



*The Camden College*

# **WORKING MEN'S COLLEGE CORPORATION**

A company limited by guarantee and not having a share capital

## **Report and Financial Statements**

for the year ended 31 July 2020

Company registration number: **8894**

Charity registration number: **312803**

# **WORKING MEN'S COLLEGE CORPORATION**

## **Contents**

Key Management Personnel and Professional Advisors	<b>2</b>
Members' Report including the Strategic Report	<b>3</b>
Statement of Corporate Governance and Internal Control	<b>19</b>
Statement of Regularity, Propriety and Compliance	<b>27</b>
Statement of the Responsibilities of the Governors of the Corporation	<b>28</b>
Independent Auditor's Report to the Members of the Corporation of Working Men's College	<b>29</b>
Reporting Accountant's Assurance Report on Regularity to the Governors of the Corporation of Working Men's College and the Secretary of State for Education acting through the Department for Education	<b>32</b>
Statement of Comprehensive Income	<b>34</b>
Statement of Changes in Reserves	<b>35</b>
Balance Sheet	<b>36</b>
Cashflows	<b>37</b>
Notes to the Accounts	<b>38</b>

## **WORKING MEN'S COLLEGE CORPORATION**

### **KEY MANAGEMENT PERSONNEL AND PROFESSIONAL ADVISORS**

for the year ended 31 July 2020

#### **Professional Advisors**

##### **Financial Statements & Regularity Auditor:**

Buzzacott LLP  
130 Wood Street  
London EC2V 6DL

##### **Internal Auditors:**

Scrutton Bland  
Fitzroy House  
Crown Street  
Ipswich, Suffolk IP1 3LG

##### **Bankers:**

Lloyds Bank  
Education Mid Markets  
4<sup>th</sup> Floor, 25 Gresham Street  
London EC2V 7HN

##### **Investment Managers:**

BNY Mellon Limited  
Mellon Financial Centre  
160 Queen Victoria Street  
London EC4V 4LA

##### **Loan Finance:**

Lloyds Bank  
Education Mid Markets  
4<sup>th</sup> Floor, 25 Gresham Street  
London EC2V 7HN

##### **Loan Finance:**

Barclays Bank  
Education Team  
Level 27, 1 Churchill Place  
London E14 5HP

#### **Key Management Personnel**

Key management personnel are defined as members of the College's Executive Management Group. For 2019/20 the members were:

Helen Hammond - Principal and CEO, Accounting Officer  
Maria Rosenthal - Deputy Principal  
Martin Jones - Vice Principal  
Diana Teesdale - Director of Learning  
Lisa Marklew - Director of Learning  
Caroline Poole - Director of Learner Services (from 2 September 2019)  
Claudia Forbes - Head of MIS (from 10 December 2019)

#### **Board of Governors**

A full list of Governors is given on page 20 of the financial statements.

The position of Clerk to the Corporation was held by Bill Barker (0.5 f.t.e. appointment)

# **WORKING MEN'S COLLEGE CORPORATION**

## **MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT**

**for the year ended 31 July 2020**

The Board of Governors, who are directors for the purposes of the Companies Act and trustees for the purposes of the Charities Act, hereinafter referred to as the Corporation, present their annual report and the audited financial statements of the Working Men's College Corporation ("the College" or "WM College") for the year ended 31 July 2020.

## **NATURE, OBJECTIVES AND STRATEGIES**

### **Legal Status**

The Working Men's College Corporation is a 'Specialist Designated Institution' (SDI), now known as an Institute of Adult Learning (IAL), under the Further and Higher Education Act 1992. It is also a company limited by guarantee not having a share capital and it is a registered charity. The College is subject to the legal framework governing the Further Education sector, including the rules set from time to time by the Government departments and agencies with responsibility for the sector. During 2019/20 these were the Department for Education (DfE) and the Education and Skills Funding Agency (ESFA) together with the Greater London Authority (GLA) who provided funding to the College from 1 August 2019 under devolved funding arrangements. The College is also subject to the requirements of the Companies Act and the Charities Act.

The College's financial affairs are governed by Funding Agreements with the EFSA and the GLA. In addition the College, as a charitable company limited by guarantee, is governed by the charitable company's memorandum and articles of association.

The College also meets the definition of a charitable company for UK corporation tax purposes as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains covered by the relevant legislation, provided that they are applied to exclusively charitable purposes.

### **Mission**

The Corporation keeps the mission statement and strategic objectives under regular review. The mission statement was updated in 2015/16 and reviewed in 2019/20 without further amendment. The current mission statement adopted is:

"To provide diverse, enriching and enjoyable lifelong learning including skills for work, in a supportive environment for adults in Camden and the local area."

### **Strategic Plan**

College Governors and managers developed a new 3-year strategic plan during 2018/19 which was approved by the Corporation in July 2019. The plan covers the period from 2019 to 2022 and the strategic objectives adopted are set out below:

Excellence for all. We will

- Provide an enriching learning experience that raises aspirations, celebrates success and promotes inclusion and diversity.
- Ensure all learners are supported and inspired to meet and exceed their individual aims and objectives and progress towards long term goals.
- Enable learning that leads to improved physical and mental health and social and emotional well-being as well as improved employment prospects.
- Support learners to become expert learners through teaching and learning that takes place beyond the classroom and develops their digital skills.

# WORKING MEN'S COLLEGE CORPORATION

## MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT

for the year ended 31 July 2020

Effective and sustainable. We will

- Optimise learning opportunities by deploying the College's physical, human and virtual resources to provide greater efficiency for the College.
- Provide IT infrastructure and learning materials to facilitate and enhance both classroom and digital learning experiences.
- Develop systems, processes and resources to eliminate unnecessary bureaucracy and provide online access to core information on a timely basis.
- Identify relevant new funding and commercial income opportunities, pursuing those that will support sustainable new activities or expand existing provision.

Working Together. We will

- Work in partnership with the GLA and London IALs for the benefit of all adult learners.
- Take learning into the local community to ensure that there are no barriers to access learning opportunities.
- Develop partnerships with other providers to provide opportunities for learning that complement or extend WMC studies.

### Public Benefit

The College is a registered charity and following the machinery of Government changes in July 2016, is regulated by the Secretary of State for Education as Principal Regulator for all Further Education Corporations in England. The Governors of the Corporation, who are trustees of the charity, are disclosed on page 20.

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

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

- High quality teaching and learning;
- Widening participation and tackling social exclusion;
- Excellent employment record for students;
- Strong student support systems;
- Links with employers in industry and commerce; and
- Links with Local Enterprise Partnerships.

Further information and examples of the delivery of public benefit are covered throughout the remainder of the Members' Report including the Strategic Report.

### General Financial Objectives

The College's general financial objectives were revised in 2017 and reviewed regularly, but not changed, since then. The existing objectives approved by Governors in June 2017 are to maintain:

- Cash days of not less than 40 nor greater than 65
- An adjusted current ratio in the range of 2.0:1 – 2.5:1
- Earnings Before Interest Taxation Depreciation and Amortisation (EBITDA), using ESFA education specific definition, of between 4% and 6% of income
- Borrowing as a percentage of non-endowment reserves of less than 15%
- Staff costs (excluding restructuring costs) between 64% and 68% of income.
- Financial health of "Good" with a score of at least 200 points

## WORKING MEN'S COLLEGE CORPORATION

### MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT for the year ended 31 July 2020

In 2019/20, largely as a consequence of the impact of Covid-19, only 2 of the 6 financial objectives were met:

<u>Objective</u>	<u>2019/20</u>	<u>Met</u>
Cash days of not less than 40 nor greater than 65	55	Met
An adjusted current ratio in the range of 2.0:1 – 2.5:1	0.91	Not Met
EBITDA, using ESFA education specific definition, of between 4% and 6% of income	3.37%	Not Met
Borrowing as a %age of non-endowment reserves of less than 15%	7.4%	Met
Staff costs (excluding restructuring costs) between 64% and 68% of income	73.4%	Not Met
Financial health of "Good" with a score of at least 200 points	Requires Improvement	Not Met

As explained in more detail in the financial review section below, the College experienced a significant shortfall in income, particularly in fee income and investment income, due to the national lockdown and economic impact on businesses. The College was nevertheless able to commit to paying staff in full during the lockdown. Consequently, the EBITDA was lower than planned and staff costs were inevitably a higher proportion of income than planned. The financial health is then a function of achievement of the other objectives so fell, in line with those other performances. Governors and managers have carefully interrogated the information and remain confident that the underlying position and performance of the College remains robust and fully expect to return to meeting the objectives once operations return to a more normal status post-pandemic.

#### Investment Fund Objectives

The College's investment fund financial objectives were revised in February 2014 and are as follows:

- To review fund management objectives at regular intervals and in response to changing market conditions.
- To achieve a balance between income and capital growth.
- To achieve a total return of "inflation plus 4%".
- To seek to invest the funds in the following proportions:
  - All in Newton's Global Growth and Income Fund for Charities (GGIFC).

At 31 July 2020, the proportions of investments by type were as follows:

- 100% in the Newton Global Growth and Income Fund for Charities.

At 1 August 2019 the investment portfolio was valued at £5.370 million. The investment income received during the year was £113,000 which equates to 2.1% of the opening valuation. The portfolio value fell to £4.862 million by 31 July 2020 representing annual decline of 9.46%. These performances are below the objectives set, but reflect the global market movements in the financial performances resulting from the coronavirus pandemic.

#### Accommodation Strategy

During 2019/20 the College carried out phase 2 of the major capital project to replace the entire College heating system and to install a mixed mode ventilation system in the Victorian, grade II listed building in Crowndale Road. The heating system uses efficient modern boilers to reduce the College's use of fossil fuels, whilst the ventilation scheme design utilises features of the existing structure of the Victorian building and is sympathetic to its grade II listed features and also adopts an environmentally sustainable approach. The system utilises reflective window blinds and secondary double glazing to reduce initial solar gain, the thermal mass of the walls and night cooling to help keep the room air temperatures from rising and natural air circulation routes to avoid the need for any mechanical cooling of air.

# WORKING MEN'S COLLEGE CORPORATION

## MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT

for the year ended 31 July 2020

The largest part of the work was carried out in summer 2019, enabling the new heating system to be in operation for the 2019/20 heating season. Other aspects of the work continued through the year with full commissioning taking place after the year end and Practical Completion achieved in November 2020. Accordingly, the value of the works remains as "assets in the course of construction" on the balance sheet.

