

**Working Men's College  
Corporation**

**Annual Report and Financial  
Statements**

31 July 2023

Company registration number: 8894

Charity registration number: 312803



## Contents

### Reports

Reference and administrative information	1
Members' report	3
Statement of corporate governance and internal control	23
Statement on regularity, propriety and compliance	33
Statement of governors' responsibilities	34
Independent auditor's report on the financial statements	36
Reporting Accountant's Assurance Report on Regularity	41

### Financial statements

Statement of comprehensive income	43
Balance sheet	44
Statement of changes in reserves	45
Statement of cash flows	46
Principal accounting policies	47
Notes to the financial statements	55

## Reference and administrative information

<b>Governors</b>	Beatrice Aguilar (from 1 November 2022 to 30 June 2023) Amanda Blinkhorn Barbara Bryne (to 31 March 2023) Susan Corby Hoan Dien Thi (from 1 November 2022 to 30 June 2023) Fran Fahey Dipa Ganguli (from 1 September 2023) Neil Garner Helen Hammond (to 30 September 2022) June Jarrett Samata Khatoon Monika Kinasiewicz Alexi Marmot Tom Robins Maria Rosenthal (from 1 October 2022 to 31 August 2023) Alice Rubbra Guy Shackle (Chair) Jon Sibson Max Silver Paul Smith (to 31 July 2023)
<b>Registered address</b>	44 Crowndale Road London NW1 1TR
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Internal auditor</b>	Scrutton Bland Fitzroy House Crown Street Ipswich Suffolk IP1 3LG
<b>Investment Managers</b>	BNY Mellon Limited Mellon Financial Centre 160 Queen Victoria Street London EC4V 4LA

## Reference and administrative information

### Bankers

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

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

### Key Management Personnel

Dipa Ganguli OBE - Principal and CEO, Accounting Officer (from 1 September 2023)  
Maria Rosenthal – Interim Principal and CEO, Accounting Officer (from 1 October 2022 to 31 August 2023), Deputy Principal (to 30 September 2022)  
Helen Hammond – Principal and CEO, Accounting Officer (to 30 September 2023)  
Diana Teesdale – Deputy Principal (from 2 June 2023), Interim Deputy Principal (from 1 October 2022 to 1 June 2023) Director of Learning (to 30 September 2022)  
Richard Dearing – Interim Vice Principal (from 2 May 2023)  
Imelda Galvin – Interim Vice Principal (from 26 October 2022 to 1 May 2023)  
Martin Jones – Vice Principal (to 7 November 2022)  
Lisa Marklew – Director of Learning  
Ziya Moustafa – Director of Learning (from 1 November 2022)  
Caroline Poole – Director of Learner Services  
Claudia Forbes – Head of MIS  
Julie Paterson – Head of HR  
David Barnes – Head of Network and IT  
Tracey Gleeson – Head of Facilities (from 5 June 2023)  
Andy Christophi – Head of Facilities (to 31 May 2023)

## **NATURE, OBJECTIVE AND STRATEGIES**

The members of the Governing Body present their report and the audited financial statements for Working Men's College Corporation for the year ended 31 July 2023.

### **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 2022/23 these were the Department for Education (DfE) and the Education and Skills Funding Agency (ESFA) together with the Greater London Authority (GLA) who have 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, Strategic Plan and Values**

The College's mission, vision and values were reviewed and agreed by the Governing Body in July 2023:

#### **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 but due to an interim Principal being in place for one year, the plan was extended to cover 2022-23 with an updated action plan for the year. The strategic objectives adopted are set out below:

**NATURE, OBJECTIVE AND STRATEGIES (continued)**

**Strategic Plan (continued)**

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.

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.

**Values**

Working Men's College is learner Centred: we strive to enable all learners to achieve their potential and to enjoy their learning with us. We listen to our learners and are adaptable, flexible, and responsive to learner needs.

Working Men's College is committed to Continuous Improvement and Excellence: we constantly review what we do and how it could be improved to ensure that we get better.

Working Men's College is Respectful: we promote equality and celebrate diversity. We respect differences and treat people as individuals. We are understanding of each other's values, cultures and beliefs and observe these in our interactions with each other.

## **NATURE, OBJECTIVE AND STRATEGIES (continued)**

### **Values (continued)**

Working Men's College is Collaborative: we work to meet our common goals, valuing other's contribution. We share and celebrate the talent, skills, knowledge and experience of every person at WMC.

### **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 1. 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.

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;
- Increased employment opportunities for students;
- Strong student support systems;
- Links with employers in industry and commerce; and
- Links with Local Enterprise/ Skills and Improvement Partnerships.

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

### **Implementation of strategic plan**

The strategic plan is designed with consultation with key stakeholders, staff and partners. It is ratified by the Board of Governors. The strategic plan has a college action plan which details the targets and objectives that the college will work towards to achieve the strategic aims. The strategic plan also has an associated risk register, which is reviewed at regular intervals by the Board of Governors.

### **Financial objectives**

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

**NATURE, OBJECTIVE AND STRATEGIES** (continued)

**Financial objectives** (continued)

In 2022/23, 3 of the 6 financial objectives were met.

Objective	2022/23	Met
Cash days of not less than 40 nor greater than 65	<b>68</b>	Not Met
An adjusted current ratio of 2.0:1 – 2.5:1	<b>2.5:1</b>	Met
EBITDA using ESFA education specific definition, of between 4% and 6% of income	<b>6.7%</b>	Not Met
Borrowing as a % of non-endowment reserves of less than 15%	<b>4.9%</b>	Met
Staff costs (excluding restructuring costs) between 64% and 68% of income	<b>69.4%</b>	Not Met
Financial health of "Good" with a score of at least 200 points		Met

After two years of restricted activity because of Covid-19, the College in 2022/23 has had a year where learner numbers have returned to or exceeded pre-Covid 2018/19 levels. EBITDA has recovered but staff costs have increased to 69.4% as a proportion of income, which is above the sector benchmark. The indicative financial health grading is "Good" and improves from the 2021/22 assessment. Governors and managers remain confident that the underlying position and performance of the College remains robust and fully expect to return to meeting all its objectives. If the budget for 2023/24 is achieved, the College will maintain this financial health grade.

**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 invest the funds in Newton's Global Growth and Income Fund for Charities (GGIFC).

At 31 July 2023, all investments were held with Newton (BNY Mellon).



## NATURE, OBJECTIVE AND STRATEGIES (continued)

### Investment Fund Objectives (continued)

At 1 August 2022, the investment portfolio was valued at £5.781 million. The investment income received during the year was £128,000, which equates to 2.2% of the opening valuation. The portfolio value increased slightly to £5.907 million by 31 July 2023 representing a small improvement of just over 1%. These performances reflect a small bounce back following the beginning of the global economic downturn in 2022 because of the Ukraine war, the world energy crisis and global supply chain issues, post the coronavirus pandemic.

### Performance indicators

#### Ofsted Inspection:

Working Men's College's most recent inspection took place in November 2018.

The College's grades awarded by Ofsted were:

Overall effectiveness	Good
Adult Learning Programme	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 funding agencies, Education and Skills Funding Agency's (ESFA) and GLA revenue and learner number targets in 2022/23 is set out below:

### Funding for Adults

Funding Category		Target (allocation) (ESFA contract)	Actual outturn (Final claim)	Performance (%)
Adult (19+) Learner Responsive Funding	Adult Education Budget (AEB)	£5,037,238	£5,409,855	107%

Although the overall performance against target allocation looks positive, the overall value is made up of 3 separate allocations each with their own performance thresholds. Each allocation has a minimum performance threshold of 97%. Failure to achieve this minimum results in a clawback value, which is calculated as the difference between the actual Threshold achieved and the 100% target.

