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# **Members' Report and Financial Statements**

For the year ended 31<sup>st</sup> July 2022



**HCUC**

**A merger between  
Uxbridge College  
and Harrow College**

## **Members' report and financial statements**

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## **Members' report**

The members present their report and the audited financial statements for the year ended 31 July 2022.

## **Governing Body**

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

### **Mission Statement**

We create choice, opportunities and success. Your future is our priority.

### **Public Value Statement**

Our aim is to meet the education & training needs of learners, employers and the wider community, raising skills levels, contributing to economic growth and maximising individual potential.

## **Public benefit**

HCUC is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 14.

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

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

- High quality teaching
- Excellent progression to higher education or employment for students
- Widening participation and tackling social exclusion
- Strong student support systems
- Links with employers, industry and commerce.

## **Strategic aims**

The strategic plan 2018-21, has served the College following the merger in August 2017 of Harrow with Uxbridge. The strategic plan includes an accommodation strategy and financial forecasts. The Governing Body monitors the performance of the College against these plans, which are reviewed and updated each year. Discussions relating to a proposed merger with RuTC have been underway and a strategic plan for 2022-2025 period has been developing accordingly.

The key strategic aims of the College, have been adjusted following consultation, and are expressed as follows during this transition period:

- To be recognised for high quality teaching, learning, assessment and support that leads to outstanding learner attainment and progression opportunities
- To maintain a strong financial profile in order to effectively resource provision and ensure a secure future for HCUC ensure a secure future for the College group.
- To recruit, nurture and equip a professional staff workforce that is able to deliver the College's strategic agenda
- Deliver a comprehensive and high quality programme of education & training that meets the needs of and delivers success to its learners, employers and communities in the local areas we serve and beyond

- To work collaboratively with partners to address identified local and regional skills needs to contribute to economic growth and sustainable community development

## Objectives

The College's specific objectives for 2021/22 and achievement of them are summarised below:

- The College achieved 5,795 16-18 learners, above the 2021/22 ESFA allocation target of 5,708, Harrow was at 1,634 against a target of 1,566, and Uxbridge at 4,161 against a target of 4,142;
- the College achieved £32,021,318 of 16-18 funding against an allocation of £31,895,691; Harrow achieved £8,886,548 against a target of £8,696,040, with Uxbridge achieving £23,134,769 against a target of £23,199,650.
- Destinations: are positive and robustly tested. Leaders have been self-critical in what can, if not robustly interrogated, be an arbitrary measure. 2020/21 cohort destinations were very high at 95% positive with 79% meeting the HCUC gold standard (related filed to area of study), data is being collated for 2021/22. Destinations are a further internal measure to drive curriculum development at the college.
- QAR (Qualification Achievement Rate) data was submitted in the final ILR on the 21st October. Activity continues to complete claims and to work with individual students in support of their completion before this tight deadline.  
HCUC 16-18 QAR TBC will be 5% down on 2018/19's 89% (last pre-C19 data set) at circa 83%. This is a recalibration of QAR, both nationally and at HCUC and follows on from a previous five-year trend of very high and improving QAR. The predicted fall is for two reasons: firstly, the shift to an exam-based assessment approach, and secondly the elevating of the stretch and content for the majority vocational qualifications. There is a third more localised but significant UC impact on ESOL students being relocated mid-year in high volumes. This has impacted on pass rates and retention. We await the new NAs available from February 2023.
- 19+ headline QAR 2021/21 TBC is settling and for the reasons outlined above, will also be circa 5% down on 2018/19's 89%. Again, we await the new WNAs available from February 2023.
- Consistency remains is high across both constituent colleges.
- Overall WBL (Work Based Learning) QAR has seen a slight decline 66.8% (70.4% 2020/21), and is well above NA. Some apprenticeship outcomes have a legacy effect of Covid for the long duration standards. New Accountability Framework has been implemented.
- Adjusted cash days in hand at 31 July 2022 were 237 against a target of 195;
- the current ratio was 2.73:1 against a target of 2:70:1;
- accumulated reserves were 155% of income against a target of 154%;
- EBITDA as a % of income, education specific was 11.56% (2021: 14.56%).

