Finance & Corporate Services	3/3
Geoff Taster	01.09.18	4 years	03.11.21	Co-opted Member	Finance & Corporate Services	1/1
	04.11.21	4 years	29.09.22	Co-opted Member	Audit	3/3
Karl Veltman	25.20.21	4 years		Co-opted Member	Standards & Performance	2/3
Emily Williams	15.10.20	4 years	21.10.21	Independent Member	Corporation	0/0
Simon Wright	20.10.22	4 years		Co-opted Chair	Remuneration	0/0

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance & Corporate Services, Remuneration, Audit, Standards & Performance, and Governance & Search.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at www.chesterfield.ac.uk or from the Clerk to the Corporation at the College's registered address.

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 to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

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

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

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

Corporation meetings have continued to take place during the period of lockdown restrictions, albeit remotely, with detailed papers being distributed on a timely basis.

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 Governance & Search Committee which comprises of five members of the Corporation and is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

Corporation performance

The Corporation has performed a self-assessment of its own performance for the year ended 31st July 2022 and concluded that performance had been 'Good' across the corporation Board and sub-committees.

Remuneration Committee

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

Details of remuneration for the year ended 31 July 2022 are set out in note 9 to the financial statements.

Audit Committee

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

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

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

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

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

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 Funding Agreement between Chesterfield College and the funding bodies. 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. This system of internal control has been in place in Chesterfield College for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. On an annual basis the Audit Committee reports to the Corporation on a range of matters including the progress and status of the external audit, the progress and status of internal audit matters, the Risk Management framework, internal controls, as well as any FE Funding body issues.

Risks faced by the corporation

The Corporation Board have, on a number of occasions, been requested to identify and highlight their appetite for risk. This exercise was conducted with the internal auditors who carried out a similar exercise with the College's Senior Management and Leadership teams. Such risks have been incorporated into the Colleges strategic risk register. Each risk is assessed and reviewed on a termly basis by the risk management group as well as the audit committee. On an ongoing basis new risks are identified and where appropriate risks will be removed.

Control weaknesses identified

The internal and external auditors as part of their routine work have drawn attention to the Audit Committee recommendations in relation to findings identified during their work. None of these findings are regarded as being significant weaknesses or failures.

Responsibilities under funding agreements

The Corporation has met its contractual responsibilities under its agreements and contracts with the ESFA.

Statement from the audit committee

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place. The specific areas of work undertaken by the audit committee in 2021/22 and up to the date of the approval of the financial statements are:

- Review of the work and year-end report of the external auditors
- Oversight of the process to change the College's internal auditors
- Agreeing a programme of work with the internal auditors to cover a 24 month period
- Review of the College's statutory accounts
- Review of specific internal audit reports
- Review of the strategic risk register

Review of effectiveness

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

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

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

The Senior Management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management 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 receives reports from the Senior Management team and the Audit Committee in relation to risk and control as and when appropriate. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2022 meeting, the Corporation carried out the annual assessment of the audit committee for the year ended 31 July 2022. Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "*the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets*".

Approved by order of the members of the Corporation on 31 January 2023 and signed on its behalf by:

B Kaczmarczyk 31/01/2023 17:08:38	J Richards 31/01/2023 16:51:57
Beej Kaczmarczyk	Julie Richards
Zbignew Beej Kaczmarczyk	Julie Richards
Chair of Corporation	Accounting Officer

Chesterfield College

Statement of Regularity, Propriety and Compliance

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

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

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

J Richards
31/01/2023 16:51:57
Julie Richards

Julie Richards

Accounting Officer

31 January 2023

B Kaczmarczyk
31/01/2023 17:08:38
Beej Kaczmarczyk

Zbignew Beej Kaczmarczyk

Chair of Corporation

31 January 2023

Chesterfield College

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation, as charity trustees, are required to present audited financial statements for each financial year.

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

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the Corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the Corporation will continue in operation.

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

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

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

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

Approved by order of the members of the Corporation on 31 January 2023 and signed on its behalf by:

B Kaczmarczyk
31/01/2023 17:08:38

Beej Kaczmarczyk

Zbignew Beej Kaczmarczyk

Chair of Corporation

Chesterfield College

Independent auditor's report to the members of Chesterfield College and its subsidiaries

We have audited the financial statements of Chesterfield College (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2022 which comprise the Group and College Statement of Comprehensive Income and Expenditure, the Group and College Statement of Changes in Reserves, the Group and College Balance Sheet, the Group Statement of Cashflows 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 applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

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

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to the going concern heading within the strategic report on page 14 of the financial statements, which details the College's cash flow position and financing arrangements.