The GLA has confirmed that over performance up to 106% will result in additional payments being received by the college. Whereas the ESFA have set their over performance threshold at a maximum of 110%.

**NATURE, OBJECTIVE AND STRATEGIES** (continued)

**Grant Funding** (continued)

**Funding for Adults** (continued)

The end of year performance can therefore be summarised as follows:

	Allocation	Actual Outturn	Performance	Over Performance Payment	Clawback Value
GLA Formula Funded	£2,217,760	£2,594,260	117%	£295,381	£0
GLA Community Learning	£2,705,269	£2,705,269	100%	£0	£0
Free Courses For Jobs	£50,000	£46,175	92%	£0	£3,825
ESFA Formula Funded	£11,785	£14,615	124%	£2,830	£0
ESFA Community Learning	£39,128	£39,128	100%	£0	£0
Advanced Learner Loans Bursary	£13,296	£10,408	78%		£2,888
<b>Totals</b>	<b>£5,037,238</b>	<b>£5,409,855</b>		<b>£298,211</b>	<b>£6,713</b>

**Total Actual GLA/ESFA Income**

**£5,328,736**

**Funding for 16-19 Year Olds**

Funding Category	Target (allocation) (ESFA contract)	Actual outturn (Final claim)	Performance (%)
16 – 19 Learner Responsive Funding	Learner numbers 30	40	133%
	Funding value £169,671	£222,394	130%

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 exceeded the contract value by 30%. However, because of the lagged funding rules this overachievement will not be recovered until next year.

**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	Percentage %
2018/19	4,678	5,789	80%
2019/20	4,765	5,373	89%
2020/21	4,977	5,634	88%
2021/22	5,285	6,055	87%
2022/23	6,121	7,038	87%

## **NATURE, OBJECTIVE AND STRATEGIES** (continued)

### **Other Income** (continued)

The proportion of College income derived from direct grant funding has remained constant compared to the previous year. Whilst grant funded income as a proportion of total income had increased markedly in 2019/20 because of the Covid-19 pandemic, this reduced by 1% in 2020/21, because of a significant recovery in tuition fee income. This income stream grew by 24% over the previous year with an increasing number of students returning to in person classes. Although increasing, tuition fee income still only represents just under 10% of total income.

The College is committed to reducing its dependence on direct funding body grants through expansion of provision sponsored by employers and the development of a short course offer in winter and summer and of full cost courses on "Special Saturdays".

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 in the fee income. These have been proven to be a lot more popular with learners this year and contributed £49,000 of fee income in 2022/23 (2021/22 - £2,000).

The College keeps the level of fees under constant review to optimise income while ensuring that adult education remains accessible to as many people as possible, some of whom can afford full cost courses. The majority benefit from GLA/AEB grant provision and enroll on subsidised courses, and some provision at nil cost.

### **Learner Numbers**

In 2022/2023 there were 3,527 learners of which 2,610 were female and 917 males. There were 10,017 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 increased by 242 and enrolments by 295 in the accredited provision and 632 on non-accredited courses.

### **Learner Performance**

In 2022/23 enrolment numbers were 4% higher than our last highest number of enrolments achieved in 2018/19 (which was just before the pandemic). Achievement rates for accredited courses are slightly lower than last year at 82%, whereas achievement on non-accredited courses has increased by 1% compared to last year, reporting at 94%.

## **NATURE, OBJECTIVE AND STRATEGIES** (continued)

### **Learner Performance** (continued)

Wider outcomes are captured through a range of learner surveys and feedback forms. From 2021-22 a “confidence gains” survey has been issued to learners at the end of their courses in ESOL, English, Maths, Health and Wellbeing, Supported Learning and Community courses. Learners are asked whether their course has 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. The College also issues a learner survey to all learners gathering information about satisfaction with the College and their course as well as participating in the mandatory London Learner Survey which measures outcomes and where the College achieved one of the highest levels of participation in London. The level of satisfaction in the College survey increased significantly from previous years in all questioned areas.

The College’s annual Celebration of Learner Awards took place in July 2023. 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, enabling them to gain employment and overcoming mental health issues. This year a number of Ukrainian learners shared moving stories of how being at college has helped them cope with the trauma of war and enabled them to get jobs and develop confidence.

### **Curriculum Developments**

Curriculum teams have continued to review the range of provision and develop progression opportunities, with 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 with its extension to level 3 in 2022/23 being an example. The increasing need to be highly responsive to the need for retraining and refocusing on new skills and readiness for work has been a focus for the College over the past year and will be continued for the foreseeable future.

The College offers a range of services to support learners outside of their formal classroom provision. The Learning Centre and the Library provide supported learning for study outside the classroom. These facilities have an important role in assisting learners with limited IT skills or connectivity to maximise the benefit from their main course. Support for job search, the National Careers Service and employability skills coaching is based in the Learning Centre and Library.

## NATURE, OBJECTIVE AND STRATEGIES (continued)

### Curriculum Developments (continued)

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

#### Accredited Learners

Year	Retention	Pass rate	Overall achievement	Attendance
2021/22 Actual	96%	90%	86%	84%
2022/23 Target	96%	92%	88%	85%
2022/23 Actual	91%	90%	82%	85%
Percentage point change 2022/23 over 2021/22	-5%	-2%	-6%	0%

#### Non-Accredited Learners

Year	Retention	Pass rate	Overall achievement	Attendance
2021/22 Actual	95%	99%	93%	85%
2022/23 Target	96%	99%	95%	86%
2022/23 Actual	95%	99%	94%	87%
Percentage point change 2022/23 over 2021/22	-1%	0%	-1%	1%

#### 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 indicates a "Good" rating for 2022/23 and "Good" for the 2023/24 budget. This is a consequence of the adjusted current ratio improving due to the receipt of capital grants.

The College underwent a very successful full Matrix inspection in May 2023 and received renewed accreditation with no significant requirements to improve, only recommendations to further develop its IAG and support services.

## FINANCIAL POSITION

### Financial results

The College reported a fourth year of operating deficit at £57,000 for the year to 31 July 2023 (2022 – deficit of £230,000). Whilst another year of operating deficit is disappointing, income growth is strong, particularly in non grant funded areas. Cash will continue to be strictly monitored and costs will be tightly managed to ensure the College delivers the budget set for 2023/24.

## Members' report Year to 31 July 2023

The College purchased £266,000 of other new tangible fixed asset additions during the year, of which £75,000 was computer equipment and £191,000 related to other building improvements, furniture, fixtures and fittings. At the end of the year, the College owned tangible fixed assets with a net book value of £8,444 million of which £8,241 million related to buildings and building improvements, £203,000 related to computer and other equipment, fixtures and fittings.

### Investments

The College's performance on its endowment investment portfolio is set out in note 9 to the accounts. The portfolio generated an income return of £154,000 during the year and increased in value by £126,000. The portfolio had a market value of £5.907 million at the balance sheet date (2022 - £5.781million).