## Financial Strategy

The College's financial policy is to deliver a sound forward planning framework that takes into account the specific challenges the College faces in the 2022-23 period and to achieve the College's overall financial plan by ensuring that decisions within our corporate development plans are stabilised in commercial reality.

The principal strategies for achieving these objectives are to maintain high levels of staff efficiency, to achieve good value for money for all non-pay costs, to reduce reliance on Agency Funding bodies income and to maintain excellent financial monitoring procedures.

## Performance indicators

The College is committed to observing the importance of sector measures and indicators and use the FE Choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency. The ESFA Financial Health Calculator produces a financial health grading, and the College continues to be rated Outstanding.

## **Financial Results**

These financial statements cover the financial period 1 August 2021 to 31 July 2022. The Governing Body is pleased to report another successful year in which the financial objectives continue to be met.

The College generated an operating surplus for the period of £249,000 (2021: £2,384,000). The balance on the income and expenditure account excluding pension reserve stands at £85,043,000 (2021: £81,968,000).

The College has accumulated reserves of £81,102,000, non-current assets of £108,091,000 and cash balances of £31,491,000.

Fixed asset additions during the year amounted to £3,268,000 (2021: £8,062,000). This includes land and buildings development of £1,038,000 (2021: £5,676,000), and equipment of £2,230,000 (2021: £2,386,000). Projects include final accounts for the Institute of Technology, Health & Social Care building at Uxbridge and Harrow Weald respectively including upgrade of the Enterprise building at Harrow on the Hill. Equipment additions and replacements relating to the IT infrastructure on all campuses, including laptops, PCs and mobile devices, and specialised equipment required for the curriculum.

The College has significant reliance on Agency funding body grants, with total Agency funding accounting for 82.2% (2021: 85.6%) of income.

## **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's financial regulations detail the institutions, the College is authorised to use, and a separate treasury management policy in place.

## **Cash flows**

At £2.4 million inflow (2021: £9.7 million inflow), operating cash continued to be very strong during the period. The operating cash inflow resulted higher adult provision, alignment of staff to curriculum requirements, receipt of Capital Grants offset by fixed asset additions.

## **Liquidity**

The revolving credit facility was not utilised and therefore based on strong operating cash flow in year was closed.

## **CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE**

### **Funding target**

The College is funded by the Agencies according to agreed student numbers and student activity targeted for the period. In 2021/22, the College exceeded its 16-18 learner numbers target by 87 learners and achieved £32,021,318 against its funding of £31,895,691.

The 19+ adult single allocation was exceeded due to increase in English & Maths and ESOL provision and 10% uplift awarded to level 2 provision.

The work based learning funding targets for both 16-18 was achieved and 19+ not achieved by £21,000 and £187,000 respectively due to COVID-19.

The breakdown between the Colleges was as follows:

	16-18 year olds			19+		
	Actual	Target	Variance	Actual	Target	Variance
Harrow	£8,886,548	£8,696,040	£190,508	£3,769,463	£3,820,282	-£50,819
Uxbridge	£23,134,769	£23,199,650	-£64,881	£3,489,715	£3,495,145	-£5,430
HCUC	£31,895,691	£31,895,691	£125,627	£7,259,178	£7,315,427	-£56,249

### Student numbers

In 2021/22 the College delivered activity that has produced £46,430,000 in Agency main allocation funding (2020/21 – £47,517,000). The College achieved 5,795 16-18 learners against a target of 5,708 which will impact the funding allocation for 2022/23.

### Student retention

16-18 student retention is high at 92.6% and achieved against a target of 92% (NA 90.2%) and 19+ at 92.6% (WNA 92.5%). The final position to be presented after the October ILR); Harrow achieved 94% for 16-18 and 94% for 19+, with Uxbridge achieving 92% for 16-18 and 91% for 19+ (NB the different qualification mix contributing to this variation).