As stated in the going concern heading within the strategic report on page 14, these events or conditions, along with the other matters as set forth in this note to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group and College's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information contained within the annual report. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 23, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and the College and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: compliance with the ESFA funding agreements, the OfS regulatory framework, the OFSTED regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group and the College is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and the College which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation.

In addition, we evaluated the Members of the Corporation's and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to, revenue recognition (which we pinpointed to the cut-off assertion for non-funding body grant income and miscellaneous income in the wrong account period), significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Other required reporting

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS's accounts direction have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or
- the provider's expenditure on access and participation activities, as disclosed in the financial statements, has been materially misstated.

Use of the audit report

This report is made solely to the Corporation as a body in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required 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 Group and College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.

M LLP
31/01/2023 16:32:12
Mazars LLP

Mazars LLP

Chartered Accountants and Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: 31/01/2023

Chesterfield College

Reporting accountant's assurance report on regularity

To: The corporation of Chesterfield College and Secretary of State for Education acting through Education and Skills Funding Agency ("ESFA")

In accordance with the terms of our engagement letter dated 6 September 2022 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Chesterfield College during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

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

Respective responsibilities of Chesterfield College and the reporting accountant

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

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

Approach

We conducted our engagement in accordance with the Code issued by ESFA. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity and propriety.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

The work undertaken to draw to our conclusion includes:

•

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the ESFA/funding agreement with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Tested a sample of individual learner records.
- Reviewed all payments to senior post holders on termination of employment or in respect of claims made in the year.
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.

Conclusion

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

M LLP
31/01/2023 16:32:12
Mazars LLP

Mazars LLP

Chartered Accountants and Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: 31/01/2023

Chesterfield College

Consolidated and College Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2022		Year ended 31 July 2021	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding council grants	2	21,970	20,032	20,852	20,419
Tuition fees and education contracts	3	2,450	2,211	2,383	2,178
Other grants and contracts	4	(1)	-	558	462
Other income	5	1,845	1,693	692	1,130
Investment income	7	5	5	3	3
Donations and Endowments	6	-	510	-	906
Total income		**26,269**	**24,451**	**24,488**	**25,098**
EXPENDITURE					
Staff costs	8	21,398	20,329	19,823	19,680
Fundamental restructuring costs	8	93	93	-	318
Other operating expenses	9	6,382	5,784	5,381	5,247
Depreciation	11	1,449	1,429	1,303	1,292
Impairment of tangible fixed assets	11	300	-	-	-
Amortisation and impairment	12	35	-	35	-
Interest and other finance costs	10	640	640	525	691
Total expenditure		**30,297**	**28,275**	**27,067**	**27,228**
Deficit before other gains and losses		**(4,028)**	**(3,824)**	**(2,579)**	**(2,130)**
(Loss)/Gain on disposal of assets	11	(22)	(22)	31	(7)
Share of operating loss in Joint Venture		(15)	(15)	(124)	-
Deficit before tax		**(4,065)**	**(3,861)**	**(2,672)**	**(2,137)**
Taxation		-	-	-	-
Deficit for the year		**(4,065)**	**(3,861)**	**(2,672)**	**(2,137)**
Actuarial loss in respect of pensions schemes	22	30,680	30,680	(3,646)	(2,882)
Total Comprehensive Income for the year		**26,615**	**26,819**	**(6,318)**	**(5,019)**
Represented by:					
Unrestricted comprehensive income		**26,615**	**26,819**	**(6,318)**	**(5,019)**
		26,915	**26,819**	**(6,318)**	**(5,019)**

The statement of comprehensive income is in respect of continuing activities.

Chesterfield College

Consolidated and College Statement of Changes in Reserve

	Income and expenditure account	Revaluation reserve	Total
	£'000	**£'000**	**£'000**
Group			
Restated balance at 1st August 2020	(13,919)	6,195	(7,724)
Deficit from the income and expenditure account	(2,672)	-	(2,672)
Other comprehensive income	(3,646)	-	(3,646)
Transfers between revaluation and income and expenditure reserves	173	(173)	-
Total comprehensive income for the year	(6,145)	(173)	(6,318)
Restated balance at 31st July 2021	(20,064)	6,022	(14,042)
Deficit from the income and expenditure account	(4,065)	-	(4,065)
Other comprehensive income	30,680	-	30,680
Transfers between revaluation and income and expenditure reserves	173	(173)	-
Total comprehensive income for the year	27,088	(173)	26,915
Balance at 31st July 2022	6,724	5,849	12,573
College			
Restated balance at 1st August 2020	(13,162)	6,195	(6,967)
Deficit from the income and expenditure account	(2,793)	-	(2,793)
Other comprehensive income	(3,646)	-	(3,646)
Transfers between revaluation and income and expenditure reserves	173	(173)	-
Total comprehensive income for the year	(6,266)	(173)	(6,439)
Restated balance at 31st July 2021	(19,428)	6,022	(13,406)
Deficit from the income and expenditure account	(4,160)	-	(4,160)
Other comprehensive income	30,680	-	30,680
Transfers between revaluation and income and expenditure reserves	173	(173)	-
Total comprehensive income for the year	26,693	(173)	26,520
Balance at 31st July 2022	7,265	5,849	13,114