Total comprehensive income in 2022/23, stated after investment gains, was a deficit of £156,000 (2021/22 - deficit of £173,000)

### Reserves

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

As of 31 July 2023, general income and expenditure funds totalled £10.571million, compared to the 2022 total of £7.841 million, due to a reclassification of restricted reserves, see note 20. The College also held restricted funds and endowments totaling £2.814 million (2022: £5.700 million). These funds have been given to the College for 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 used over the past four years.

### 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 inflow for the year of £921,000 (2022: outflow of £407,000). This is a result of several factors. The College reported a deficit position for 2022/23, but this was more than offset by receipts from new capital grants.

## **FINANCIAL POSITION** (continued)

### **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. On 31 July 2022, the total loan principal outstanding was £533,000 (2022: £629,000), of which £327,000 is owed to Lloyds and £206,000 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 the financial penalty for early payment of a fixed term loan does not represent value for money.

### **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 2022 to 31 July 2023, the College considers that it achieved the majority of invoices processed with no disputed costs. There are a total of four suppliers with disputed costs but the College has not incurred any interest charges or late payment fees.

### **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. The College incurred £nil (2022: £14,000) contractual and £nil (2022: £2,000) of non-contractual restructuring costs.

### **Future developments**

Aligned to the Mayor's skills agenda, The College has developed 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 such as 'LIFT' in Camden, 'Proud to Care, Bluebird and In2ed recruitment agency. We work with the JCP, and National Career Services staff based in the JCP in Kentish Town who provide referrals to WM College ESOL and vocational courses and our employability support provision. The College has developed a tracking system to ensure all activity is captured centrally and that engagement with the skills agenda can fully integrated into the new College strategic plan.

Other planned curriculum developments include strengthening level 2 provision and subsequently level 3 in particular in Business. An expanded humanities offer and a suite of health and wellbeing courses are also being expanded to meet the needs of local residents.

## **FINANCIAL POSITION** (continued)

### **Future developments** (continued)

Whilst the College respects the spirit of the funding guidance on charging participants (pound plus), - it will continue to refine its approach to charging fees on Community Learning funded courses to ensure that courses are accessible to all and finance is not a barrier to learning. It recognises the need to appropriately increase fee income for some courses in order to subsidise others and has increased fees by 5% for 2023-24 for community provision whilst maintaining a 50% discount for those eligible for concession.

## **RESOURCES**

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

### **Financial**

Tangible resources, with a book value of £8.444 million, include the main site at Crowndale Road with a book value of £8.241 million, principally related to building works completed in 2008 and 2012 in Phases 1 and 2 of the Accommodation Strategy and the recently completed heating and ventilation programme. There is a second centre in Kentish Town owned by the London Borough of Camden and used by the College on a tenancy-at-will basis.

Financial resources include investments and endowments totaling £5.907 million at the balance sheet date plus short-term deposits and cash holdings of £1.324million offset in part by long term debt of £533,000. The budget and cash flow forecasts for 2023/24 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.

### **People**

Human resources comprise a staff base of 112 full-time equivalents, of whom 61 are teaching staff, with a headcount of 212 (136 teaching) 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.

### **Reputation**

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.

The SLT regularly reviews the risks the College is exposed to. 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 SLT also considers the impact of the latest government guidance and rules as well as any risks which may arise because of new or changed areas of work being undertaken by the College.

A risk register is maintained at College level and formally reviewed at EMG meetings. The risks are assigned to the most relevant committee of the Corporation 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. 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 SLT during 2022/23. Not all the factors are within the College's direct control.

### *1. Government Funding*

The College has considerable reliance on continued government funding through the further education sector funding bodies.

In 2022/23, 88% of the College's income was publicly funded.

The College maintains an objective of reducing dependence on state funding but recognises that it will remain the dominant source. Government funding helped to maintain financial stability during the pandemic and provides some protection from the wider economic volatility. The College is aware of several issues which may impact on future funding and associate income: Inflation, energy costs, wage increases not matching increased income, and ongoing changes in government priorities such as:

- Following the devolved AEB budget to the GLA in 2019, the implementation of the Mayor of London's Skills Roadmap (Jan 2022) and how this will be reflected in individual College funding allocations in future.
- How the College's 'curriculum intent' (Ofsted Education Inspection Framework) is responsive to the LSIP, and how well the WMC Accountability Statement reflects local priorities.
- How the College provision takes best advantage for its learners of the JSFL and plans robust progression to Level 3.

## PRINCIPAL RISKS AND UNCERTAINTIES (continued)

### 1. *Government Funding* (continued)

- How well the College is able to meet the 'Multiply' funding allocation.
- Whether the College provides adequate employability support for learners and tracks job outcomes.

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 GLA staff, so that they understand the circumstances, challenges and potential of the College and the College ensures compliance and collaboration
- Employing a dedicated manager to deliver the Multiply programme in the community.
- 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;
- 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 incrementally in accordance with inflation. The College values strongly the principle of access to learning being available to everyone, regardless of financial circumstances. It will continue to hold these two objectives in balance. The risk for the College is that demand falls off as fees increase and this will impact on the growth strategy of the College.

The risk is mitigated in a number of ways:

- By ensuring that the College is rigorous in delivering high quality education and training 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;
- Bursary support for those not eligible for the concession.

**PRINCIPAL RISKS AND UNCERTAINTIES** (continued)

*3. Inflationary increase and cost not met by increase in funding and over-expenditure in non- staff costs could result in a financial deficit for the year.*

With the rise in the cost of living, the College is under huge pressure to increase pay in line with inflation. This is not met by funding as the College has very few 16 to 18 year olds. who have been allocated funding by the DfE to pay for wage increases. Adults do not attract increased funding. The budget provided for a 2.5% cost of living salary increase from 1 Feb 23 and again in 2024, but this will need to be increased in line with AoC and DfE recommendations.

The College has had £1.098 million from the DfE for capital projects. Given the nature of the grade 2 listing of the building, the schedule of work that needs doing to maintain and renovate it to modern and safe standards, and the increase costs of building contracts, the College could overspend.

The risk is mitigated in a number of ways:

- By carefully managing pay increases to benefit those on lower wages whilst staying within the overall college budget.
- To manage communication to staff to be transparent about the rationale, in line with the College ethos of equality and fairness.
- To control staff recruitment and not automatically replace leavers.
- The college commissioned a condition survey of both its sites, and a RAG rated action plan that has identified urgent work needed, and will form the basis of a new estates strategy so that work can be planned over a 3 to 5 year period and not exceed the available funds.

*4. Cyber Security*

Cyber attacks have emerged during 2022/23 as one of the biggest threats to College operations and data protection. The impact can be devastating and incur significant cost, extended interruption to teaching and learning and compromise enrolments.

The risk is mitigated in a number of ways:

- In the spring of 2023, the College engaged JISC to audit the IT system for potential vulnerabilities. The report provided a schedule of work needed to reduce risk. This has been RAG rated by the IT team and is nearly complete. The College will apply for Cyber Essentials approval in the autumn of 2023.
- The College has implemented 2 factor authentication for both staff and learners.
- Student and staff induction has a full IT 'Acceptable use' mandate.

## PRINCIPAL RISKS AND UNCERTAINTIES (continued)

### 5. *Health and Safety and Accessibility*

Built in 1904, bringing the main building of the College up to modern requirements is challenging. There are many floor levels and lifts do not serve every floor. Stair lifts are old and not fit for purpose. Many doors are not fire retardant. Evacuation processes in the event of a fire are challenging, particularly for those with mobility impairment.