An updated Estate Strategy to support the strategic plan and College objectives is currently being prepared.

### PERFORMANCE INDICATORS

#### Ofsted Inspection

Working Men's College's most recent inspection took place in November 2018 and the Corporation and staff were very pleased with the report from Ofsted which graded the College as "Good" in every assessed area.

The College's grades awarded by Ofsted were:

Overall Effectiveness	Good
Effectiveness of Leadership and Management	Good
Adult Learning Programmes	Good
Quality of Teaching, Learning and Assessment	Good
Personal Development, Behaviour and Welfare	Good
Outcome for Learners	Good

#### Grant Funding

The College's performance against the Education and Skills Funding Agency's (ESFA) revenue and learner number targets in 2019/20 is set out below:

#### Funding for Adults

Funding Category		Target (allocation) (GLA/ESFA contracts)	Actual Outturn (Final Claim)	Performance (%)
Adult (19+) Learner-Responsive Funding	Adult Education Budget (AEB)	£4,403,000	£4,214,000	95.7%

Under ESFA funding rules, the College can expect to receive the lower of the final actual outturn or the funding allocation in each of the above categories. However, the ESFA confirmed that due to the impact of the pandemic on College activities, there would be no reconciliation and clawback of funding for 2019/20 and the College and the accounts recognise the full funding allocation as income in the year.

#### Funding for 16-19 Year Olds

Funding Category		Target (allocation) (ESFA contract)	Actual outturn (Final Claim)	Performance (%)
16-18 Learner-Responsive Funding	Learner Numbers	34	22	65%
	Funding Value	£164,016	£ 106,127	65%

Under the ESFA lagged funding rules, the College will receive the target funding value for the year and any over or under performance will be taken into account in funding allocations for future years.

The College considers the overall performance against funding to be satisfactory given the scale of disruption to delivery caused by Covid-19.

## WORKING MEN'S COLLEGE CORPORATION

### MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT

for the year ended 31 July 2020

#### Other Income

The table below shows the proportion of the College's income received in the form of direct funding body grants for the last five years:

Year	Direct Grants £'000	Total Income £'000	%
2015/16	4,370	5,559	78%
2016/17	4,585	5,767	79%
2017/18	4,679	5,883	81%
2018/19	4,678	5,789	80%
2019/20	4,765	5,373	89%

The proportion of College income derived from direct grant funding has remained in a narrow range between 78% and 81% during the four year period from 2015/16 to 2018/19. The proportion has increased markedly in 2019/20 as a consequence of the Covid-19 pandemic as funding income was preserved, but fees and other non-funding income fell significantly. Nevertheless, the College remains committed to reducing its dependence on direct funding body grants where possible.

Student tuition fees decreased year on year from £584,000 in 2018/19 to £424,000 in the current year as a result of the coronavirus pandemic and the resulting lockdown preventing the College from running courses that required studio resources in the College buildings. The amounts received by the College through adult learning loans, for learners aged 19 or over who are studying at level 3 or higher, are included within fee income and, although these have generally not proved popular with learners, they contributed £62,000 of fee income in 2019/20 (2018/19 - £42,000).

The College keeps the level of fees under constant and careful review in order to optimise income while ensuring that adult education remains accessible to as many people as possible.

#### Learner Numbers

In 2019-20 there were 3,222 unique learners of which 2,428 were female and 794 male and 6,948 enrolments in the College, mostly on part time courses ranging from one 2 hour session to a full 3 days per week and including the learners enrolled on courses in the community. Overall learner numbers decreased by 688 and enrolments by 965 in the accredited provision and by 1,251 on non-accredited courses. This was largely due to the impact of Covid-19 in term 3.

#### Learner Performance

Covid-19 inevitably had an adverse impact on overall achievement rates and learner performance. Nevertheless there were improvements in 35% of curriculum areas despite the lockdown. The areas that were most negatively affected by lockdown in term 3 were Digital Media, ESOL, ICT and Business. English and maths achieved well due to the allowance for predicted grades and Languages due to successful online synchronous delivery. Most areas were negatively affected by delays and barriers set by awarding bodies; College calculated grades are much higher and are good indicators that results will bounce back again in 2020/21.



## WORKING MEN'S COLLEGE CORPORATION

### MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT for the year ended 31 July 2020

The table below shows student overall achievement for all College courses, as reported in the College self-assessment report.

#### Accredited Learners (1,033 learners with 1,358 enrolments)

Year	Retention	Pass rate	Overall Achievement	Attendance
2018/19 Actual	92.9 %	95.2 %	88.5 %	87.7 %
2019/20 Target	92.0 %	90.0 %	83.0 %	88.0 %
2019/20 Actual	91.6 %	81.2 %	74.4 %	87.7 %
Percentage point change 2019/20 over 2018/19	-1.3	-14.0	-14.1	No change

#### Non-Accredited Learners (2,792 learners with 5,590 enrolments)

Year	Retention	Pass rate	Overall Achievement	Attendance
2018/19 Actual	95.3 %	99.2 %	94.5 %	88.6 %
2019/20 Target	95.0 %	99.0 %	94.0 %	90.0 %
2019/20 Actual	93.0 %	99.0 %	92.1 %	90.3 %
Percentage point change 2019/20 over 2018/19	-2.3	-0.2	-2.4	+1.7

#### Other External 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 overall achievement rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency (ESFA). The Finance Record produces a financial health grading. Under the ESFA's new methodology for calculating the grade, the College achieves a "Requires Improvement" rating for 2019/20 and the 2020/21 budget. This is a consequence of the reduced EBITDA in those years resulting from the impact of Covid-19 on the income and operating performance and the associated impact on cash holdings and the current ratio. Up until July 2019, the College held an "Outstanding" financial health grade and Governors are confident that the financial strategy and plans will return the College to a "Good" rating by July 2022.

In summer 2018, Working Men's College became the first college in London and the first adult college nationally to be awarded chartered membership of the Chartered Institution for Further Education. The College's Principal was recognised with fellowship of the Institution in summer 2019.

## STRATEGIC REPORT

### FINANCIAL POSITION

#### Financial Results

Although the College reported an operating deficit of £47,000 for the year to 31 July 2020 (2019 – surplus of £511,000), this is considered to be a satisfactory result in light of the disruption caused by Covid-19 and the resulting loss of fee income and other non-grant funded income. In addition, the College continued to pay all its staff in full, including all timetabled hours for hourly paid sessional staff throughout the period of lockdown, even when it was not possible to deliver some classes online. The full cost of these salaries are taken into account in arriving at the operational deficit as the College did not "furlough" any staff or make recourse to the Government's Coronavirus Job Retention Scheme.

## **WORKING MEN'S COLLEGE CORPORATION**

### **MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT**

**for the year ended 31 July 2020**

The capital project to replace the entire heating system in the College building at Crowndale Road and introduce a mixed mode ventilation system continued during the year with £1.274m of expenditure bringing the project close to completion although formal practical completion did not occur until November 2020. The College purchased £338,000 of other new tangible fixed asset additions during the year, of which £142,000 was computer equipment and £196,000 related to other building improvements, furniture, fixtures and fittings. In addition a further £63,000 was invested in purchasing and preparing new HR and payroll software which was implemented in the new year. At the end of the year, the College owned tangible fixed assets with a net book value of £8.885 million of which £5.520 million related to buildings, £206,000 related to computer and other equipment, fixtures and fittings and £3.159 million to the heating and ventilation asset and HR/payroll software under construction.

#### **Investments**

The College's performance on its endowment investment portfolio is set out in note 12 to the accounts. The portfolio generated an income return of £113,000 during the year but fell in value by £508,000 in common with other listed investments in response to the Covid-19 pandemic. The portfolio had a market value of £4.862 million at the balance sheet date (2019 - £5.370 million).

Total comprehensive income in 2019/20, stated after investment losses, was a deficit of £645,000 (2018/19 - surplus of £914,000)

#### **Reserves**

The College has no formal reserves policy but recognises the importance of reserves in the financial stability of any organisation and strives to ensure that there are adequate reserves to support the College's core activities.

As at 31 July 2020, general income and expenditure funds totalled £8.101 million compared to the 2019 total of £8.326 million. The College also held restricted funds and endowments totalling £4.680 million (2019: £5.100 million). These funds have been given to the College for particular purposes specified by donors and therefore are not available to the Corporation for general use although some of the endowments are classified as expendable.

It is the intention of the Corporation to maintain a balance in the level of reserves between providing adequate levels of contingency and investing in projects that will develop the College and support delivery of the strategic plan. The Corporation is formulating a medium term strategic financial plan to replenish the reserves utilised in 2019/20 and forecast to be used in 2020/21 during the coronavirus pandemic.

## **CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE**

#### **Financial Plan**

The College Governors approved a financial plan in July 2020 which sets objectives for the period to July 2021 and demonstrates financially how the College can expect to deliver its strategic plan and objectives. Because of the continuing impact of Covid-19 and related uncertainties about how it will affect College operations during that period, the plan has more elements of estimation and risk outside the College's control than in other years. The plan has an operating deficit of £189,000 but the Governors evaluated the plan carefully and consider that the underlying business remains strong and expect to return to budgets that are in surplus after the pandemic is over. Additionally it was noted that the cashflow associated with the deficit budget was cash generative and so does not diminish the College's cash reserves.

# **WORKING MEN'S COLLEGE CORPORATION**

## **MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT**

**for the year ended 31 July 2020**

### **Treasury Policies and Objectives**

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks. The College has a separate treasury and investment management policy in place.

### **Cash Flows and Liquidity**

There was a net cash outflow for the year of £1,534,000 (2019: outflow of £628,000). In both years, this is a consequence of the expenditure on the new heating and ventilation project, funded from accumulated surpluses of previous years. The underlying position from net operating activities was a cash inflow of £58,000 (2019: £1,040,000).

### **Long Term Loans**

The College has two existing long term loans at fixed rates of interest: one with Lloyds Banking Group for £1,000,000, drawn down in July 2007 and the other with Barclays for £500,000, drawn down in July 2008. Both loans were taken out to support the major capital building improvement works programmes at the College's Crowndale Road site. At 31 July 2020 the total loan principal outstanding was £805,000 (2019: £886,000), of which £505,000 is owed to Lloyds and £300,000 to Barclays. The College has not breached any of the loan covenants on either loan and does not foresee a risk of that happening within the current planning horizon.