Chesterfield College

Consolidated and College Balance sheets as at 31 July 2022

	Notes	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Non-current assets					
Tangible Fixed assets	11	23,272	23,217	23,529	23,448
Intangible fixed assets	12	397	-	432	-
Investments	13	-	1,000	-	1,000
		23,669	**24,217**	**23,961**	**24,448**
Debtors: amounts falling due after one year	14	**1,757**	**1,757**	**1,879**	**1,879**
Current assets					
Stocks		78	72	78	73
Trade and other receivables	14	1,513	1,830	1,502	2,099
Cash and cash equivalents	19	1,564	1,042	2,538	1,828
		3,155	**2,944**	**4,118**	**4,000**
Creditors – amounts falling due within one year	15	(6,421)	(6,217)	(3,692)	(3,425)
Net current (liabilities)/assets		**(3,266)**	**(3,273)**	**426**	**575**
Total assets less current liabilities		**22,160**	**22,701**	**26,266**	**26,902**
Creditors – amounts falling due after more than one year	16	(5,866)	(5,866)	(9,139)	(9,139)
Provisions					
Defined benefit obligations	18	(3,720)	(3,720)	(31,168)	(31,168)
Total net assets/(liabilities)		**12,574**	**13,115**	**(14,041)**	**(13,405)**
Unrestricted Reserves					
Income and expenditure account		6,724	7,265	(20,064)	(19,428)
Revaluation reserve		5,850	5,850	6,023	6,023
Total unrestricted reserves		**12,574**	**13,115**	**(14,041)**	**(13,405)**

The financial statements on pages 31 to 59 were approved and authorised for issue by the Corporation 31 January 2023 and were signed on its behalf on that date by:

B Kaczmarczyk
31/01/2023 17:08:38
Beej Kaczmarczyk

Zbignew Beej Kaczmarczyk

Chair of Corporation

J Richards
31/01/2023 16:51:57
Julie Richards

Julie Richards

Accounting Officer

Chesterfield College

Consolidated Statement of Cash Flows

	Notes	2022	2021
		£'000	**£'000**
Cash flow from operating activities			
Deficit for the year		(4,065)	(2,672)
Adjustment for non-cash items			
Depreciation		1,449	1,303
Amortisation and impairment		35	35
Impairment of tangible fixed assets		300	-
Increase in stocks		-	95
Increase in debtors due within one year		(11)	(26)
Decrease in debtors due after one year		122	68
(Decrease)/increase in creditors due within one year		(189)	470
Increase in creditors due after one year		81	1,215
Decrease in provisions		-	-
Pensions costs less contributions payable		3,232	2,472
Adjustment for investing or financing activities			
Investment income		(5)	(3)
Interest payable		120	161
Loss/(profit) on disposal of fixed assets		22	(31)
Share of operating loss in Joint Venture		(15)	(125)
Net cash flow from operating activities		1,076	2,962
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	-
Investment income		5	3
Payments made to acquire fixed assets		(1,521)	(2,436)
		(1,516)	(2,433)
Cash flows from financing activities			
Interest paid		(90)	(79)
Interest element of finance lease rental payments		(30)	(82)
New finance leases		52	168
Repayments of amounts borrowed		(166)	(108)
Capital element of finance lease rental payments		(300)	(396)
		(534)	(497)
(Decrease)/increase in cash and cash equivalents in the year		**(974)**	**32**
Cash and cash equivalents at beginning of the year	19	2,538	2,506
Cash and cash equivalents at end of the year	19	1,564	2,538

Chesterfield College

Notes to the Financial Statements

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

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

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, Training Services 2000 Limited, Recruit Unlimited Limited, Chesterfield College Enterprises Limited and Learning Unlimited ATA Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities.

Going concern

The College has prepared these financial statements on the assumption that it is a going concern and will be able to trade into the foreseeable future. Informing this opinion, the Corporation Board have taken into account reports presented to it such as monthly management accounts, budgets, forecasts, ESFA returns, cash flow forecasts as well as correspondence from its Bankers as well as reports prepared by its Internal and External auditors.

The Group has net assets of £12,574,000 (202021: net liabilities of £14,041,000). However, this includes the LGPS pension provision of £3,720,000 (2020/21: £31,168,000. Without this provision, net assets would stand at £16,594,000 (2020/21: £17,127,000).