The risk is mitigated in a number of ways:

- An externally commissioned accessibility survey was done in spring 2023 flagging a number of both easy fix and more challenging improvements that need doing to meet expected standards. A number of these works have since been done.
- A condition survey was completed and identified work needed to improve Health and Safety. This is being actioned (as above)
- A new Facilities manager has been appointed who has expertise in Health and Safety and is working through a schedule of work in consultation with EMT.
- A plan will be put in place for 2023/24 for new fire evacuation procedures, fire marshal training and new evacuation chairs along with regular fire drills both day, evening and weekends.
- Doors have been assessed for upgrading or replacing.

## 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.

## **STAKEHOLDER RELATIONSHIPS** (continued)

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

The College has been implementing a successful community engagement strategy for many years. Having struggled to maintain engagement during covid, when many community venues closed, the College has recovered and currently has provision at 16 local outreach venues and has built several proactive partnerships and close working relationships with the voluntary and community sector in central Camden. The community provision continues to reach 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.

### **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 five London IALs – the Working Men's College, the Mary Ward Centre, City Lit Morley College, and Richmond and Hillcroft 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.

### **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 regular Principal's Update issued to all staff to increase communication during the Covid-19 pandemic is now well established. The College Intranet is also used to facilitate communication with staff.

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. The Health and Safety Consultative Committee was re-established during the year, following the appointment by the recognised teaching union of a health and safety representative.

### 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 2022 to 31 March 2023 as required by the Regulations and is also made available on the College's website.

#### Relevant union officials

Number of employees who were relevant union officials during the relevant period: 1	Full-time equivalent employee number; 0.4
---	---

#### Percentage of time spent on facility time

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

#### Percentage of pay bill spent on facility time

Total cost of facility time	£244
Total pay bill	£3,745,187
Percentage of the total pay bill spent on facility time,	0%

#### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
---	------

## EQUAL OPPORTUNITIES STATEMENT

### Equality and Diversity Statement

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 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. 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.

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.

## **EQUAL OPPORTUNITIES STATEMENT** (continued)

### **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.

### **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.

### **DISCLOSURE OF INFORMATION TO AUDITOR**

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 14 December 2023 by:



Guy Shackle  
Chair:



The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period 1 August 2022 to 31 July 2023 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); and
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code” version “review September 2021 adopted on 30 March 2023)

In the opinion of the Governors, the College complies with the provisions of the Code, and it has complied throughout the year ended 31 July 2023. This opinion is based on an internal review of compliance with the Code/Governance reported to the board on 4 July 2023.

An external review was undertaken by Mosaic in early 2023 and reported to the Board in March 2023. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in 2015 as amended in 2019. The 2015 version was adopted in 2016, - the Remuneration addendum was adopted when added and the most recent version was formally adopted on 04 July 2023.

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, v2021 update. 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.

## **THE CORPORATION**

### **Governors of the Corporation**

The Governors who served on the Governing Body, as well as committee Co-optees, during the period and up to the date of signature of this report were as follows:

**THE CORPORATION** (continued)

**Governors of the Corporation** (continued)

Name	Date Last Appointed/ Reappointed	Date First Appointed	Term of office	Date Resigned	Status of Appointment	Comm- ittees	Full Corp'n Meetings Attended
Beatrice Aguilar	01/11/2022	01/11/2022	1 Year	30/06/2022	Student	Q	1 of 2
Amanda Blinkhorn	31/03/2021	21/03/2018	3 Years		Nominated Tchng Staff	Q	3 of 3
Barbara Byrne	01/04/2020	11/12/2013	3 Years	31/03/2023	Appointed	F (Ch), Q	2 of 2
Susan Corby	05/07/2023	15/07/2020	3 Years		Appointed	F, Q, R	2 of 3
Hoan Dien Thi	01/11/2022	01/11/2022	1 Year	30/06/2022	Student	Q	1 of 2
Fran Fahey	30/03/2022	03/04/2019	3 Years		Appointed	F	3 of 3
Dipa Ganguli	01/09/2023	01/09/2023	Ex Officio		Principal Nominated	F, Q, S	0 of 0
Neil Garner	05/07/2023	15/07/2020	3 Years		Appointed	A	2 of 3
Helen Hammond	01/12/2014	01/12/2014	Ex Officio	30/09/2022	Principal	F, Q, S	0 of 0
June Jarrett	04/07/2020	12/07/2017	3 Years		Appointed	Q	2 of 3
Samata Khatoon	23/03/2021	21/03/2018	3 Years		Appointed	Q	2 of 3
Monika Kinasiewicz	01/11/2022	01/11/2019	3 Years		Nominated Bus. Staff	Q	3 of 3
Alexi Marmot	30/03/2023	11/12/2013	1 Year		Appointed	F	2 of 3
Tom Robins	30/03/2022	30/03/2022	3 Years		Appointed	A	3 of 3
Maria Rosenthal	1/10/2022	1/10/2022	Ex Officio	31/08/2023	Interim Principal	F, Q, S	3 of 3
Alice Rubbra	30/03/2022	30/03/2022	3 Years		Appointed	F	2 of 3
Guy Shackle (Chair)	23/03/2021	21/03/2018	3 Years		Appointed	R, S, Q, F	3 of 3
Jon Sibson	30/03/2022	03/04/2019	3 Years		Appointed	Q (Ch), F, R	3 of 3
Max Silver	31/03/2021	31/03/2021	3 Years		Appointed	F, R	3 of 3
Paul Smith	16/07/2020	12/07/2017	3 Years	31/07/2023	Appointed	A (Ch)	2 of 3

**THE CORPORATION** (continued)

**Governors of the Corporation** (continued)

<b>Key</b>	<b>Committee</b>	<b>Number of meetings in 2022/23</b>
A	Audit	3 meetings
C	Curriculum, Quality and Standards	3 meetings
F	Finance, Personnel and Development	4 meetings
S	Search	4 meetings and attendance at stages of the new Principal's selection and interview
R	Remuneration	Did not hold discrete meetings during the year. Its business was conducted through the Search Committee which determined appointments and remuneration of Senior Post Holders

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 Corporation**

In January 2020, the Search Committee agreed to propose additional 6 year terms of office for existing Fellows and 6 year terms of office for other recently retired governors. Further development was paused during the Covid-19 pandemic and has since restarted. In September 2022 the College took part in the Open House London weekend with many Fellows attending or speaking at event workshops. During the year the contributing editors of the new College history book, itself a sequel to the 1954 publication authored by JFC Harrison, have secured a contract with Routledge (Taylor and Francis) for publication in 2024.

Current Fellows are:

- Selwyn Midgen
- Bipin Patel
- Dame Ruth Silver
- Baroness Janet Whitaker
- Satnam Gill OBE
- Lucy de Groot
- Abdul Qadar
- Nigel Franklin
- David Offenbach
- Professor Tom Schuller
- Paula Whittle

## **THE CORPORATION** (continued)

### **The governance framework**

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

The corporation is provided with regular and timely information on the overall financial performance of the college together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The corporation and its sub committees meet termly.

The corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the corporation. These committees are Curriculum, Finance Personnel and Development, Audit, Remuneration and Search. Full minutes of all Board meetings, except those deemed to be confidential by the corporation, are available on the college's website (wmcollege.ac.uk) or from the clerk to the corporation at the college's registered address.

The clerk to the corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the college's expense and have access to the clerk to the corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the clerk are matters for the corporation as a whole.