The College keeps the loans under review and whether they should be paid down early in full or in part. Currently the Governors consider that the financial penalty for early payment of a fixed term loan does not represent value for money.

### **Student Overall Achievements**

Overall achievement rates for the year were 92.1% for non-accredited learners (2019 – 93.0%) and 74.4% for those on accredited courses (2019 – 88.5%). Overall retention and pass rates on non-accredited courses were maintained through term 3 where courses continued successfully online, resulting in overall achievement being only 1 percentage point lower than the previous year. However, this was not the case for accredited provision where retention was only 1 percentage point below the previous year, but pass rates were 14 percentage points lower at 81%. This was due to the impact of the lockdown in term 3 where exams could not take place, some awarding bodies were unwilling to accept tutor calculated grades and learners were unable to complete assessments.

A "confidence gains" survey was introduced in 2018/19 in ESOL, English and maths, and then Community classes in 2019. Learners were asked whether their course had increased their confidence in a range of activities and situations that they encounter in their daily lives, such as talking to healthcare professionals, the Council, the JobCentre Plus, their landlord, neighbours, staff at their children's school, or when shopping, at work, engaging in job search, managing their personal budget, time management, using transport etc.

In the Confidence Gains survey 86% of English learners and 79% of maths learners say that their course has made them more confident with looking for a job. In the separate QDP run learner survey, 87% agree that they are developing the skills needed to get a job or take the next step.

At the College's annual Celebration of Success night, which took place virtually via YouTube this year, many students passionately shared moving stories of how the College has changed their lives, for example giving them the language skills that enable them to communicate outside their family and participate in their community, as well as enabling them to gain employment.

# **WORKING MEN'S COLLEGE CORPORATION**

## **MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT**

**for the year ended 31 July 2020**

### **Curriculum Developments**

Curriculum teams continued to review and amend the course offer for 2019/20, ensuring it would be more robust with increased progression routes and a greater emphasis on qualification achievement and employment outcomes for learners. Whilst retaining the essential ethos of the College, the ongoing drive to develop opportunities for formal accreditation alongside the well-established, non-accredited provision has continued, with a further increase in external accreditation in the vocational curriculum and arts, and a review of the qualifications offered, the establishment of AAT accountancy qualification courses being an example. This has been well received by learners, evidenced in enrolment numbers and what was predicted to be excellent achievement had it not been for the pandemic. The increasing need to be highly responsive to emerging unemployment and the need for retraining and refocussing on new skills and readiness for work, has been a focus for the College over the summer and will be developed in 2020/21.

The Learning Centre opened in February and has grown in popularity among learners. Along with the Library, it forms the hub for learning and study outside the classroom. It is also used for digital learning support where there are daily drop in sessions with the Digital Learning Manager and where the new Digital Learning Assistant is based from September 2020. This facility has a pivotal role in underpinning learning during the pandemic as learners with limited computer access at home can use the Learning Centre for study and also to attend online lessons. Support for job search, the National Careers Service and employability skills coaching is based in the Learning Centre and Library and will be expanded in 2020/21.

### **Payment Performance**

The Late Payment of Commercial Debts (Interest) Act 1998 requires colleges, in the absence of agreement to the contrary, 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. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2019 to 31 July 2020, the College considers that it achieved this target for invoices where there were no disputed costs. The College incurred £71 in interest charges and late payment fees to one supplier (2019: £872 from four suppliers) in respect of late payments.

### **Restructuring**

The College continued to keep its staff structure under review to ensure it remains fit for purpose, affordable and able to provide the best possible service to learners. During 2019/20 the MIS management, Facilities management and HR operational roles were reorganised, resulting in one senior manager, one middle manager and one staff team member leaving the College under redundancy. One sessional teaching staff member was also made redundant in the year. In total, the College incurred £36,000 of contractual costs and £7,000 of non-contractual costs through termination payments following structural reviews during the year.

### **Future Developments**

The College will continue to adapt and respond to the Covid-19 pandemic, making necessary adjustments to enable as much learning as possible to continue both online and face-to-face as appropriate and as government guidance dictates. Online learning will continue to be a feature of the College delivery model into the future and additional resources and materials which support this approach will be developed. An overall digital strategy action plan is being implemented following the launch of the new Learning Centre and appointment of a Digital Learning Assistant.

Covid-safe practices, including social distancing and self-isolation restrictions, are expected to mean learner numbers will remain lower than usual during the 2020/21 academic year with associated reductions in fee income and some other income streams. The College considers it is well placed to return to the normal higher levels of activity and income once restrictions are able to be lifted by the government anticipated to be during the middle part of 2021.

## **WORKING MEN'S COLLEGE CORPORATION**

### **MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT**

**for the year ended 31 July 2020**

The College is planning curriculum responses for the post-pandemic world, developing a stronger and expanded employability provision to support those finding themselves unemployed or needing to change career or the sector in which they work. This includes working with community partners and external agencies.

Other planned curriculum developments include increased enrolments on the Art Foundation and vocational courses, in particular growing the health and social care course offer. A suite of health and wellbeing courses is being introduced to meet the needs of local residents and in line with priorities set out in the Mayor's Skills for Londoners strategy

The College will continue to refine its approach to charging fees on Community Learning funded courses to ensure that the College courses are accessible to all who need them and finance is not a barrier to learning, whilst also respecting and following the spirit of the funding guidance on charging participants.

The London Institutes of Adult Learning continue to develop closer working links and collaborations.

### **RESOURCES**

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

Tangible resources include the main site at Crowndale Road with a book value of £5.520 million, principally related to building works completed in 2008 and 2012 in Phases 1 and 2 of the Accommodation Strategy. There is a second centre in Kentish Town which is owned by the London Borough of Camden and used by the College on a tenancy-at-will basis.

Financial resources include investments and endowments totalling £4.862 million at the balance sheet date plus short term deposits and cash holdings of £760,000, offset in part by long term debt of £805,000. The budget and cash flow forecasts for 2020/21 and beyond demonstrate that the College will continue to have sufficient resources available to it to meet obligations as they fall due and maintain operations.

Human resources comprise a staff base of 93 full-time equivalents, of whom 53 are teaching staff, with a headcount of 177 as the College makes extensive use of subject specialists, many of whom teach part time at the College whilst also working in their specialist industry.

The College has a strong reputation locally, based on the quality of services, the breadth of community involvement and the continuing interest in long and distinguished history, as well as the benefit of an Ofsted "good" rating.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The College has developed strategies for managing risk and has embedded a system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation and enable it to respond in a timely and proportionate manner to changing circumstances including those arising from the Covid-19 pandemic.

Based on the strategic plan and annual improvement plans, the Executive Management Group (EMG) undertakes a regular review of the risks to which the College is exposed. The members identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are implemented and internal audit work and other monitoring throughout the year helps appraise their effectiveness and progress against risk mitigation actions. The EMG also considers the impact of the latest government guidance and rules relating to Covid-19 as well as any risks which may arise as a result of new or changed areas of work being undertaken by the College.

# WORKING MEN'S COLLEGE CORPORATION

## MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT

for the year ended 31 July 2020

A risk register is maintained at College level which is formally reviewed at meetings of the EMG. The risks are assigned to the most relevant Governor committee and reviewed at termly meetings of those committees and then annually by the full Board. The risk register identifies the key risks, systems and procedures to control them, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. The risk description and mitigating control measures for each risk include an explicit evaluation of the Covid-19 impact. Risks are prioritised using a consistent scoring system. This is supported by a risk management training programme to raise awareness of risk throughout the College.

Outlined below is a description of the highest rated risk factors that could affect the College, as identified by the Executive Management Group during 2019/20. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

### 1. Government Funding

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2019/20, 89% of the College's income was ultimately publicly funded (2018/19 – 80%) and this level of requirement is expected to continue in 2020/21 due to Covid-19 limiting fee income and opportunities to generate income from other sources. Nevertheless, the College maintains an objective of reducing dependence on state funding. The government funding has helped maintain financial stability during 2019/20 and provided some protection from the wider economic volatility from external factors. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms, especially following devolvement of funding to the Greater London Authority (GLA) from August 2019.

The College is aware of several issues which may impact on future funding and associated income:

- The implementation of the announcements in the Chancellor's comprehensive spending reviews and the expected Further Education White Paper and how these will be reflected in individual College funding allocations;
- Changes to priorities, allocations and methodologies following devolution of funding to the Greater London Authority;
- The availability of funding grants targeted directly at activities that respond to, and support recovery from, the Covid-19 crisis; and
- The extent to which learners are willing to take up "advanced learning loans" particularly following extension of the scheme to learners aged 19 plus from September 2016.

The risk is mitigated in a number of ways:

- By ensuring that the College is rigorous in delivering high quality education and training;
- Considerable focus and investment of time is placed on maintaining and managing key relationships with funding bodies and sector organisations, including the new GLA staff, so that they understand the circumstances, challenges and potential of the College;
- Increasing links with employers to ensure that provision remains relevant to work and skills needs;
- Promoting examples of how successful learners progress into the labour market; and
- Collaborating with other Institutes of Adult Learning as appropriate.

### 2. Tuition Fee Policy

Government ministers have confirmed that the fee assumption remains at 50%. In line with the majority of other colleges, WM College will seek to increase fees in accordance with the fee assumptions and also develop a range of studio and short full cost courses. However, the College values strongly the principle of access to learning being available to everyone, regardless of financial circumstances. It seeks to hold these two objectives in balance. The risk for the College is that demand falls off as fees

# WORKING MEN'S COLLEGE CORPORATION

## MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT

for the year ended 31 July 2020

increase and this will impact on the growth strategy of the College. The restriction on the number of learners in workshops and classrooms as part of the Covid-safe measures and the risk of further lockdowns present a high risk to the achievement of tuition fee budgets.

The risk is mitigated in a number of ways:

- By ensuring that the College is rigorous in delivering high quality education and training and thereby demonstrating value for money for students;
- Close monitoring of demand for courses as prices change and responding swiftly and appropriately;
- Market research to establish demand, willingness to pay and price elasticity;
- Marketing incentives and campaigns to encourage and incentivise enrolments;
- Flexible fee payment opportunities and methods including instalment plans;

### 3. Competition from other providers

With the reductions in funding and implementation of the Area Review structural changes, competition from other providers is expected to become more intense.