The College currently has a £3,347,000 (2020/21: £3,541,000) Term Loan outstanding. On 29 November 2022 it was announced that the Chesterfield College Group (as a Further Education corporation) would be re-classified as a public sector organisation. One of the impacts of reclassification is that the Group is no longer permitted to take commercial borrowings without permission from the Department for Education (DfE), and permission is only likely in exceptional circumstances. The Group's Term Loan was due to expire on 30 December 2022, and any re-financing of the balloon payment would classify as new commercial borrowings and therefore no longer permitted. The Group has therefore taken the following actions:

- Received permission from the DfE to extend the existing Term Loan until 31 July 2023 – this extension was duly signed in December 2022.
- Submitted an application to the DfE for the Balloon payment due at the end of the Term Loan on 31 July 2023 to be repaid by DfE. This request is being processed and we are expecting a decision in the Spring of 2023.

The Corporation Board considers the prospect that the Balloon payment will be repaid by the DfE on behalf of the Group to be highly likely.

Included within the Group's cashflow forecast is the disposal of an asset. As at 31 January 2023 Heads of Terms had been signed between the Group and the purchaser, with final contracts due to be signed in February 2023. The Corporation Board considers the prospect of this sale highly likely given the nature of the asset and the motivation of the purchaser.

The Corporation Board has ensured that future surplus and cash flow projections have been prepared on a prudent basis. Although the Corporation is satisfied that there is sufficient headroom within these cash flow projections to ensure the College has adequate resources to continue in operational existence for the foreseeable future, there are continuing challenges which are facing all Colleges within the Further Education sector.

The high rate of inflation is not being met by increases in funding rate. The 16-19 funding rates for FY23/24 have been announced with an average increase of 2.9%, significantly lower than CPI inflation of 9.2% in December 2022.

In addition, volatility in gas and electricity prices continues to pose a risk, albeit the price per therm of gas fell in January 2023 back to pre-February 2022 levels.

Accordingly, the College has concluded, that while the above are evidence that a material uncertainty exists, there is a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason continues to adopt the going concern basis in the preparation of its financial statements

On 29 November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions with immediate effect. The full impact of re-classification is yet to be confirmed (a new financial handbook will be implemented in August 2024) however, one immediate impact is that the College is no longer able to obtain commercial borrowing, reducing the College's ability to obtain borrowings to address cash short falls in the future.

The College finance team continue to carefully evaluate the potential impact of these challenges and these are reported to the Corporation Board monthly.

Accordingly, after making appropriate enquiries, the Corporation considers that while the above are evidence that a material uncertainty exists, there is a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt a going concern basis in preparing the financial statements.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 funding is not subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from OfS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Fee income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

Investment income

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Agency arrangements

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Derbyshire Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, 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 interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

Short term Employment benefits

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

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful life to the College of 50 years.

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

The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 5 and 50 years.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

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

Equipment

Equipment costing less than £5,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

- motor vehicles 4 years
- computer equipment 5 years
- furniture, fixtures and fittings 5 years

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Intangible assets and goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Income and Expenditure Account over its estimated economic life.

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as an obligation under finance leases. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments

Investments in subsidiaries

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

Inventories

Inventories are stated at the lower of their cost and net realisable value, being 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 repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

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

Financial liabilities and equity

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

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 1% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

Provisions and contingent liabilities

Provisions are recognised when

- the 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.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the 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.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets, and intangible assets including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether the bank loan will continue to be a short term liability for the College based on renegotiations of the refinancing of the loan with the Department for Education (DfE).

Other key sources of estimation uncertainty

- *Useful economic lives of tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2021 to value the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation.

2 Funding council grants

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency – adult	2,171	2,189	1,961	1,853
Education and Skills Funding Agency – 16 -18	13,101	13,116	12,904	12,796
Education and Skills Funding Agency – apprenticeships	5,893	3,975	5,092	3,657
Office for Students	122	69	256	256
Specific grants				
Education and Skills Funding Agency - provider relief scheme	-	-	20	28
Education and Skills Funding Agency – teachers' pension scheme contribution grant	388	388	417	417
Releases of government capital grants	295	295	202	202
Other specific grants	-	-	-	-
Total	**21,970**	**20,032**	**20,852**	**19,209**

Under the provider relief scheme, the corporation received funding of £nil (20/21 £20,000) from the ESFA. This amount was fully spent in 20/21.

3 Tuition Fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	382	264	509	390
Apprenticeship contracts	112	83	95	64
Fees for FE loan supported courses	56	566	597	597
Fees for HE loan supported courses	1,389	1,298	1,182	1,108
Total	**2,450**	**2,211**	**2,383**	**2,159**

3 (continued) HE related income – College only

	2022	2021
	£'000	£'000
Grant income from the Office for Students	69	335
Fee income for taught awards	1,389	1,108
	1,458	1,443

The Office for Students regulates higher education in the College and therefore the above table includes income relating to courses at Level 4 or higher only.