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

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

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

### **Appointments to the corporation**

Any new member appointments to the corporation are a matter for the consideration of the corporation as a whole. The corporation has a search committee, consisting of four members of the corporation, 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/ training is provided as required.

Members of the corporation are appointed for a term of office of 3 years – the maximum term is 3 terms of 3 years – this is provided for by the Memorandum and Articles of Association.

## **THE CORPORATION (continued)**

### **Corporation Performance**

The corporation carried out a self-assessment of its own performance for the year ended 31 July 2023 and graded itself as “Good” on the Ofsted scale.

The governing body is committed to development and held a strategy /development session in February 2023

The College commissioned an external review in 2022/23 and will review progress in 2023/24.

### **Remuneration Committee**

Throughout the year ending 31 July 2023 the college’s Remuneration Committee comprised four members of the corporation. The Committee’s responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

With the Principal changing in the year, the Remuneration Committee did not meet during the year ended 31 July 2023. Instead the Search Committee oversaw the appointment and remuneration of the Interim Principal from 1 October 2022 and the Principal who took post from 1 September 2023. . In the absence of a sector negotiated Principal’s pay scale, the selection panel’s recommendation took account of previous experience, affordability, nationwide concerns about high level pay relative to employee awards, benchmarking information including College size, income and median salaries, and the gender pay gap. The Search Committee also oversaw the appointments of two interim Vice Principals, the Interim Deputy Principal and Deputy Principal posts as well as other senior appointments.

Details of remuneration for the year ended 31 July 2023 are set out in note 5 to the financial statements.

### **Audit Committee**

The Audit Committee comprises three members of the corporation (excluding the Accounting Officer and Chair) and a co-opted member.

The Committee operates in accordance with written terms of reference approved by the corporation.

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

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

**THE CORPORATION** (continued)

**Audit Committee** (continued)

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

The Audit Committee also advises the corporation on the appointment of internal auditors, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work if any commissioned as well as reporting annually to the corporation. No non-audit work was commissioned during the period.

The audit committee met three times in the year to 31 July 2023. The members of the committee and their attendance records are shown below:

<b>Committee member</b>	<b>Meetings attended</b>
Paul Smith (Chair) (to 31 July 2023)	2 of 3
Tom Robbins	3 of 3
Neil Garner	3 of 3
Max Silver (to 1 November 2022)	0 of 0
Cameron Walkinshaw (from 1 May 2023)	1 of 1

Max Silver left the Audit Committee on 1 November 2022, to become a member of the Finance, Personnel and Development Committee, Vice Chair and member of the Search Committee.

Cameron Walkinshaw is a co-opted member of the committee but is not a member of the College Board.

**INTERNAL CONTROL**

**Scope of Responsibility**

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

The corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College’s policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between WM College and the funding bodies. She is also responsible for reporting to the corporation any material weaknesses or breakdowns in internal control.

## **INTERNAL CONTROL (continued)**

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

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in WM College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

### **Capacity to Handle Risk**

The corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the corporation.

### **The Risk and Control Framework**

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

- ◆ Comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Governing Body;
- ◆ Regular reviews by the Governing Body of periodic and annual financial reports which indicate financial performance against forecasts;
- ◆ Setting targets to measure financial and other performance;
- ◆ Clearly defined capital investment control guidelines; and
- ◆ The adoption of formal project management disciplines where appropriate.

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the corporation on the recommendation of the audit committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College, includes an independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

## **INTERNAL CONTROL (continued)**

### **Risks faced by the Governing Body**

The corporation receives an annual report on risk management and the risk management policy. This is reviewed before the signing of the financial statements,

During the year the risks falling within the remit of each committee are reviewed at each meeting of the committee.

### **Control Weaknesses Identified**

The internal scrutiny work during the year resulted in one high risk, six medium risk and 6 low risk recommendations, with the high risk recommendation arising in the work completed on procurement and changes to suppliers bank details. Although changes to a suppliers bank details occur infrequently, the College has addressed this issue and has already put in place a process to verify and evidence any change in a suppliers bank details.

### **Responsibilities under Funding Agreements**

The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required. Furthermore, the College has updated the terms of reference of the Finance Personnel and Development Committee and the Audit Committee to take account of the additional responsibilities accruing in consequence of ONS re-classification.

### **Statement from the Audit Committee**

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2022/3 and up to the date of the approval of the financial statements are:

- Internal audit reports in the following areas:
  - Funding assurance – significant assurance
  - Human resources – reasonable assurance
  - Procurement – limited assurance

Reasonable progress was also made in respect of follow up to previous recommendations by the internal auditors



## INTERNAL CONTROL (continued)

### Statement from the Audit Committee (continued)

- CPD sessions included:
  - Implications of ONS re-classification
  - Analysis of reserves and endowments and consideration of steps required for potential de-restriction
  - Anti-Fraud (risk management) – consideration of plagiarism and AI and implication accreditation as an exams centre.
  - Cyber Security **Essentials and Certification**

### 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 internal auditors and any additional external assurance providers;
- ◆ The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework;
- ◆ Comments made by the College's financial statements auditors, the reporting accountant for regularity assurance in their management letters and other reports.

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

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

**INTERNAL CONTROL** (continued)

**Review of Effectiveness** (continued)

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its October 2023 meeting, the corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2023.

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

Approved by order of the members of the Governing Body on 14 December 2023 and signed on its behalf by:



Guy Shackle  
Chair of the Governing Body



Dipa Ganguli  
Accounting Officer

## Statement on regularity, propriety and compliance 31 July 2023

As Accounting Officer, I confirm that the Corporation has had due regard to the framework of authorities governing regularity, propriety and compliance and the requirements of grant funding agreements and contracts with ESFA and GLA and has considered its responsibility to notify ESFA or GLA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

I confirm on behalf of the Corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the Corporation, or material non-compliance with the framework of authorities and the terms and conditions of funding under the Corporation's grant funding agreements and contracts with the ESFA and GLA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

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



**Dipa Ganguli**

Accounting Officer

Date: 14 December 2023

### **Statement of the Chair of Governors**

On behalf of the Corporation, I confirm that the Accounting Officer has discussed their statement of regularity, propriety and compliance with the Board and that I am content that it is materially accurate.



**Guy Shackle**

Chair

Date: 14 December 2023

## Statement of governors' responsibilities 31 July 2023

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, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice (GAAP), and which give a true and fair view of the state of affairs of the Corporation and its 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
- ◆ 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 Strategic Report that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

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

The Corporation is responsible for the maintenance and integrity of the Working Men's College website; 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.

**Statement of governors' responsibilities 31 July 2023**

Governors of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from 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, including that any transaction entered into by the corporation are within the delegated authorities set out in the "Dear Accounting Officer" letter of 29 November 2022 and ESFA's bite size guides. 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 economic, 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 and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 14 December 2023 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Guy Shackle', is written over a faint, illegible printed name.

**Guy Shackle**

**Chair**

**Independent auditor's report to the Members of the Corporation of the Working Men's College**

**Opinion**

We have audited the financial statements of Working Men's College (the 'College') for the year ended 31 July 2023 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 2023 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.

**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**

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

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

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

### **Other information**

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

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

We have nothing to report in this regard.

### **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, which is also the Directors' report for the purposes of company law and includes the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Governors' report, which is also the Directors' report for the purposes of company law and includes 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.