Mitigation actions include:

- Promoting the College's niche position in terms of size, reputation and curriculum offer as an Institute of Adult Learning;
- Innovation and development within the College's core curriculum to tap new markets;

### 4. Adverse impact on financial viability from disproportionately large ESOL provision.

ESOL provision is the most vulnerable, with threats to its delivery models and funding rates. However, the demand and need for this provision amongst the local communities that the College serves remains high.

Mitigation actions include:

- Monitoring government and funding agency information and announcements closely to get early warning of any proposed changes and plan accordingly;
- A clear fees policy for ESOL provision to establish an appropriate balance of dependency between funding and fee income;

### 5. Severe adverse publicity

The College is well known in the local community and recruits the vast majority of its learners from the communities around the College. Any adverse publicity could therefore impact on recruitment.

As part of risk mitigation, the College has reviewed its marketing approach and arrangements and makes use of external expertise to bring fresh ideas, new campaigns and an appropriate balance between traditional marketing and social media to promote the College. New College branding was introduced in summer 2020 that reflects the image and values of the College and represents it appropriately to the community and target markets.

# **WORKING MEN'S COLLEGE CORPORATION**

## **MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT**

**for the year ended 31 July 2020**

### **STAKEHOLDER RELATIONSHIPS**

In line with other colleges and educational institutions, the Working Men's College has many stakeholders and an extensive range of relationships with local people and groups. These include

- the College's own students and staff;
- funding bodies, especially the Education and Skills Funding Agency and the Greater London Authority;
- the London Borough of Camden;
- a range of local employers;
- Local Enterprise Partnerships (LEPs);
- local community groups, including the Somers Town Big Local for whom the College acts as the "Local Trusted Organisation (LTO)";
- the other Institutes of Adult Learning (IALs), especially the four based in London;
- local FE colleges;
- the FE Commissioner; and
- trade unions and professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through a range of media and methods.

### **Community Responsiveness and Employer Engagement**

The College has been implementing a successful community engagement strategy for many years; it has established provision at 28 local outreach venues and built a number of proactive partnerships and close working relationships with the voluntary and community sector in central Camden. The community provision continues to take provision to students who would not otherwise access the College. Partners include community centres, refugee organisations, primary and secondary schools, tenants' associations, a housing trust, a local hospital, health centres, Camden Adult & Community Learning, the British Museum and local employers. These working relationships help identify and target disadvantaged learners in Camden. Further information on these aspects of the College's work can be found in the Self Assessment Report available via the College website or on application to the Clerk to the Corporation.

The focus for the College's work is on ensuring local people have the opportunity to gain local employment and to this end notable targets have been the public sector, in particular Camden Council and health and care organisations, the King's Cross redevelopment, Crossrail and HS2 and projects coming from the voluntary and community sectors. The College also works with a wide range of voluntary and other organisations which provide specialist support to students to build self-confidence and facilitate progression to work related training and employment.

### **Educational Links**

The College has a wide variety of strategic links with other educational institutions.

The Greater London Authority (GLA) became the College's principal funder for adult education from August 2019 whilst the Education and Skills Funding Agency (ESFA) remains the funder for all 16-19 activity and for adult funding for learners living outside the London boroughs controlled by the GLA.

The group of four London IALs – the Working Men's College, the Mary Ward Centre, City Lit and Morley College, more recently joined by Richmond and Hincroft Adult Community College – have a very long standing partnership which is used in a variety of constructive ways to address national, regional and local priorities. Closer working and a new common identity as the London Adult Learning Institutions has enabled some joint initiatives to be developed effectively.



## **WORKING MEN'S COLLEGE CORPORATION**

### **MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT**

**for the year ended 31 July 2020**

There are ongoing partnerships with the Institute of Education and the University of Greenwich through which placements are provided at the College for trainee teachers supported by strong mentoring relationships with established and experienced teachers although these will be reduced in volume in 2020/21 by the coronavirus pandemic.

#### **Staff and Student Involvement**

The College considers good communication with staff and students to be vital. The Corporation includes two staff members and two student members and the Curriculum Quality and Standards Committee includes all academic managers. Staff and student bulletins and newsletters were produced during the year and a weekly Principal's Update issued to all staff to increase communication during the Covid-19 pandemic. The College Intranet is also used to facilitate communication with staff.

The Principal hosted Learner Forums across both College sites and at a variety of times and dates up until lockdown started to enable learners to meet senior management, to provide comments and feedback on all aspects of their College experience and to provide learner views on possible new College initiatives.

Senior College managers met with union representatives when preparing the plan and risk assessment for re-opening the College buildings after lockdown in summer 2020 and all staff had a face-to-face induction on their first day back in the College.

Most of the working parties and development groups within the College include staff and student representation. Sometimes it is difficult to secure the level of staff and student participation that is desirable because of the high proportion of teaching staff and students who are part-time.

#### **Equality**

The College is committed to promoting equality of opportunity in all aspects of its operations for all who learn or work at the College. It recognises its legal responsibilities, respects and values all differences and individual choices and takes all reasonable steps to ensure there is no discrimination against any student, member of staff or the public, on the grounds of race, gender, sexual orientation, disability, religion or belief and age. Monitoring systems have been introduced and performance targets identified. The College's Equality Policy is published on its website and it produces an annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010.

#### **Employment of Disabled Persons**

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. 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 that are, as far as possible, identical to those of non-disabled employees.

#### **Disability Statement**

A key purpose of the College is to be a learner-centred college dedicated to providing opportunities for lifelong learning for the diverse range of London adults who may not be able to study full time, particularly those who have missed out on their initial education.

As part of its commitment to inclusive education and equality of opportunity the College welcomes students with learning difficulties and disabilities. The College endeavours to be flexible and match the learning support to each student's individual needs and achieve the objectives set down in the Equality Act 2010.

# WORKING MEN'S COLLEGE CORPORATION

## MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT

for the year ended 31 July 2020

The College employs a full-time Disability Officer to promote awareness and implementation of this statement and supporting policies.

The aims of the College include:

- identifying and responding to individual student needs, to improve continually students' learning experience;
- ensuring all students achieve their full potential through the provision of a high quality student centred learning environment;
- actively promoting equality of opportunity for all students;
- ensuring appropriate steps are taken to guarantee that a disabled learner is not placed at a substantial disadvantage in comparison with a learner who is not disabled.

A range of courses for learners with learning difficulties or disabilities has been introduced to provide learning in smaller groups and at a pace that increases these learners' ability to achieve their learning aims and progress to further study or employment.

### Safeguarding and Prevent

The College fully recognises its responsibility to promote safe practice and to protect and safeguard the welfare of everyone working and studying there. Governors and managers believe that learning takes place most effectively within a culture in which all individuals trust the College to keep them safe from harm while there and give them information, advice and help to keep themselves safe from harm at other times. There are clear processes and procedures in place should anyone have a concern and the College works with a number of external agencies to support learners to remain in learning, including the FE Prevent coordinators.

### 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. The following information relates to the period from 1 April 2019 to 31 March 2020 as required by the Regulations and is also made available on the College's website.

Number of employees who were relevant union officials during the relevant period		2
Full time equivalent employee number		1
	Percentage	No. of employees
Percentage of time spent on facility time	1 – 50%	2
Percentage of pay bill spent on facility time		
Total cost of facility time		£1,416
Total pay bill		£3,763,000
Percentage of total pay bill spent on facility time		0.04%
Paid trade union activities		
Time spent on paid trade union activities as a percentage of total paid facility hours		0%

### EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no post-balance sheet events to report.

## **WORKING MEN'S COLLEGE CORPORATION**

### **MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT**

**for the year ended 31 July 2020**

#### **GOING CONCERN**

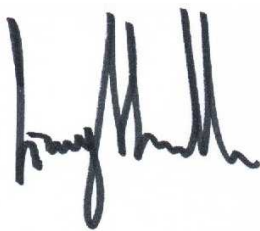
After making appropriate enquiries, including giving careful consideration to the current and potential further impact of Covid-19 on the College's operations and finances, the members of the Corporation consider that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

The Governors 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 Governor 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.

The members' report including the strategic report was approved by the members of the Corporation and signed on their behalf on 16 December 2020 by:

**Guy Shackle**  
Chair

A handwritten signature in dark ink, appearing to read 'Guy Shackle', written over a light blue horizontal line.

## WORKING MEN'S COLLEGE CORPORATION

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2020

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2019 to 31 July 2020 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English colleges ("the AoC Code"); and
- iii. having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the AoC Code. The College has not adopted, and therefore does not apply, the UK Corporate Governance Code. However, it has reported on Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code considered to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with all the provisions of the AoC Code and it has complied throughout the year ended 31 July 2020. The Corporation 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 15 July 2015.

The College is a registered charity within the meaning of Part 3 of the Charities Act 2011. The Appointed Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

#### Governors of the Corporation

The Governors who served on the Corporation during the year ended 31 July 2020 and up to the date of signature of this report are listed on the following page.

#### Key to committees:

A Audit	E Estates Strategy Group
S Search	R Remuneration
F Finance, Personnel & Development	Q Curriculum, Quality and Standards
	(Ch) Committee Chair

#### Number of Meetings 2019-20

Corporation	2	Curriculum, Quality and Standards	3
Finance, Personnel & Development	4	Search	1
Audit	3	Remuneration	1
Estates Strategy Group	1		

During the year, in response to the Covid-19 pandemic, the College established a Chairs' Group comprising the Chair of Corporation, the Vice Chair of Corporation, the Chair of Audit Committee, Chair of Finance, Personnel and Development Committee, Chair of Curriculum, Quality and Standards Committee and the Principal to strengthen governance support for the College's Executive Management Group. The Chairs' Group had no formal powers beyond those vested in its members.