### Qualification Achievement Rates

The College has maintained the very high standards of achievement in the current year. While the figures for 2021/22 was finalised on 21st October, those presented below are a complete data set and will mirror those submitted in the final ILR on that day.

Consistency across HCUC is very good, including between the constituent colleges, subject areas and qualification types. To ensure consistency across HCUC's full provision, the college will continue to measure its performance using wider comparisons at Qualification Type by Age, Level and Subject Sector Area (SSA) at both the HCUC and local college level.

QAR data was submitted in the final ILR on the 21st October. Activity continues to complete claims and to work with individual students in support of their completion before this hard deadline.

HCUC 16-18 QAR TBC will be 5% down on 2018/19's 89% (last pre-C19 data set) at circa 83%. This is a recalibration of QAR, both nationally and at HCUC and follows on from a previous five-year trend of very high and improving QAR. The predicted fall is for two reasons: firstly, the shift to an exam-based assessment approach, and secondly the elevating of the stretch and content for the majority vocational qualifications. There is a third more localised but significant UC impact on ESOL students being relocated mid-year in high volumes. This has impacted on pass rates and retention. We await the new NAs available from February 2023.

The WBL 2021/22 overall QAR is now settled for HCUC in line with predictions at 66.8%, (20/21 National Average 57.7%). These outcomes are a slight decline from the previous year largely impacted by the timing of the challenging EPAs for many apprentices on long durations apprenticeships affected by lockdown. Going forward there remains a focus on ensuring the effective leadership and management across the provision, robust IAG, individualised planning and delivery and strong support apprentices, whilst remaining focused on raising the quality of provision that falls under the new Technical Apprenticeship School

### Teacher Qualifications

In 2021/22 80% of the permanent College teaching staff was fully qualified, (2020/21 80%) in line with the College's own target, with 100% of staff either fully qualified or undertaking training.

## Links with Employers and Enterprise

The College engages with employers through a broad range of activities and these collaborations are mutually beneficial in meeting the employers' community commitment, supporting their workforce development and enriching the learner experience.

As we continue to engage and partner with large employer post Covid, the number of Sector Based Work Academies have significantly increased from previous years, with 20 delivered in 21/22. The success of these partnerships were recognised in the Ofsted inspection contributing to the outstanding grade awarded for the adult provision with much QAR for remote and blended delivery were remained high and increased opportunities for study in differing ways. The next set of paragraphs gives an overview of work we do with employers, JCPs (Job Centre Plus) and other stakeholders.

Some of the partnerships are significant in their depth of anticipated outcomes; the Heathrow Skills Partnership provides opportunities for new apprenticeships, work experience for full time students including extended industry placements and employment and skills opportunities for adult learners and whilst work at the airport has been significantly disrupted, the partnership remains strong. Extensive engagement with the HR senior leaders during 21/22 is supporting their future workforce skills and development need post Covid.

The expansion of the London Mayor's Skills Academies across the London priority sectors will increase the employment and work experience opportunities through the Health, Digital, Green/construction and Creative and Culture hubs we are partners in. These new Academies are building on the excellent work and momentum gained through the FE/HE groups formed post pandemic and steered by the West London Alliance. The groups have focused primarily on career progression and progression agreements, employer engagement, flexible and modular delivery and apprenticeships. It is also an intention for the groups findings to feed into government consultations. HCUC is represented at each of the subgroups, co-chairing two digital and health and care.

Along with the success in retaining the London Mayor's Construction Academy Quality Kite Mark, we were also awarded Quality Kite Marks in the Health, Digital, Green, Creative and Culture sectors. These kite marks are endorsed by some of our employers in the sector in recognition of how we our provision and its quality meet the needs of the sector.

Under the umbrella of the Skills Academy, the College is also a member of the West London Health and Care Group (all FE colleges represented) to take forward a more strategic approach to supporting the workforce needs of the NHS in West London.

We are also embedding our relationship with the Northwest London NHS Trust to again, address the skills gaps across all roles within the NHS through apprenticeships, upskilling existing employees and through work experience.