### **Responsibilities of the Governors**

As explained more fully in the statement of responsibilities of the Governors of the Corporation, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Further and Higher Education Act 1992, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and



**Auditor's responsibilities for the audit of the financial statements** (continued)

- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of Corporation meetings; and
- ◆ enquiring of management as to actual and potential litigation and claims.
- ◆ reviewing any available correspondence with HMRC and the College's legal advisors (although none was noted as being received by the College).

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members of the Governing Body and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available 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 members of the Governing Body 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 members of the Governing 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

14 December 2023

**Reporting accountant's assurance report on regularity**

**To: The Governing Body of Working Men's College and the Secretary of State for Education, acting through the Department for Education**

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 2022 to 31 July 2023 has 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 ESFA and in any relevant conditions of funding concerning adult education notified by the GLA or other relevant funder. 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) data returns, for which the ESFA has other assurance arrangements in place.

This report is made solely to the Governing Body of Working Men's College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Governing Body of the Working Men's College and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body of Working Men's College and the ESFA, 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 Governing Body of the College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2022 to 31 July 2023 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 ESFA. We performed a limited assurance engagement as defined in that framework.

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

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 corporation's income and expenditure.

The work undertaken to draw to 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 the areas identified through the risk assessment 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 2022 to 31 July 2023 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.



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

14 December 2023

## Statement of comprehensive income Year to 31 July 2023

	Notes	2023 Total funds £'000	2022 Total funds £'000
<b>Income:</b>			
Funding body grants	1	6,121	5,285
Tuition fees	2	675	551
Other operating income	3	88	91
Investment income	4	154	128
<b>Total</b>		<b>7,038</b>	<b>6,055</b>
<b>Expenditure:</b>			
Cost of generating funds		4	6
Staff costs	5	4,883	4,194
Fundamental restructuring costs		-	16
Other operating expenses	6	1,519	1,342
Depreciation	8	653	690
Interest and other finance costs	7	36	37
<b>Total</b>		<b>7,095</b>	<b>6,285</b>
Operational deficit before other gains and losses and before tax		(57)	(230)
Gains/(losses) on listed investments	9	126	(18)
(Loss)/ gain on investment property	10	(225)	75
(Deficit) before tax		(156)	(173)
Taxation		-	-
<b>Total comprehensive expenditure for the year</b>		<b>(156)</b>	<b>(173)</b>
<b>Represented by:</b>			
Restricted comprehensive income		21	62
Endowment fund income/(expenditure)		50	(8)
Unrestricted comprehensive (expenditure)		(227)	(227)
<b>Total comprehensive (expenditure) for the year</b>		<b>(156)</b>	<b>(173)</b>

**Balance sheet** 31 July 2023

	Notes	2023 £'000	2022 £000
<b>Fixed assets</b>			
Tangible fixed assets	8	8,444	8,831
Listed investments	9	5,907	5,781
Investment property	10	1,500	1,725
		<b>15,851</b>	16,337
<b>Current assets</b>			
Debtors	11	604	433
Cash at bank and in hand		1,324	403
		<b>1,928</b>	836
<b>Liabilities</b>			
Creditors: amounts falling due within one year	12	(1,443)	(1,149)
<b>Net current assets/(liability)</b>		<b>485</b>	(313)
<b>Total assets less current liabilities</b>		<b>16,336</b>	16,024
Creditors: amounts falling due after more than one year	13	(2,951)	(2,483)
<b>Total net assets</b>		<b>13,385</b>	13,541
<b>Endowments</b>			
Permanent		309	304
Expendable		2,049	2,004
		<b>2,358</b>	2,308
<b>Restricted reserves</b>			
Restricted reserves		456	3,392
<b>Unrestricted reserves</b>			
Income and expenditure account		10,571	7,841
<b>Total reserves</b>		<b>13,385</b>	13,541

The financial statements on page 43 to 67 were approved by the Governing Body on 14 December 2023 and were signed on its behalf by:



Guy Shackle  
Chair  
Company registration number: 8894  
Charity registration number: 312803



Dipa Ganguli OBE  
Principal and Accounting Officer

## Statement of changes in reserves Year to 31 July 2023

	Income & expenditure reserve £'000	Restricted reserves £'000	Endowment s £'000	Total reserves £'000
<b>Balance at 1 August 2021</b>	8,068	3,330	2,316	13,714
(Deficit) from the income and expenditure account	(154)	(11)	(8)	(173)
Transfers between restricted and income and expenditure reserves	(73)	73	-	-
Total comprehensive income for the year	(227)	62	(8)	(173)
<b>Balance at 31 July 2022</b>	7,841	3,392	2,308	13,541
Surplus / (Deficit) from the income and expenditure account	(215)	9	50	(156)
Transfers between restricted and income and expenditure reserves	(12)	12	-	-
Total comprehensive income for the year	(227)	21	50	(156)
Reclassification of reserves (note 20)	2,957	(2,957)	-	-
<b>Balance at 31 July 2023</b>	10,571	456	2,358	<b>13,385</b>

Included within restricted reserves at the balance sheet date is an amount of £219,000 (2022: £209,000) which relates to the assets of the former Francis Martin College Charitable Foundation (Emily Pfeiffer endowment). The Working Men's College Corporation is the corporate trustee of the Francis Martin College charity (registered charity number 312802). The assets are invested in the Newton Growth and Income Fund for Charities alongside the investments of the Working Men's College Corporation.

## Statement of cash flows Year to 31 July 2023

	Notes	31 July 2023 £'000	31 July 2022 £'000
<b>Net cash inflow / (outflow) from operating activities</b>	15	<b>67</b>	(236)
<b>Investing activities</b>			
Income from investments and endowments		154	127
Purchase of tangible fixed assets		(266)	(427)
Interest received		-	1
Receipts of new capital grants		1,098	255
<b>Net cash provided by (used in) investing activities</b>		<b>986</b>	(44)
<b>Financing activities</b>			
Interest payable		(36)	(37)
Capital element of bank loan repayments		(96)	(90)
<b>Net cash used in financing activities</b>		<b>(132)</b>	(127)
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<b>921</b>	(407)
Cash and cash equivalents at the beginning of the year		403	810
<b>Cash and cash equivalents at the end of the year</b>	16	<b>1,324</b>	403



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

#### **Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2022-23 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 College had at 31 July 2023 £533,000 of loans outstanding with bankers on terms negotiated in 2007. The terms of the existing agreement are for up to another 5 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.

## **Recognition of income**

### ***Revenue grant funding***

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable, the extent of the completion of the contract or service concerned 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 government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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

### ***Capital grant funding***

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

### ***Fee income***

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

### ***Investment Income***

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

### **Agency Arrangements**

The College acts as an agent in the collection and payment of certain discretionary support funds and any other arrangements 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.

### **Accounting for 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. The TPS is a defined benefit plan which is externally funded and contracted out of the State Second Pension. The group personal pension plan is a defined contribution plan.

#### ***Teachers Pension Scheme (TPS)***

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

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

#### ***Group Personal Pension Scheme***

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.

### **Short term employment benefits**

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

### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

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

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	over 50 years for new buildings over 20 years for existing buildings
Building improvements	4% - 10% per year
Technical equipment	over 4 years
Computer hardware and software	over 3 years
Furniture fixtures and fittings	over 6 years

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.

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.

***Assets under construction***

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.

**Leased assets**

***Operating leases***

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

***Finance leases***

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

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

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

**Investments 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.

**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.

### **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, £219,000 represents the funds of the Francis Martin College Pfeiffer Trust scheme and the remaining £237,000 relates to equipment reserves. The College is reviewing the ongoing appropriateness of the restrictions and assets allocated to the funds.