4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Coronavirus job retention scheme grant	(1)	-	558	395
Total	**(1)**	**-**	**558**	**395**

The corporation furloughed some of the catering, estates, central support & other non-grant funded delivery staff under the government's Coronavirus Job Retention Scheme in 20/21. The funding received of £558,000 in 20/21 relates to staff costs which are included within the staff costs note (note 9) as appropriate.

5 Other income

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	398	398	146	136
Other income generating activities	194	13	38	8
Other grant income	861	861	172	172
Miscellaneous income	392	421	336	336
Total	**1,845**	**1,693**	**692**	**652**

6 Donations – College only

	Year ended 31 July	Year ended 31 July
	2022	2021
	£'000	£'000
Unrestricted donations from subsidiary companies	510	551
Total	**510**	**551**

7 Investment Income

	Year ended 31 July		Year ended 31 July	
	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Other interest receivable	5	5	3	3
Total	**5**	**5**	**3**	**3**

8 Staff costs – Group and College

The average number of persons (including key management personnel) employed during the year, based on average headcount, was:

	2022 Group No.	2022 College No.	2021 Group No.	2021 College No.
Teaching staff	242	221	231	221
Non-teaching staff	376	282	383	281
	618	**503**	**614**	**502**

Staff costs for the above persons

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Wages and salaries	14,739	13,926	14,094	13,211
Social security costs	1,279	1,118	1,171	1,044
Other pension costs	5,186	5,100	4,424	4,364
Payroll sub total	**21,204**	**20,144**	**19,689**	**18,619**
Contracted out staffing services	194	185	134	127
	21,398	**20,329**	**19,823**	**18,746**
Restructuring costs – Contractual	93	93	-	-
– Non contractual	-	-	-	-
Total Staff costs	**21,491**	**20,422**	**19,823**	**18,746**

The restructuring costs were approved by the corporation and the corporation does not have any salary sacrifice arrangements in place.

8 Staff costs – Group and College (continued)

Staff costs included:	**2022**	**2021**
	£'000	**£'000**
Access and Participation related costs		
Access Investment	216	221
Financial Support	48	16
Disability Support	23	23
Research and Evaluation	183	175
	470	**435**

The College's Access and Participation Plan can be found at - https://www.chesterfield.ac.uk/knowledge-base/higher-education-access-and-participation-plan-2020-21_2024-25/.

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 Management Team, as detailed on page 3. Staff costs include compensation paid to key management personnel or loss of office

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

	2022	**2021**
	No.	**No.**
The number of key management personnel including the Accounting Officer was:	**2**	**2**

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

	Key management personnel		**Other staff**	
	2022	**2021**	**2022**	**2021**
	No.	**No.**	**No.**	**No.**
£70,001 to £75,000 p.a.	-	-	-	-
£85,001 to £90,000 p.a.	-	-	-	-
£90,001 to £95,000 p.a.	1	1	-	-
£100,001 to £105,000 p.a.	-	-	-	-
£115,001 to £120,000 p.a.	-	-	-	-
£145,001 to £150,000 p.a.	1	1	-	-
	2	**2**	**-**	**-**

Key management personnel compensation is made up as follows:

	2022	**2021**
	£'000	**£'000**
Salary – gross of salary sacrifice & waived emoluments	244	240
Social security contributions	32	31
Benefits in kind	3	3
Pension contributions	47	45
Total key management personnel compensation	**326**	319

8 Staff costs – Group and College (continued)

The above compensation includes amounts paid to the Principal and Chief Executive who is the accounting officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2022	2021
	£'000	£'000
Basic salary	149	147
Other including benefits in kind	3	3
Pension contributions	25	23
	177	**173**

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles in future.

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

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

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple

	2022	2021
	£'000	£'000
Principal's basic salary as a multiple of the median of all staff	5.72	5.61
Principal and CEO's total remuneration as a multiple of the median of all staff	5.77	5.55

The above have been calculated by dividing the median annualised salary of all staff employed by the Group during the year (excluding agency workers and the Principal), by the annual salary of the Principal for the year.