## WORKING MEN'S COLLEGE CORPORATION

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

for the year ended 31 July 2020

**Governors (Appointed and Nominated) who served between 1 August 2019 and up to the date of signature of this report were:**

Name	Date last Appointed/ Reappointed	Date First Appointed	Term of Office	Date Resigned	Status of Appointment	Committees	Full Corp'n Meetings Attended
Ahsan Akbar	12/07/2017	12/07/2017	3 Years	17/06/2020	Appointed	F	0 of 1
Kate Bell (Vice Chair)	21/03/2018	16/07/2008	3 Years		Appointed	A(Ch), R, S	2 of 2
Amanda Blinkhorn	21/03/2018	21/03/2018	3 Years		Nominated Tchng Staff	Q	2 of 2
Romy Brandeis	01/07/2019	01/07/2019	1 Year	extension to April '21	Nominated Student	Q	1 of 2
Barbara Byrne	01/04/2020	11/12/2013	3 Years		Appointed	E, F(Ch), Q, R	2 of 2
Arianna Cariacciolo	01/07/2019	01/07/2019	1 Year	extension to April '21	Nominated Student	Q	1 of 2
Susan Corby	15/07/2020	15/07/2020	3 Years		Appointed		1 of 1
Fran Fahey	03/04/2019	03/04/2019	3 Years		Appointed	F	2 of 2
Neil Garner	15/07/2020	15/07/2020	3 Years		Appointed		0 of 1
Helen Hammond	01/12/2014	01/12/2014	Ex Officio		Principal	F, Q, S	2 of 2
June Jarrett	16/07/2020	12/07/2017	3 Years		Appointed	Q	2 of 2
Samata Khatoon	21/03/2018	21/03/2018	3 Years		Appointed	Q	1 of 2
Monika Kinasiwicz	01/11/2019	01/11/2019	3 Years		Nominated Bus. Staff	Q	2 of 2
Alexi Marmot	01/04/2020	11/12/2013	3 Years		Appointed	E(Ch), F	2 of 2
Chris Percy	03/04/2019	20/07/2016	3 Years		Appointed	A	0 of 2
Guy Shackle (Chair)	21/03/2018	21/03/2018	3 Years		Appointed	R, S, E, F	2 of 2
Jon Sibson	03/04/2019	03/04/2019	3 Years		Appointed	Q(Ch), F	2 of 2
Paul Smith	16/07/2020	12/07/2017	3 Years		Appointed	A(Ch)	2 of 2
Paula Whittle	25/03/2016	15/07/2009	3 Years	31/01/2020	Appointed	Q(Ch), R(Ch), S	1 of 1
Julian Woodfield	03/04/2019	03/04/2019	3 Years	09/09/2019	Appointed		n/a

+ and - indicate a Governor respectively joining or leaving a committee during the year.

During the year two new Appointed Governors and one Nominated Staff Governor joined the Board and three Appointed Governors stood down. Four existing Appointed Governors were re-appointed for a further term. The Board agreed that the terms of office of the two Nominated Student Governors should be extended to April 2021 as the Covid-19 pandemic and national lockdown prevented new elections from being held.

## **WORKING MEN'S COLLEGE CORPORATION**

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2020**

The Articles of Association for WMC Corporation were last amended and approved by the then Department of Business, Innovation and Skills (BIS) and adopted by the Corporation on 7 July 2010. The Revised Articles of Association included provision for retirement by rotation for Appointed Governors organised via three cohorts to avoid uneven bunching of consideration of re-appointments.

The Principal is the Accounting Officer and, ex officio, a Nominated Governor. The date of appointment as a Nominated Governor and the date of retirement or removal from office are determined by the Appointed Governors.

The Working Men's College is a company limited by guarantee and its Appointed Governors are also members of the company. Every member undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, such amount as may be required but not exceeding five pence.

Bill Barker was the Clerk to the Corporation and Company Secretary throughout the period.

#### **Fellows of the College**

The work on appointment of "Fellows" and the development of the fellowship role continued and in January 2020, the Search Committee agreed to propose additional 6 year terms of office for existing Fellows and new appointments and 6 year terms of office for other recently retired governors. Further development has been paused during the Covid-19 pandemic and will be restarted during the 2020/21 year. Current Fellows are:

<b>Name</b>	<b>Year Appointed / Reappointed</b>	<b>Term of Office</b>
Selwyn Midgen	2020	6 Years
Bipin Patel	2020	6 Years
Dame Ruth Silver	2020	6 Years
Baroness Janet Whitaker	2020	6 Years
Satnam Gill OBE	2020	6 Years
Lucy de Groot	2020	6 Years
Abdul Qadar	2020	6 Years
Nigel Franklin	2020	6 Years
David Offenbach	2020	6 Years
Prof Tom Schuller	2020	6 Years
Paula Whittle	2020	6 Years

#### **Role of the Corporation**

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

Thus, the Corporation is responsible for determining the educational character and mission of the College together with its broad strategic approach. It oversees the delivery of the College's aims and objectives, the stewardship of its assets and safeguards the efficient and effective use of its resources.

The Principal is accountable to the Corporation, within the framework set by the Governors, and advises the Governors in the exercise of their responsibilities. The Corporation looks to the Principal and the College management to manage the day-to-day running of the College.

## **WORKING MEN'S COLLEGE CORPORATION**

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2020**

The Corporation is provided, by College management, 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 personnel related matters such as health and safety and environmental issues.

The full Corporation meets at least termly, although the term 2 meeting in 2019/20, scheduled for late March, was cancelled following the national "lockdown". In addition, during 2019/20, "strategy" sessions were held in October 2019 and February 2020. Governors discussed new branding proposals to position the College appropriately in the adult marketplace. They also received updates on learner enrolments, college funding and finances and collaborative arrangements with the other London Institutes of Adult Learning.

The Corporation conducts its business through a number of committees, each chaired by a Governor. Each committee has terms of reference which have been approved by the full Corporation. The committees which operated during the year were:

- Audit Committee
- Curriculum, Quality and Standards Committee
- Estates Strategy Group (a sub-committee of FPDC)
- Finance, Personnel and Development Committee (FPDC)
- Remuneration Committee
- Search Committee

Full minutes of all meetings, except those deemed by the Corporation to be confidential, are available from the Clerk to the Corporation, Bill Barker, at:

Working Men's College  
44 Crowndale Road  
London NW1 1TR

Minutes for Corporation meetings can be downloaded from the Governors' page of the College Website:  
<https://www.wmcollege.ac.uk/about-us/governance/>

The Governors receive no remuneration for their services, but are entitled to claim out of pocket expenses. A total of £388 was claimed by two Governors for the year to 31 July 2020 (£140 in 2018/19, claimed by one Governor). The Clerk to the Corporation maintains a register of financial and personal interests of the Governors and key management personnel of the College. The register is available for inspection on application to the Clerk 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 also 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 that could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility as the roles of the Chair of the Corporation and Accounting Officer of the College are separate.

## **WORKING MEN'S COLLEGE CORPORATION**

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2020**

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

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee comprising six Governors (seven until Feb 2020), which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate induction and training is provided as required. Members of the Corporation are appointed initially for a term of office not exceeding three years.

#### **Corporation Performance**

Governors considered a report at the December 2020 Board meeting, ahead of approving the report and accounts, which identified further improvements in governance arrangements at the College during 2019/20. Supported by the evidence in that paper plus the ensuing discussion, Governors self-assessed their performance as "Good".

#### **Remuneration Committee**

The Remuneration Committee comprises three Governors (four until Feb 2020) excluding the Accounting Officer. The Committee's responsibilities are to consider the College's annual report on senior management pay and to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other designated Senior Postholders.

Details of remuneration for the year ended 31 July 2020 are set out in notes 6 and 7 to the financial statements.

#### **Audit Committee**

The Audit Committee comprises three Governors (excluding the Accounting Officer and Chair of Corporation) including a finance and audit specialist. The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets at least three times during the year and provides a forum for reporting by the College's internal and financial statements auditors, who have right of access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the Education and Skills Funding Agency as they affect the College's business.

During 2018/19 the College undertook a re-tender of external audit services and reappointed Buzzacott to the role for the financial statements to 31 July 2019. The internal audit service was retendered in 2017/18 and Scrutton Bland was appointed, commencing work from 1 August 2018.

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 appoints the internal auditors and advises the Corporation on the appointment of financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation. The appointment of financial statements auditors is an annual item of business for the full Board of Corporation.



## WORKING MEN'S COLLEGE CORPORATION

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2020

#### 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 Agreements between the College and the Education and Skills Funding Agency and the College and the Greater London Authority. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

##### The Purpose of the System of Internal Control

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

##### Capacity to Handle Risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2020 and up to the date of approval of the Annual Report and Financial Statements. Risks are allocated to the most appropriate committee, reviewed at each meeting, and reported to the next full Corporation meeting. A full review of the risks and the annual report on risk management is undertaken by Audit Committee each autumn and reported to the full Corporation in December prior to the approval of the financial statements.

##### 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; and
- the adoption of formal project management disciplines, where appropriate.

## WORKING MEN'S COLLEGE CORPORATION

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2020

Working Men's College has internal audit arrangements, which operate in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit providers 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 College's Governing Body on the recommendation of the Audit Committee. Internal audit services provide the Audit Committee with reports on each internal audit activity in the College. Where appropriate, each report includes their independent opinion on the adequacy and effectiveness of the College's system of internal control, risk management controls and governance processes, including internal financial control insofar as it is impacted by the area being reported on.

#### Review of Effectiveness

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

- the work of the internal audit providers;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College's financial statements auditors and the regularity 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 audit providers and other sources of assurance and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The College's Executive Management Group (EMG) 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 EMG and the Audit Committee also receive regular reports from the internal audit providers, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the EMG and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Audit Committee receives a report on risk management at each of its meetings. The report includes the latest extract of the College's risk register, as reviewed and updated by the wider College Management Group.

Thus, any new risks are identified and controls on existing identified risks are reviewed on an ongoing basis. The Corporation reviews and approves the Risk Register annually and delegates monitoring of the risks listed to the most appropriate committee who consider them at each meeting. At its December 2020 meeting the Corporation will carry out the annual assessment for the year ended 31 July 2020 by considering documentation from the EMG, Audit Committee and internal audit providers and taking account of events since 31 July 2020.

The Board also considers at its December meeting the Annual Report of the Chair of the Audit Committee, which includes advice to the board on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes, and on securing economy, efficiency and effectiveness (value for money). The report advises the Board of any significant matters arising from the work of the College's Internal Audit Service (IAS) and financial statements and regularity auditors appointed by the Board, and of the Funding Auditors appointed by the ESFA as applicable.

## WORKING MEN'S COLLEGE CORPORATION

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

for the year ended 31 July 2020

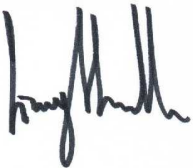
The Corporation also receives, in December, the Accounting Officer's Annual report on risk management which states the view that the College's practices have enabled it to effectively identify, evaluate and control risks in order to eliminate, reduce, contain or transfer them.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "*the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets*".

#### Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the Governors of the Corporation on 16 December 2020 and signed on its behalf by:



**Guy Shackle**  
Chair



**Helen Hammond**  
Accounting Officer

## **WORKING MEN'S COLLEGE CORPORATION**

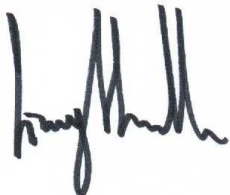
### **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE for the year ended 31 July 2020**

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

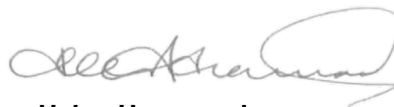
We confirm, on behalf of the Corporation, that after due enquiry and to the best of our knowledge, Corporation members expect to be able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's grant funding agreements and contracts with the ESFA.

We further 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.

Signed



**Guy Shackle**  
Chair



**Helen Hammond**  
Accounting Officer

**16 December 2020**

## **WORKING MEN'S COLLEGE CORPORATION**

### **STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNORS OF THE CORPORATION**

**for the year ended 31 July 2020**

The Governors of the Corporation (who are trustees for the purposes of the Charities Act and whose Appointed Governors are also the directors of the company for the purposes of the Companies Act) are required to present audited financial statements for each financial year.

Within the terms and conditions of the College's grant funding agreements and contracts with the Education and Skills Funding Agency (ESFA) and the Greater London Authority (GLA), 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, the UK's Generally Accepted Accounting Practice (GAAP), the "College Accounts Direction 2019 to 2020" issued by the (ESFA) and which give a true and fair view of the state of affairs of the College and its surplus or deficit of income over expenditure for that year.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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; and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare a Members' Report incorporating a Strategic 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 College.

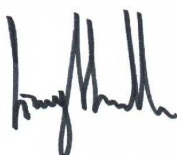
The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992, Charities Act 2011, the Companies Act 2006 and relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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

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

Approved by the Governors of the Corporation on 16 December 2020 and signed on their behalf by:

**Guy Shackle**  
Chair



## **WORKING MEN'S COLLEGE CORPORATION**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKING MEN'S COLLEGE for the year ended 31 July 2020**

#### **Opinion**

We have audited the financial statements of Working Men's College (the 'College') for the year ended 31 July 2020 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2020 and of its deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

#### **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 College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

## **WORKING MEN'S COLLEGE CORPORATION**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKING MEN'S COLLEGE (continued) for the year ended 31 July 2020**

#### **Other information**

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

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' report including the strategic report has been prepared in accordance with applicable legal requirements

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

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **WORKING MEN'S COLLEGE CORPORATION**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKING MEN'S COLLEGE (continued) for the year ended 31 July 2020**

#### **Responsibilities of Governors**

As explained more fully in the Governors' responsibilities statement, the Governors are 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 Governors 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 Governors are responsible for assessing the college's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

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

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

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

#### **Use of our Report**

This report is made solely to the Corporation, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Corporation's members 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 College and the Corporation members as a body, for our audit work, for this report, or for the opinions we have formed.



**Shachi Blakemore (Senior Statutory Auditor)**  
**for and on behalf of Buzzacott LLP, Statutory Auditor**  
130 Wood Street  
London EC2V 6DL

**29 January 2021**



## **WORKING MEN'S COLLEGE CORPORATION**

### **REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GOVERNORS OF THE CORPORATION OF WORKING MEN'S COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT FOR EDUCATION**

**for the year ended 31 July 2020**

In accordance with the terms of our engagement letter dated 31 May 2019 and further to the requirements and conditions of funding in the Education and Skills Funding Agency's Grant Funding Agreements and contracts, including those of the Greater London Authority (GLA), we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by the Working Men's College during the period 1 August 2019 to 31 July 2020 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 the Department for Education ("The Department"). In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Department has other assurance arrangements in place.

This report is made solely to the Corporation of Working Men's College and the Department in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of the Working Men's College and the Department 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 Working Men's College and the Department, for our work, for this report, or for the conclusion we have formed.

#### **Respective Responsibilities of Working Men's College and the Reporting Accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the 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 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Code issued by the Department. 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.

## **WORKING MEN'S COLLEGE CORPORATION**

### **REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GOVERNORS OF THE CORPORATION OF WORKING MEN'S COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT FOR EDUCATION**

**for the year ended 31 July 2020**

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

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

The work undertaken to draw our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of self-assessment questionnaire including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

#### **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 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Buzzacott LLP**  
**Chartered Accountants and Statutory Auditors**  
130 Wood Street  
London EC2V 6DL

**29 January 2021**

# WORKING MEN'S COLLEGE CORPORATION

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 July 2020

	Note	2020	2019
		£'000	£'000
<b>INCOME</b>			
Funding body grants	2	4,765	4,678
Tuition fees and education contracts	3	426	851
Other income	4	65	112
Endowment and investment income	5	117	148
<b>Total income</b>		<b>5,373</b>	<b>5,789</b>
<b>EXPENDITURE</b>			
Cost of generating funds	9	14	
Staff costs	6	3,813	3,606
Fundamental restructuring costs	6	43	91
Other operating expenses	8	1,146	1,183
Depreciation	11	362	332
Interest and other finance costs	9	47	52
<b>Total expenditure</b>		<b>5,420</b>	<b>5,278</b>
<b>Operational (deficit)/surplus before other gains and losses and before tax</b>		<b>(47)</b>	<b>511</b>
(Losses)/Gains on listed investments	12	(508)	413
Loss on investment property	13	(90)	(10)
<b>(Deficit)/Surplus before tax</b>		<b>(645)</b>	<b>914</b>
Taxation	10	-	-
<b>Total Comprehensive Income for the Year</b>		<b>(645)</b>	<b>914</b>
Represented by:			
Restricted comprehensive (expenditure)/income		(218)	296
Endowment fund (expenditure)/income		(202)	165
Unrestricted comprehensive (expenditure)/income		(225)	453
		<b>(645)</b>	<b>914</b>

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

# WORKING MEN'S COLLEGE CORPORATION

## STATEMENT OF CHANGES IN RESERVES

for the year ended 31 July 2020

	Income and Expenditure reserve		Restricted reserves		Endowments		Total reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2018</b>		7,873		2,660		1,979		12,512
Surplus from the income and expenditure account	527		222		165		914	
Transfers between restricted and income and expenditure reserves	(74)		74		-		-	
Total comprehensive income for the year		453		296		165		914
<b>Balance at 31 July 2019</b>		8,326		2,956		2,144		13,426
Deficit from the income and expenditure account	(163)		(280)		(202)		(645)	
Transfers between restricted and income and expenditure reserves	(62)		62		-		-	
Total comprehensive income for the year		(225)		(218)		(202)		(645)
<b>Balance at 31 July 2020</b>		8,101		2,738		1,942		12,781

Included within restricted reserves at the balance sheet date is an amount of £168,581 which relates to the assets of the Francis Martin College Charitable Foundation. The Working Men's College Corporation is the sole trustee of the Francis Martin College charity (registered charity number 312802) and looks after the assets on its behalf. The assets are invested in the Newton Growth and Income Fund for Charities alongside the investments of the Working Men's College Corporation.

# WORKING MEN'S COLLEGE CORPORATION

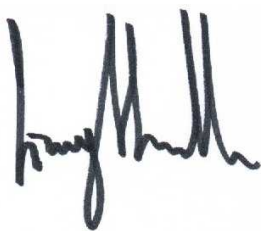
## BALANCE SHEET

as at 31 July 2020

	Note	£'000	2020 £'000	£'000	2019 £'000
<b>NON-CURRENT ASSETS</b>					
Tangible fixed assets	11		8,885		7,572
Listed Investments	12		4,862		5,370
Investment Property	13		1,560		1,650
			<u>15,307</u>		<u>14,592</u>
<b>CURRENT ASSETS</b>					
Trade and other receivables	14	192		386	
Cash and cash equivalents		760		2,294	
		<u>952</u>		<u>2,680</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>					
	15	(1,248)		(1,467)	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>					
			<u>(296)</u>		<u>1,213</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			15,011		15,805
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>					
	16		(2,230)		(2,379)
<b>TOTAL NET ASSETS</b>					
			<u><u>12,781</u></u>		<u><u>13,426</u></u>
<b>ENDOWMENTS</b>					
Permanent	18	256		282	
Expendable	18	1,686		1,862	
		<u>1,942</u>		<u>2,144</u>	
<b>RESTRICTED RESERVES</b>					
Restricted reserves			2,738		2,956
<b>UNRESTRICTED RESERVES</b>					
Income and expenditure account			8,101		8,326
<b>TOTAL RESERVES</b>					
			<u><u>12,781</u></u>		<u><u>13,426</u></u>

The financial statements on pages 34 to 52 were approved and authorised for issue by the Corporation on 16 December 2020 and were signed on its behalf on that date by:

**Guy Shackle**  
Chair



**Helen Hammond**  
Accounting Officer



# WORKING MEN'S COLLEGE CORPORATION

## STATEMENT OF CASHFLOWS

for the year ended 31 July 2020

	Note	£'000	2020 £'000	£'000	2019 £'000
<b>Cash inflow from operating activities</b>					
(Deficit)/Surplus for the year			(645)		914
<u>Adjustment for non-cash items</u>					
Losses/(Gains) on investments			598		(403)
Depreciation	11		362		332
Decrease/(Increase) in debtors	14		194		(6)
(Decrease)/Increase in creditors due within one year	15		(224)		468
Decrease in creditors due after one year	16		(63)		(65)
<u>Adjustments for investing or financing activities</u>					
Investment income receivable	5		(113)		(138)
Interest receivable	5		(4)		(10)
Interest payable	9		(47)		(52)
<b>Net cashflow from operating activities</b>			<b>58</b>		<b>1,040</b>
<b>Cashflows from investing activities</b>					
Income from investments and endowments	5	113		138	
Other interest received	5	4		10	
Payments to acquire tangible fixed assets	11	(1,675)		(1,791)	
			(1,558)		(1,643)
<b>Cashflows from financing activities</b>					
Interest payable	9	47		52	
Capital element of bank loan repayments	17	(81)		(77)	
			(34)		(25)
<b>(Decrease)/Increase in cash and cash equivalents in the year</b>			<b>(1,534)</b>		<b>(628)</b>
Cash and cash equivalents at 1 August			2,294		2,922
Cash and cash equivalents at 31 July			760		2,294

In this statement, figures in brackets refer to cash outflows and all other figures are cash inflows to the College.