### **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 sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College 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.

### **Judgements in applying accounting policies and key sources of estimation uncertainty**

#### ***Judgements in applying key accounting policies***

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.

**Judgements in applying accounting policies and key sources of estimation uncertainty** (continued)

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

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.



**1 Funding body grants**

	2023 £'000	2022 £'000
<b>Recurrent grants</b>		
Education and Skills Funding Agency – adult	44	44
Greater London Authority – adult	5,170	4,698
Education and Skills Funding Agency – 16-18	170	111
<b>Specific grants</b>		
Teachers' Pension Support Grant	161	137
Multiply funding	419	-
Other specific grants	-	115
Release of government capital grants:	157	180
	<b>6,121</b>	<b>5,285</b>

**2 Tuition fees**

	2023 £'000	2022 £'000
Adult education fees	663	526
Fees for FE loan supported courses	-	7
	<b>663</b>	<b>533</b>
Education contracts	12	18
	<b>675</b>	<b>551</b>

**3 Other operating income**

	2023 £'000	2022 £'000
Non-funding body grants	-	25
Property rental income	45	44
Legacy income	34	-
Other income	9	22
	<b>88</b>	<b>91</b>

**4 Investment income**

	2023 £'000	2022 £'000
Income from restricted asset investments	12	73
Income from endowment and unrestricted investments	142	54
Other interest receivable	-	1
	<b>154</b>	<b>128</b>

**5 Staff costs and key management personnel remuneration**

The average number of persons (including key management personnel) employed by the College during the year, expressed as average headcount and calculated on a monthly basis, was:

	2023		2022	
	No.	FTE	No.	FTE
Teaching staff	136	61	131	55
Non-teaching staff	76	51	71	48
	<b>212</b>	<b>112</b>	<b>202</b>	103

Staff costs for the above person:

	2023 £'000	2022 £'000
Wages and salaries	3,942	3,377
Social security costs	357	291
Other pension costs (note 19)	584	503
<b>Total staff costs</b>	<b>4,883</b>	4,171

***Key management personnel compensation***

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are comprised of the Principal, the Vice Principal, the Assistant Principals and the Director of Finance.

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

The number of key management personnel including the Accounting Officer was:

	2023 No.	2022 No.
Key management personnel including the Accounting Officer	14	10

**5 Staff costs and key management personnel remuneration** (continued)

***Emoluments of key management personnel, Accounting Officer and other higher paid staff*** (continued)

The number of key management personnel who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	<b>2023</b>	2022
	<b>No.</b>	No.
£5,001 to £10,000 p.a.*	1	-
£20,001 to £25,000 p.a.*	2	1
£35,001 to £40,000 p.a.*	1	-
£45,001 to £50,000 p.a.*	1	1
£50,001 to £55,000 p.a.	2	1
£55,001 to £60,000 p.a.**	1	2
£60,001 to £65,000 p.a.	3	2
£75,001 to £80,000 p.a.	1	-
£80,001 to £85,000 p.a.	-	2
£85,001 to £90,000 p.a.*	1	-
£100,001 to £105,000 p.a.	1	-
£110,001 to £115,000 p.a.	-	1
	<b>14</b>	<b>10</b>

\* Includes staff who left / joined in year

\*\* Includes part time staff (full time equivalent £85,001 to £90,000)

In the year to 31 July 2023 there were a number of changes to the senior leadership team, and the above table shows the salaries for each employee for the period that they were employed.

There were no other staff, other than those included in key management personnel, who received annual emoluments exceeding £60,000 during the year (2022 – none).

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

	<b>2023</b>	2022
	<b>£'000</b>	£'000
Salaries	<b>754</b>	642
Benefits-in-kind	-	-
	<b>754</b>	642
Pension contributions	<b>90</b>	94
<b>Total emoluments</b>	<b>844</b>	736

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

**5 Staff costs and key management personnel remuneration (continued)**

***Emoluments of key management personnel, Accounting Officer and other higher paid staff*** (continued)

The above emoluments include amounts payable to the Accounting Officer who held this office for the year to 31 July of:

	<b>2023</b>	2022
	<b>£'000</b>	£'000
Salaries	<b>109</b>	112
Pay in lieu of notice / compensation	<b>68</b>	-
Pension contributions	<b>29</b>	27
	<b>206</b>	139

During the year to 31 July 2023, there were two Accounting Officers (to 30 September 2022) and (from 1 October 2022), who were paid respectively £87K and £90K, including payments in lieu of notice and compensation payments. The pay in lieu of notice / compensation includes £59K of statutory and £9K of non-statutory payments. The highest paid person of key management personnel, who was also the Accounting Officer for part of the year received remuneration in the bracket £100,001 to £105,000.

The Principal's pay for the year was set by the College's Search Committee as noted on page 27.

The relationship between the Accounting Officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	<b>2023</b>	2022
	<b>No.</b>	No.
Basic salary as a multiple of median basic salary of staff	<b>3.9</b>	4.2
Total remuneration as a multiple of median total remuneration of staff	<b>3.8</b>	4.1

***Governors' remuneration***

The key management personnel only receive remuneration in respect of services they provide undertaking their roles of principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Governing Body did not receive any payments from the College in respect of their roles as Governors (2022 – one).

The total expense for travel and subsistence paid to, or on behalf of the Governors during the year was £nil (2022 – £125). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings or Governor training events.

## 6 Other operating expenses

	2023 £'000	2022 £'000
Teaching costs	133	147
Non-teaching costs	697	616
Premises costs	689	579
	<b>1,519</b>	<b>1,342</b>
Surplus/(deficit) before taxation is stated after charging:		
	2023 £'000	2022 £'000
Auditors' remuneration		
. Financial statements audit	28	27
. Internal audit	12	6
. Other services provided by the financial statements auditor for Teachers Pension audit	2	2
Operating lease charges	13	4

## 7 Interest and other finance costs

	2023 £'000	2022 £'000
On bank loans, overdrafts and other loans: Repayable within five years, by instalments	36	37
	<b>36</b>	<b>37</b>

## 8 Tangible fixed assets

	Freehold Land and Buildings £'000	Building Improvements £'000	Computer Equipment £'000	Furniture, Fixtures and Fittings £'000	Total £'000
<b>Cost or valuation</b>					
At 1 August 2022	6,711	5,139	1,737	591	<b>14,178</b>
Additions	-	121	75	70	<b>266</b>
Disposals	-	-	(25)	-	<b>(25)</b>
At 31 July 2023	<b>6,711</b>	<b>5,260</b>	<b>1,787</b>	<b>661</b>	<b>14,419</b>
<b>Depreciation</b>					
At 1 August 2022	1,933	1,377	1,507	530	<b>5,347</b>
Charge for the year	131	289	203	30	<b>653</b>
Disposals	-	-	(25)	-	<b>(25)</b>
At 31 July 2023	<b>2,064</b>	<b>1,666</b>	<b>1,685</b>	<b>560</b>	<b>5,975</b>
<b>Net book value</b>					
At 31 July 2023	<b>4,647</b>	<b>3,594</b>	<b>102</b>	<b>101</b>	<b>8,444</b>
At 31 July 2022	<b>4,778</b>	<b>3,762</b>	<b>230</b>	<b>61</b>	<b>8,831</b>