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

9 Other operating expenses

	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	1,942	1,743	1,888	1,742
Non-teaching costs	2,690	2,620	1,909	2,137
Premises costs	1,750	1,421	1,584	1,276
Total	**6,382**	**5,784**	**5,381**	**5,155**

9 Other operating expenses (continued)

Other operating expenses include:	**2022**	**2021**
	£'000	**£'000**
Auditors' remuneration:		
Financial statements audit*	36	36
Internal audit**	25	20
Other services provided by the financial statements auditor	7	3
Hire of assets under operating leases	252	245

*   includes £31,000 in respect of the College
** includes £20,000 in respect of the College

10 Interest and other finance costs – Group and College

	2022	**2021**
	£'000	**£'000**
On bank loans, overdrafts and other loans:	90	79
	90	79
On finance leases	30	82
Net interest on defined pension liability (note 23)	520	364
Total	**640**	**525**

11 Tangible fixed assets

<u>Group</u>	**Freehold Land and Buildings**	**Equipment**	**Assets in the course of construction**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Cost or valuation				
At 1 August 2021	27,740	6,088	2,061	35,889
Additions	14	82	1,425	1,521
Disposals	-	(66)	-	(66)
Cost transfer	1,181	1,609	(2,790)	-
At 31 July 2022	**28,935**	**7,713**	**696**	**37,344**
Depreciation				
At 1 August 2021	8,106	4,254	-	12,360
Charge for the year	693	756	-	1,449
Impairment	300	-	-	300
Elimination in respect of disposals	-	(37)	-	(37)
At 31 July 2022	**9,099**	**4,973**	**-**	**14,072**
Net book value at 31 July 2021	**19,836**	**2,740**	**696**	**23,272**
Net book value at 31 July 2021	19,634	1,834	2,061	23,529

College	Freehold Land and buildings	Equipment	Assets in the course of construction	Total
	£'000	£'000		£'000
Cost or valuation				
At 1 August 2021	27,597	5,530	2,061	35,188
Additions	14	59	1,425	1,498
Disposals	-	-	-	-
Cost transfer	1,181	1,609	(2,790)	-
At 31 July 2022	**28,792**	**7,198**	**696**	**36,686**
Depreciation				
At 1 August 2021	7,997	3,743	-	11,740
Charge for the year	686	743	-	1,429
Impairment	300	-	-	300
Elimination in respect of disposals	-	-	-	-
At 31 July 2022	**8,983**	**4,486**	**-**	**13,469**
Net book value at 31 July 2022	**19,809**	**2,712**	**696**	**23,217**
Net book value at 31 July 2021	19,600	1,787	2,061	23,448

The net book value of equipment includes an amount of £574,000 (2021: £746,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £260,000 (2021: £260,000).

12 Intangible fixed assets (Group)

	Goodwill
	£'000
Cost or valuation	
At 1 August 2021	1,036
Additions	-
At 31 July 2022	**1,036**
Amortisation	
At 1 August 2021	604
Amortisation charge for the year	35
Impairment charge for the year	-
At 31 July 2022	**639**
Carrying amount at 31 July 2022	**397**
Carrying amount at 31 July 2021	**432**

13 Non-current investments

	College 2022 £'000	College 2021 £'000
Investments in subsidiary companies	1,000	1,000
Total	**1,000**	**1,000**

The College owns 100% of the issued ordinary £1 shares of Training Services 2000 Limited, a company incorporated in England and Wales. The principal business activity of the company is that of a training provider.

The College owns 100% of the issued ordinary £1 shares of Recruit Unlimited Limited, a company incorporated in England and Wales. The principal business activity of the company is that of a recruitment business.

The College owns 100% of the issued ordinary £1 shares of Learning Unlimited ATA Limited, a company incorporated in England and Wales. The principal business activity of the company is that of an apprenticeship training agency.

The College owns 100% of the issued ordinary £1 shares of Chesterfield College Enterprises Limited, a company incorporated in England and Wales. The principal business activity of the company is that of running licensed restaurants.

14 Trade and other receivables

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Amounts falling due after one year:				
Prepayments	**1,757**	**1,757**	**1,879**	**1,879**
Amounts falling due within one year:				
Trade receivables	214	188	262	241
Other Debtors	2	2	-	-
Amounts owed by group undertakings:				
Subsidiary undertakings	-	704	-	860
Prepayments and accrued income	582	494	727	649
Amounts owed by the ESFA	715	442	513	349
Total	**1,513**	**1,830**	**1,502**	**2,099**

15 Creditors: amounts falling due within one year

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans and overdrafts	3,347	3,347	221	221
Obligations under finance leases	75	75	284	284
Trade payables	906	822	885	846
Other taxation and social security	328	281	439	270
Accruals and deferred income	395	376	520	495
Holiday pay accrual	38	38	49	49
Deferred income - government capital grants	388	388	226	226
Deferred income - government revenue grants	14	14	12	12
Amounts owed to the ESFA	308	308	529	529
Other creditors	622	568	527	493
Total	**6,421**	**6,217**	**3,692**	**3,425**

16 Creditors: amounts falling due after one year

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans and overdrafts	-	-	3,320	3,320
Obligations under finance leases	41	41	75	75
Deferred capital grants	5,825	5,825	5,744	5,744
Total	**5,866**	**5,866**	**9,139**	**9,139**

17 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
In one year or less	3,347	3,347	221	221
Between one and two years	-	-	221	221
Between two and five years	-	-	663	663
In five years or more	-	-	2,436	2,436
Total	**3,347**	**3,347**	**3,541**	**3,541**

17 Maturity of debt (Continued)

A bank loan at 2.10 per cent over base rate repayable by instalments falling due between 25 July 2018 and 24 July 2037 totalling £4,300,000, was secured on a portion of the freehold land and buildings of the College.