# **WORKING MEN'S COLLEGE CORPORATION**

## **NOTES TO THE ACCOUNTS**

**for the year ended 31 July 2020**

### **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 2015 (the SORP), the College Accounts Direction for 2019-20 and in accordance with Financial Reporting Standard 102: - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Without limiting the information given, the financial statements meet the accounting and disclosure requirements of the Companies Act and accounting standards issued or adopted by the Accounting Standards Board so far as those requirements are appropriate. In order to present a true and fair view, the College has not followed the provisions of the Companies Act 2006 regarding the format of the financial statements where these are not appropriate to the College's activities.

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of listed investments and the investment property.

#### **Going concern**

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members' Report including the Strategic Report. The financial position of the College, its cashflow, liquidity and borrowings are described in the financial statements and accompanying notes.

The Covid-19 pandemic has impacted the College finances through loss of fee income and other non-grant funded activity, resulting in the small deficit reported for 2019/20 and a £189,000 deficit budget being set for 2020/21. The balance sheet also shows net current liabilities at 31 July 2020 although these revert to net current assets when non-cash items in creditors, such as deferred capital grants, are eliminated. The budget for 2020/21 is cash generative, despite the operating deficit and the College cashflow forecasts demonstrate that it has sufficient cash resources, including an adequate buffer for unforeseen variances, to meet its liabilities as they fall due. In addition, the listed investments could be liquidated at short notice if necessary.

The College currently has £805,000 of loans outstanding with bankers on terms negotiated in 2007. The terms of the existing agreement are for up to another 8 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its financial statements.

# **WORKING MEN'S COLLEGE CORPORATION**

## **NOTES TO THE ACCOUNTS**

**for the year ended 31 July 2020**

### **1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (continued)**

#### **Recognition of income**

Tuition fee income is recognised in the period for which it is received and includes all fees chargeable to students.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Funding body recurrent grants are recognised 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 at the end of November following the year end and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Where part of a non-recurrent government grant from the ESFA or other body is deferred and amortised in line with depreciation over the life of the associated assets funded, 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.

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 FRS102. 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.

#### **Post-employment Benefits**

Post-employment benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and a group personal pension scheme.

Contributions to the TPS, which is a final salary scheme, 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 quinquennial valuations using a prospective benefit method.

As stated in Note 19, 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 comprehensive income statement in the periods during which services are rendered by employees.

Contributions to the group personal pension scheme, which is not a final salary scheme, are a fixed percentage of salary and are charged to the statement of comprehensive income on an accruals basis.



# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2020

### 1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (continued)

#### Endowments and reserves

Permanent endowments comprise monies which must be held indefinitely as capital and expendable endowments represent capital monies which can be drawn upon if required. Income therefrom is credited to the statement of comprehensive income and applied for general purposes unless under the terms of the endowment such income must be used for specific purposes in which case it is credited to restricted reserves.

Restricted reserves comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions. At the balance sheet date, £2.387m of these related to funds connected with the College's former playing fields, including the sale proceeds. A further £169,000 represents the funds of the Francis Martin College Pfeiffer Trust scheme are held here and the remaining £182,000 relates to equipment reserves.

#### Tangible fixed assets

Land and buildings and improvements to buildings are stated in the balance sheet at cost.

Individual items of equipment costing greater than £500 and with an expected useful life exceeding one year are capitalised at cost. Freehold land is not depreciated as it is considered to have an infinite useful life.

Tangible fixed assets are depreciated over their useful economic lives, on a straight line basis, as follows:

Freehold buildings	-	2% per year for new buildings,
	-	5% per year for existing buildings
Building improvements	-	10% per year
Technical equipment	-	25% per year
Computer hardware	-	33 <sup>1</sup> / <sub>3</sub> % per year
Computer software	-	33 <sup>1</sup> / <sub>3</sub> % per year
Furniture, fixtures and fittings	-	16 <sup>2</sup> / <sub>3</sub> % per year

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

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved;
- Asset capacity increases;
- Substantial improvement in the quality of output or reduction in operating costs; or
- Significant extension of the asset's life beyond that conferred by repairs and maintenance.

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2020

### 1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (continued)

#### **Tangible fixed assets (continued)**

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.

#### **Leased assets**

Costs in respect of operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

#### **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 a 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 College 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.

#### **Investments including endowment assets**

Investments are included on the balance sheet at their market value, as provided by the investment manager, at the end of the financial period. Realised and unrealised gains (or losses) are credited (or debited) to the statement of total gains and losses in the year in which they arise.

#### **Investment Property**

The investment property is included at estimated market value at the balance sheet date.

#### **Maintenance of premises**

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

#### **Taxation**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2020

### 1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (continued)

#### **Taxation (continued)**

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

#### **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-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 accounts.

#### **Agency Arrangements**

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

#### **Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty**

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

- Determined whether leases entered into by the College either as lessor or 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.
- Determined whether there are indicators of impairment of the College's tangible assets. 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.

#### *Other key sources of estimation uncertainty*

- 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 reassessing 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 an asset and projected disposal values.

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2020

### 1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (continued)

#### Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty (continued)

- **Covid-19**

Management has estimated the impact of the Covid19 pandemic on the College's finances for the purposes of preparing budgets and cash flow forecasts for the years ending 31 July 2021 and 2022. The full impact following the emergence of the coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the College's activities, beneficiaries, funders, suppliers and the wider economy.

### 2 FUNDING COUNCIL GRANTS

	2020 £'000	2019 £'000
<b>Recurrent grants</b>		
Education and Skills Funding Agency - adult	45	4,389
Greater London Authority - adult	4,358	-
Education and Skills Funding Agency - 16-18	164	222
<b>Specific grants</b>		
Teachers' Pension Support Grant	132	-
Release of government capital grants	66	67
	<u>4,765</u>	<u>4,678</u>

### 3 TUITION FEES AND EDUCATION CONTRACTS

	2020 £'000	2019 £'000
Adult education fees	362	542
Fees for FE loan supported courses	62	42
<b>Total tuition fees</b>	<u>424</u>	<u>584</u>
Education contracts	2	267
	<u>426</u>	<u>851</u>

### 4 OTHER INCOME

	2020 £'000	2019 £'000
Property rental income	44	67
Other income	21	45
	<u>65</u>	<u>112</u>

### 5 ENDOWMENT AND INVESTMENT INCOME

	2020 £'000	2019 £'000
Income from restricted asset investments	62	74
Income from endowment and unrestricted investments	51	64
Other interest receivable	4	10
	<u>117</u>	<u>148</u>

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2020

### 6 STAFF COSTS

The average number of persons (including key management personnel) employed by the College during the year, described as headcount (no.) and as full-time equivalents (f.t.e) was:

	2020 No.	2020 f.t.e.	2019 No.	2019 f.t.e.
Teaching staff	130	53	124	55
Non-teaching staff	47	40	44	37
	<u>177</u>	<u>93</u>	<u>168</u>	<u>92</u>

The total staff costs for the above persons were:

		2020 £'000	2019 £'000
Wages and salaries		3,033	2,920
Social security costs		249	247
Other pension costs (note 19)		459	333
<b>Payroll sub total</b>		<u>3,741</u>	<u>3,500</u>
Contracted out staffing services		72	106
		<u>3,813</u>	<u>3,606</u>
Fundamental restructuring costs - contractual	contractual	36	85
	non-contractual	7	6
<b>Total staff costs</b>		<u>3,856</u>	<u>3,697</u>

There were no employees earning in excess of £60,000 who were not key management personnel

### Fundamental Restructuring Costs

The 2019 and 2020 staff restructuring costs relate to the implementation of the College's continual reorganisation programme which ensures the College staffing structure remains fit for purpose, responsive to changes in funding priorities and achieves efficiencies necessary for continued financial viability. The restructuring costs were approved by Governors.

### 7 EMOLUMENTS OF 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 Executive Management Group which comprises the 7 posts of Principal, Deputy Principal, Vice Principal, 2 Directors of Learning, Director of Learner Services (2019 - Assistant Principal) and the Head of MIS (2019 - MIS Director).

The post of MIS Director was made redundant in August 2019 and the post of Assistant Principal was made redundant at the end of April 2019. Staff costs include compensation paid for loss of office for these posts in the current and prior year respectively.

	2020 No.	2019 No.
The number of key management personnel including the Accounting Officer was:	<u>7</u>	<u>7</u>

Names of the key management personnel and their periods of employment are set out on page 2.

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2020

### 7 EMOLUMENTS OF KEY MANAGEMENT PERSONNEL continued

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

	<b>Key management personnel</b>		<b>Other staff</b>	
	<b>2020 No.</b>	<b>2019 No.</b>	<b>2020 No.</b>	<b>2019 No.</b>
£ 50,001 to £ 55,000 per annum	-	1	n/a	n/a
£ 55,001 to £ 60,000 per annum	2	2	n/a	n/a
£ 60,001 to £ 65,000 per annum	2	-	-	-
£ 70,001 to £ 75,001 per annum	-	1	-	-
£ 75,001 to £ 80,000 per annum	-	1	-	-
£ 80,001 to £ 85,000 per annum	2	1	-	-
£110,001 to £ 115,000 per annum	1	1	-	-
	<u>7</u>	<u>7</u>	<u>-</u>	<u>-</u>

Key management personnel compensation is made up as follows:

	<b>2020 £'000</b>	<b>2019 £'000</b>
Salaries	484	516
Benefits-in-kind	-	-
	<u>484</u>	<u>516</u>
Pension contributions	83	63
	<u>567</u>	<u>579</u>

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

The above compensation includes amounts payable to the Principal, who is the Accounting Officer and who was also the highest paid member of staff, of:

	<b>2020 £'000</b>	<b>2019 £'000</b>
Salaries	112	111
Benefits-in-kind	-	-
	<u>112</u>	<u>111</u>
Pension contributions	<u>26</u>	<u>18</u>

The pension contributions for the Accounting Officer and three other key management personnel are in respect of employer's contributions to the Teachers' Pension Scheme and for the other three key management personnel are in respect of the College's Group Personal Pension Scheme. The employer contributions are paid at the same rate as for other employees and the pension entitlements accrue in the scheme on the same basis as for other employees.