## 9 Listed investments

	Unrestricted assets £'000	Restricted assets £'000	Endowment assets £'000	Total £'000
<b>Market value of listed investments</b>				
At 1 August 2022	82	3,391	2,308	<b>5,781</b>
Appreciation in value of investments	55	21	50	<b>126</b>
Reclassification of reserves	2,957	(2,957)	-	-
<b>Total portfolio value at 31 July 2023</b>	<b>3,094</b>	<b>455</b>	<b>2,358</b>	<b>5,907</b>
Cost of listed investments at 31 July 2023	1,962	234	1,460	<b>3,656</b>
Total net unrealised gains at 31 July 2023 included above	1,132	221	898	<b>2,251</b>
<b>Analysis of total portfolio value</b>				
Pooled investment vehicles				<b>5,907</b>

At 31 July 2023, listed investments included the following holding deemed material when compared with the overall portfolio valuation as at date:

	Market value £'000	% of portfolio value
Newton Growth and Income Fund for charities	5,907	100%

## 10 Investment Property

	2023 £'000	2022 £'000
At 1 August:	<b>1,725</b>	1,650
Revaluation of investment property	<b>(225)</b>	75
<b>At 31 July</b>	<b>1,500</b>	1,725

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.

**11 Trade and other receivables**

	<b>2023</b>	2022
	<b>£'000</b>	£'000
<b>Amounts falling due within one year:</b>		
Trade receivables	<b>23</b>	45
Prepayments and accrued income	<b>496</b>	154
Other debtors	<b>85</b>	234
	<b>604</b>	433

**12 Creditors: amounts falling due within one year**

	<b>2023</b>	2022
	<b>£'000</b>	£'000
Bank loans (note 14)	<b>101</b>	96
Payments received in advance	<b>161</b>	121
Trade payables	<b>77</b>	205
Other taxation and social security	<b>98</b>	75
Accruals and deferred income	<b>265</b>	217
Deferred income – government grants (capital)	<b>528</b>	156
Amounts owed to funding bodies	<b>130</b>	212
Other creditors	<b>83</b>	67
	<b>1,443</b>	1,149

**13 Creditors: amounts falling due after more than one year**

	<b>2023</b>	2022
	<b>£'000</b>	£'000
Bank loans (note 14)	<b>432</b>	533
Deferred income – government grants (capital)	<b>2,519</b>	1,950
	<b>2,951</b>	2,483

#### 14 Maturity of debt

	2023 £'000	2022 £'000
Bank loans are repayable as follows:		
In one year or less	101	96
Between one and two years	107	101
Between two and five years	314	338
In five years or more	11	94
<b>Total</b>	<b>533</b>	<b>629</b>

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 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.

#### 15 Notes to cash flow statement

	2023 £'000	2022 £'000
<b>(Deficit) after tax for the year</b>	<b>(156)</b>	(173)
Adjustment for:		
Losses / (gains) on investments	99	(57)
Interest payable	36	37
Interest receivable	-	(1)
Investment income	(154)	(127)
Depreciation	653	690
Operating cash flow before movements in working capital	478	369
(Increase) / decrease in debtors	(171)	(253)
Increase / (decrease) in creditors	(83)	(172)
Release of capital grants	(157)	(180)
<b>Cash inflow / (outflow) from operations</b>	<b>67</b>	(236)

#### 16 Analysis of changes in net debt

	1 August 2022 £'000	Cash flows £'000	31 July 2023 £'000
Cash at bank and in hand	403	921	<b>1,324</b>



### 17 Commitments under operating leases

At the reporting end date the College had outstanding commitments for future minimum payments under non-cancellable operating leases, which fall due as follows:

	2023 £'000	2022 £'000
Amounts due:		
Within one year	-	-
Between one and five years	14	3
	<u>14</u>	<u>3</u>

### 18 Capital commitments

	2023 £'000	2022 £'000
<b>Capital commitments:</b>		
Contracted for but not provided at 31 July	309	-
Authorised but not yet contracted for at 31 July	96	-

### 19 Retirement benefits

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and a College Group Personal Pension Scheme for non-teaching staff which is managed by Aviva. The TPS is a multi-employer 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. Prior to 31 August 2023, the latest actuarial valuation of the TPS was at 31 March 2016. A further valuation of the TPS, relating to the period ended 31 March 2020 was published in Oct 2023.

	2023 £'000	2022 £'000
<b>Total pension cost for the year</b>		
Teachers' Pension Scheme - contributions paid	513	438
Group personal pension scheme – contributions paid	71	65
<b>Total pension cost for year within staff costs (note 5)</b>	<u>584</u>	<u>503</u>

## 19 Retirement benefits (continued)

Contributions amounting to £68,000 (2022 - £ 56,000) for the TPS and £7,000 (2022 - £ 6,000) 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.

### **Teachers' Pension Scheme**

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

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

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

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

### **Valuation of the Teachers' Pensions Scheme**

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

The actuarial valuation of the TPS which applied during the year ended 31 July 2023 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 cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs.

**19 Retirement benefits** (continued)

***Valuation of the Teachers' Pensions Scheme*** (continued)

The latest actuarial TPS valuation results, as at 31 March 2020, were released in October 2023. The valuation result is due to be implemented from 1 April 2024, from this date employer contribution rates will increase to 28.68% (including a 0.08% administration levy).

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 £513,000 (2022 – £438,000).

**20 Events after the reporting period**

On the 2 October 2023, the College Board passed a board minute reclassifying £2,957,000 of restricted reserves as unrestricted reserves. These reserves related to the sale of the College playing fields in the 1990s and with the College no longer owning any playing fields and having followed due process including taking professional advice and a review of Board minutes and other supporting documentation, no reason could be found to retain these reserves as restricted. Appropriate adjustments have been made in the financial statements for the year to 31 July 2023. There are no other events after the reporting period which would have a material impact on the financial statements and require either adjustment or disclosure.

## 21 Endowment funds

	Permanent £'000	Expendable £'000	Total £'000
At 1 August 2022	304	2,004	2,308
Appreciation of endowment asset investments	7	43	50
At 31 July 2023	311	2,047	2,358
Representing			
Prize funds	103	-	103
Library funds	162	-	162
Other funds	46	2,047	2,093
	311	2,047	2,358
	Permanent £'000	Expendable £'000	Total £'000
At 1 August 2021	305	2,011	2,316
Appreciation of endowment asset investments	(1)	(7)	(8)
At 31 July 2022	304	2,004	2,308
Representing			
Prize funds	101	-	101
Library funds	158	-	158
Other funds	45	2,004	2,049
	304	2,004	2,308

## 22 Related Party Transactions

Due to the nature of the College's operations and the composition of the Governing Body, 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 Governing Body 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.

## 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 2023 was £1,869 (2022 - £1,128) and provides cover of up to a maximum of £2 million for all claims during a year.

**24 Members' liability**

Every member of the Governing Body 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 Learner support funds**

	2023 £'000	2022 £'000
<b>Amount disbursed as agent:</b>		
Opening balance as at 1 August	61	53
Repaid to EFSA in year	-	(8)
Release of funds	(6)	-
Funding Body Grant - Bursary	2	18
	<b>57</b>	<b>63</b>
Disbursed to students	(7)	(1)
Area uplift re Adult Learning Loans	-	(1)
	<b>50</b>	<b>61</b>
<b>Balance unspent as at 31 July</b>	<b>50</b>	<b>61</b>

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.