Following the reclassification of Colleges announced on 29 November 2022 the College is no longer permitted to obtain third party, external finance. The bank loan was therefore extended to 1 July 2023 (under the same terms) and has therefore been fully re-classified as a current liability. An application has been made to the Department for Education (DfE) to refinance the outstanding balance and the College is confident that the outstanding balance of £3.1m will be refinanced for

(b) Finance leases

The net finance lease obligations to which the institution is committed are:

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
In one year or less	75	75	284	284
Between two and five years	41	41	74	74
In five years or more			-	-
Total	**116**	**116**	**358**	**358**

Finance lease obligations are secured on the assets to which they relate.

18 Provisions (Group and College)

	Defined benefit obligations £'000	Other £'000	Total £'000
At 1 August 2021	31,168	-	31,168
(Debits) in the period	(27,448)	-	(27,448)
At 31 July 2021	**3,720**	**-**	**3,720**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 23.

19 Analysis of changes in net debt

	At 1 August 2021	Cash flows	Reclass	At 31 July 2022
	£'000	£'000	£'000	£'000
Cash and cash equivalents	2,538	(974)	-	1,564
Bank loans – short term	(221)	-	(3,126)	(3,347)
Bank loans – long term	(3,320)	194	3,126	-
Finance lease obligations – short term	(284)	209	-	(75)
Finance lease obligations – long term	(75)	34	-	(41)
Total	**(1,362)**	**(537)**	-	**(1,899)**

Other changes in respect of bank loans relate to the reclassification of debt in the previous financial year, see note 19 for further information.

20 Lease obligations

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

	Group and College	
	2022	**2021**
	£'000	**£'000**
Future minimum lease payments due		
Land and buildings		
Not later than one year	231	234
Later than one year and not later than five years	326	528
Later than five years	-	-
	557	762
Other		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	-
Total lease payments due	**557**	**762**

21 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Derbyshire Local Government Pension Scheme (LGPS) for non-teaching staff**.** Both are multi-employer defined-benefit plans.

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

21 Defined benefit obligations (continued)

Total pension cost for the year		2022		2021
		£'000		£'000
Teachers' Pension Scheme: contributions paid		1,461		1,467
Local Government Pension Scheme:				
Contributions paid	1,718		1,553	
FRS 102 (28) charge	2,712		2,125	
Charge to the Statement of Comprehensive Income		4,430		3,678
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total Pension Cost for Year within staff costs		**5,891**		**5,145**

Teachers' Pension Scheme

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

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

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

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £1,461,000 (2021: £1,467,000)

21 Defined benefit obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Derbyshire County Council Local Authority. The total contributions made for the year ended 31 July 2021 were £1,617,000, of which employer's contributions totalled £1,209,000 and employees' contributions totalled £408,000. The agreed contribution rates for future years are 15% to 17.6% for the College and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

	At 31 July 2022	**At 31 July 2021**
Rate of increase in salaries	3.4%	3.5%
Future pensions increases	2.7%	2.8%
Discount rate for scheme liabilities	3.5%	1.6%
Inflation assumption (CPI)	2.8%	2.8%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2022 Years	**At 31 July 2021** Years
Retiring today		
Males	21.1	21.3
Females	23.8	23.9
Retiring in 20 years		
Males	22.2	22.5
Females	25.6	25.8

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

	Fair Value at 31 July 2022	**Fair Value at 31 July 2021**
	£'000	**£'000**
Equity instruments	31,957	30,548
Bonds	11,308	11,637
Property	4,425	3,394
Cash	1,474	2,910
Total fair value of plan assets	**49,164**	**48,489**

21 Defined benefit obligations (continued)

The amount included in the balance sheet in respect of the defined benefit pension plan [and enhanced pensions benefits] is as follows:

	2022	2021
	£'000	**£'000**
Fair value of plan assets	49,164	48,489
Present value of plan liabilities	(52,884)	(79,657)
Net pensions liability	**(3,720)**	**(31,168)**