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2020

### 7 EMOLUMENTS OF KEY MANAGEMENT PERSONNEL continued

The Governing Body adopted AoC's Senior Staff Remuneration Code in March 2019 and will assess pay in line with its principles in future.

The remuneration package of Key Management Personnel, including the Principal, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking and other appropriate information to help to provide objective guidance.

The Principal reports to the Chair of Corporation 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's pay and remuneration expressed as a multiple

	2020 £'000	2019 £'000
Principal's basic salary as a multiple of the median of all staff	4.2	4.2
Principal's total remuneration as a multiple of the median of all staff	4.2	4.2

#### Compensation for loss of office paid to former Key Management Personnel

	2020 £	2019 £
Compensation paid to 1 former post holder (2019 - 1)	6,825	9,217

The severance payment was approved by College Governors.

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

### 8 OTHER OPERATING EXPENSES

	2020 £'000	2019 £'000
Teaching costs	106	110
Non-teaching costs	601	571
Premises costs	439	502
	1,146	1,183

#### Included in the total of other operating expenses are:

	2020 £'000	2019 £'000
Auditors' remuneration:		
Financial Statements and Regularity audit	20	19
Internal audit	11	25
Other services provided by the Financial Statements Auditor for		
Teachers' Pension audit	2	2
Hire of assets under operating leases	3	3

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2020

### 9 INTEREST AND OTHER FINANCE COSTS

	2020 £'000	2019 £'000
Interest payable on bank loans repayable wholly or partly in more than five years	47	52
	<u>47</u>	<u>52</u>

### 10 TAXATION

The College has charitable status for taxation purposes and the members of the Corporation consider that all the activities of the College during the current and preceding years fell within qualifying categories and no Corporation Tax arises. Accordingly no provision for corporation tax is made in the accounts in either year.

### 11 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £'000	Building Improve- ments £'000	Computer Equipment £'000	Furniture Fixtures and Fittings £'000	Assets in Course of Construction £'000	Total £'000
<b>Cost or valuation</b>						
At 1 August 2019	6,711	1,129	1,061	504	1,822	11,227
Additions	-	165	142	31	1,337	1,675
Disposals	-	-	-	-	-	-
At 31 July 2020	<u>6,711</u>	<u>1,294</u>	<u>1,203</u>	<u>535</u>	<u>3,159</u>	<u>12,902</u>
<b>Depreciation</b>						
At 1 August 2019	1,540	713	978	424	-	3,655
Charge for the year	131	101	98	32	-	362
Disposals	-	-	-	-	-	-
At 31 July 2020	<u>1,671</u>	<u>814</u>	<u>1,076</u>	<u>456</u>	<u>-</u>	<u>4,017</u>
<b>Net book value</b>						
At 31 July 2020	<u>5,040</u>	<u>480</u>	<u>127</u>	<u>79</u>	<u>3,159</u>	<u>8,885</u>
At 31 July 2019	<u>5,171</u>	<u>416</u>	<u>83</u>	<u>80</u>	<u>1,822</u>	<u>7,572</u>

Assets in the course of construction comprise £3.041m being the value of works to the balance sheet date on the replacement of the heating system and installation of a mixed mode ventilation system in the College's Crowndale Road site. The project is expected finished in autumn 2020 with the heating system being operational for the winter 2020/21 season. The remaining £119,000 relates to the value of work at the balance sheet date on the purchase and implementation of a new HR and payroll software system. The HR modules "go live" in September 2020 with the payroll being live later in 2020.



# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2020

### 12 LISTED INVESTMENTS

	Unrestricted Assets £'000	Restricted Assets £'000	Endowment Assets £'000	Total £'000
<b>Market value of listed investments</b>				
At 1 August 2019	271	2,955	2,144	5,370
Depreciation in value of investments	(88)	(218)	(202)	(508)
<b>Total portfolio value at 31 July 2020</b>	<b>183</b>	<b>2,737</b>	<b>1,942</b>	<b>4,862</b>
Cost of listed investments at 31 July 2020	184	2,012	1,460	3,656
Total net unrealised gains at 31 July 2020 included above	(1)	725	482	1,207
<b>Analysis of total portfolio value</b>				
Pooled investment vehicles				4,862

At 31 July 2020, listed investments included the following holding deemed material when compared with the overall portfolio valuation as at that date:

	Market value £'000	% of portfolio value
Newton Growth and Income Fund for charities	4,862	100%

### 13 INVESTMENT PROPERTY

	2020 £'000	2019 £'000
At 1 August 2019	1,650	1,660
Revaluation of investment property	(90)	(10)
At 31 July 2020	1,560	1,650

The College owns the freehold of the property immediately adjacent to the main college building in Crowndale Road. The building is not used for the delivery of education and is let out as residential accommodation on a commercial basis. The net revenue generated is applied to the charitable purposes of the College.

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2020

### 14 TRADE AND OTHER RECEIVABLES

	2020 £'000	2019 £'000
<b>Amounts falling due within one year</b>		
Trade receivables	50	40
Prepayments and accrued income	141	210
Other debtors	1	8
Amounts owed by funding bodies	-	128
	<u>192</u>	<u>386</u>

### 15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Bank loans (note 17)	86	81
Payments received in advance	71	145
Trade payables	278	650
Other taxation and social security	77	68
Accruals and deferred income	232	191
Deferred income - government capital grants	63	66
Amounts owed to funding bodies	374	200
Other creditors	67	66
	<u>1,248</u>	<u>1,467</u>

### 16 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2020 £'000	2019 £'000
Bank loans (note 17)	719	805
Deferred income - government capital grants	1,511	1,574
	<u>2,230</u>	<u>2,379</u>

### 17 MATURITY OF DEBT

	2020 £'000	2019 £'000
Bank loans are repayable as follows:		
In one year or less	86	81
Between one and two years	91	86
Between two and five years	303	287
In five years or more	325	432
	<u>805</u>	<u>886</u>

The College took out an unsecured loan in 2007 to support phase 1 of the Crowndale Road building refurbishment. The loan is at a fixed interest rate of 5.485% and repayable by equal quarterly instalments from 3 December 2007 to 1 December 2027.

A second unsecured loan was taken out in 2011 to support the second phase of the Crowndale Road building refurbishment. The loan is at a fixed interest rate of 5.73% and repayable by equal quarterly instalments from 14 November 2011 to 14 August 2028.

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2020

### 18 ENDOWMENTS

	Permanent £'000	Expendable £'000	Total £'000
At 1 August 2019	282	1,862	2,144
Appreciation of endowment asset investments	(26)	(176)	(202)
At 31 July 2020	256	1,686	1,942
Representing:			
Prize funds	85	-	85
Library funds	134	-	134
Other funds	37	1,686	1,723
	256	1,686	1,942
	Permanent £'000	Expendable £'000	Total £'000
At 1 August 2018	260	1,719	1,979
Appreciation of endowment asset investments	22	143	165
At 31 July 2019	282	1,862	2,144
Representing:			
Prize funds	94	-	94
Library funds	147	-	147
Other funds	41	1,862	1,903
	282	1,862	2,144

### 19 DEFINED BENEFIT OBLIGATIONS

Most of the College's employees are members of one of the two principal post employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and a College Group Personal Pension Scheme for non-teaching staff which is managed by Aviva. The TPS is a defined benefit scheme and the group personal pension scheme is a defined contribution scheme. No defined benefit pension liability arises as a result of contributions to the Group Personal Pension Scheme.

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

The total pension cost for the year was:

	2020 £'000	2019 £'000
Teachers' pension scheme - contributions paid	402	276
Group personal pension scheme - contributions paid	57	57
Total pension cost for the year within staff costs (note 6)	459	333

Contributions amounting to £ 54,000 (2019 - £ 42,000) for the TPS and £ 7,000 (2019 - £ 13,000 ) for the group personal pension scheme were payable to the scheme at 31 July and are included in creditors. The liabilities were paid to the relevant schemes in the new financial year.

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2020

### 19 DEFINED BENEFIT OBLIGATIONS continued

#### 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 and other educational establishments. Membership is automatic for teachers and lecturers in 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 Superannuation Act 1972. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in Financial Reporting Standard (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 scheme and the implications for the College in terms of the anticipated contribution rates.

The actuarial valuation of the TPS is carried out in line regulations made under the Public Service Pension Act 2014. 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 Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated costs 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 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 has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019/20 academic year and up to March 2021.

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 £402,000 (2019: £276,000)

### 20 FINANCIAL COMMITMENTS

	2020 £'000	2019 £'000
<b>Capital commitments</b>		
Contracted for but not provided at 31 July	48	930
Authorised but not yet contracted for at 31 July	-	43

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2020

### 21 EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period which would have a material impact on the financial statements and require either adjustment or disclosure.

### 22 RELATED PARTY TRANSACTIONS

Due to the nature of the College's operations and the composition of the Corporation, 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 Corporation 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. No transactions were identified during the year which should be disclosed.

The total expenses paid to or on behalf of the Corporation members during the year were £388 relating to two governors (2019 - £140 relating to one governor). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings or Governor training events.

No Governor has received any remuneration or waived payments from the College during the current or previous year.

### 23 DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The College has purchased directors' and officers' liability insurance. The insurance premium paid by the College for the year ended 31 July 2020 was £2,775 (2019 - £2,313) and provides cover of up to a maximum of £2 million for all claims during a year.

### 24 MEMBERS' LIABILITY

Every member of the Corporation undertakes to contribute to the assets of the College in the event of it being wound up while he/she is a member such amount as may be required, but not exceeding five pence.

### 25 AMOUNTS DISBURSED AS AGENT

	2020 £'000	2020 £'000	2019 £'000
Unspent balance at 1 August		97	92
Repaid to EFSA in year		(51)	(45)
ESFA grants - Discretionary Learner Support		-	-
ESFA student financial support		-	-
Loans bursary fund		24	58
		<hr/> 70	<hr/> 105
Disbursed to Students	(12)		(1)
Administration costs incurred by the College	-		-
Area uplift re Adult Learning Loans	(10)		(7)
	<hr/> (12)		<hr/> (8)
		<hr/> (22)	<hr/> (8)
Balance unspent at 31 July included in creditors		<hr/> 48	<hr/> 97

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