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

	2022	2021
	£'000	**£'000**
Amounts included in staff costs		
Current service cost	4,000	3,334
Past service cost	-	-
Total	**4,000**	**3,334**
Amounts included in interest and other finance costs		
Net interest cost	520	365
	520	**365**
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	(746)	6,916
Experience losses arising on defined benefit obligations	(205)	923
Changes in assumptions underlying the present value of plan liabilities	31,631	(11,485)
Amount recognised in Other Comprehensive Income	**30,680**	**(3,646)**

Movement in net defined benefit liability during year

	2022	2021
	£'000	**£'000**
Net defined benefit liability in scheme at 1 August	(31,168)	(25,032)
Movement in year:		
Current service cost	(4,000)	(3,334)
Employer contributions	1,288	1,209
Past service cost	-	-
Net interest on the defined liability	(520)	(365)
Actuarial gain or loss	30,680	(3,646)
Net defined benefit liability at 31 July	**(3,720)**	**(31,168)**

21 Defined benefit obligations (continued)

Asset and Liability Reconciliation

	2022 £'000	2021 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	79/657	65,455
Current service cost	4,000	3,334
Interest cost	1,300	935
Contributions by Scheme participants	438	408
Experience gains and losses on defined benefit obligations	205	(923)
Changes in financial assumptions	(31,326)	10,379
Changes in demographic assumptions	(305)	1,106
Estimated benefits paid	(1,085)	(1,037)
Defined benefit obligations at end of period	**52,884**	**79,657**
Changes in fair value of plan assets		
Fair value of plan assets at start of period	48,489	40,423
Interest on plan assets	780	570
Return on plan assets	(746)	6,916
Employer contributions	1,288	1,209
Contributions by Scheme participants	438	408
Estimated benefits paid	(1,085)	(1,037)
Fair value of plan assets at end of period	**49,164**	**48,489**

These accounts show a past service cost of £nil in respect of the McCloud judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision equates to 0% of the total scheme liability as at 31 March 2019.

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs.

22 Related party transactions

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

The total expenses paid to or on behalf of the members during the year was £Nil (2021: £Nil). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending meetings and charity events in their official capacity.

No member has received any remuneration or waived payments from the College or its subsidiaries during the year (2021: None).

Learning Curve Group Limited – a limited company in which the Chair is a Director.

Purchase transactions in the year amounted to £NIL (2021: £12,312). The balance outstanding at the year end was £Nil (2021: £Nil).

David Napier Academy Trust – a trust in which the Principal is Vice Chair.

Sales transactions in the year amounted to £11,070 (2021: £6,922). There were no balances outstanding at the year-end (2021: £nil).

Training Services 2000 Limited– a wholly owned subsidiary of Chesterfield College

Sales transactions in the year amount to £22,971 (2021: £4,770). Chesterfield College had an outstanding receivable balance of £601,903 at the year end (2021: £755,165)

Recruit Unlimited Limited - a wholly owned subsidiary of Chesterfield College

There were no sales or purchase transactions during the year (2021: £nil). Chesterfield College had an outstanding receivable balance of £77,276 at the year-end (2021: £83,423)

Learning Unlimited ATA Limited - a wholly owned subsidiary of Chesterfield College

There were no sales or purchase transactions during the year (2021: £nil). Chesterfield College had an outstanding receivable balance of £25,151 at the year-end (2021: £20,970)

Chesterfield College Enterprises Limited - a wholly owned subsidiary of Chesterfield College

There were no sales or purchase transactions during the year (2021: £nil). During the year a loan of £281,747 due to Chesterfield College was forgiven, with the cost being recognised in the College only statement of income and expenditure. Chesterfield College had an outstanding receivable balance of £nil at the year-end (2021: £281,747)

23 Amounts disbursed as agent

Learner support funds

	2022	2021
	£'000	£'000
16-18 bursary grants	375	376
Other funding council grants	25	44
	400	420
Disbursed to students	(373)	(396)
Administration costs	(17)	(18)
Balance unspent as at 31 July, included in creditors	10	6

Funding council 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 Post balance sheet events

On 29 November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions with immediate effect and this prompted the Department for Education to introduce some new rules for colleges which will take effect during 2022/23.

The College considers this announcement to be a non-adjusting post balance sheet event and is evaluating the implications of the announcement and the potential new rules but do not consider that they will have an impact on these financial statements.

On 23 December 2022 the College agreed a 7-month extension to the existing Term Loan with Barclays, with the repayment date extended to 31 July 2023. The Department for Education has confirmed their intention to refinance this Term Loan under similar terms.

In November 2022 the College received an inspection from Ofsted. This resulted in the College being regraded as 'Good' a improvement from 'Requires Inspection' at the previous inspection and were classified as 'Strong' for skills. This was an excellent result and reflective of the large investment in time and resources to ensure Chesterfield College is delivering a high standard to our students, apprentices and learners.