Using the additional funding awarded through the GLA under the Good Work for All, and the College Collaboration Fund (complete in 21/22) enabled the college to respond to the skills agenda in the health and care sector specifically.

We are partnering on a Strategic Development Fund project led by the West London Green Skills Academy, working in collaboration to focus on curriculum development, staff CPD, employer and stakeholder engagement within the green industries. The additional funds will contribute to addressing the skills needs within the low carbon industries.

Further to this significant partnership work, locally, we engage with employers to support the curriculum. We have over 500 employers engaging with apprentices, work experience provided for over 6,000 FT students across HCUC, support with curriculum design, enterprise challenges, employer branded assignments, commissioned projects, guest lectures, workshops, workplace visits and knowledge exchange

HCUC's Apprenticeships and Skills arm, ensures the College secures its position as the largest FE apprentice provider in West London offering 30 standards across diverse sectors and constantly adding new areas to meet employer demand. The majority of our provision is level 3 and above delivery to 600+ apprentices at any one time. The new 'Technical and Apprenticeship School' was launched in 20/21. With the provision awarded a good grading the consolidation of the provision to improve quality and flexibility continues into 22/23.

In addition to the support we receive from employers for our full time learners, our Employer Advisory Board drives the relevance of our curriculum of the West London Institute of Technology. Along with our Anchor Employers, Heathrow and Fujitsu and supported by Brunel University and West London Business, the expertise of the wider employer board ensures we are providing a highly relevant curriculum and student experience. For example, employers aligned to sector curriculum areas reviewed all qualifications and said they were fit for purpose.

We continue to work with employer bodies such as Hillingdon and Thames Valley Chambers of Commerce and West London Business and have become members of the Watford and North West London Chambers of Commerce to identify and address future skills needs at regional levels and support events such as Hillingdon Business Expo and West London Business Awards (where our Apprentices are frequently highly commended or winners).

## Curriculum Developments

The College has well developed 16-19 Study Programmes offering learners a balanced curriculum centered around a main vocational or academic qualification and maturing & expanding pilots to meet national qualification reform (T-Levels, the Transition Programme). T-level reforms continue to evolve at HCUC will expand its offer further again from 2022/23. HCUC has a significant emphasis on developing employability skills, in particular work ready skills and Maths & English. For 2021/22 they now make up 38% percent of all learner aim starts and the resources to deliver this have been revised and deployed accordingly. The former ensures an emphasis on providing students with experience of the world of work, including direct work experience, significant industry placements (incl. the 2021/22 Capacity Development Fund project) and opportunities to develop higher study skills as independent learners.

In 2022/23, the White Paper/Skills for Jobs has further focused HCUC's drive to present a skills/employer responsive curriculum, one that is ratified through our employer partnership activity which while strong must now further develop. The College continues to adjust its curriculum portfolio in line with the demands of learners and industry- and this is reflected in Ofsted terms as Curriculum Intent. There is a very good match between College provision and the declared LEP and WLA priority sector areas & 96% 2021/22 FT courses have a named/significant employer link (up 10% on 2020/21). Further 2021/22 capital investment in specialist kit has supported STEM as a key area of the College's provision and new Institute of technology wing, with Schools of Engineering (Technology & Innovation and Mechanical & Electronic) and Science maintaining significant provision and strengthening links with and progression into employment.

The College's Academic (A levels/GCSE), Computing, Business (though some shrinkage here on 2021/22) curriculum areas remain popular with a notable increase in Construction students into 2022/23 also. ESOL (adult growth continues) and part-time English & Maths is strengthening across HCUC. Science have seen a return to growth (partial recovery of CAT/TAG resulting falls).

The College has continued to offer its HE provision which also serves to provide further progression for the College's existing students. There has been a noticeable increase in competition from HE institutions over recent years following the lifting of the HE learner number cap. Strong links with Universities such as Brunel University, Bournemouth University, Buckinghamshire New University and Westminster University have been maintained and these enable students in some higher level courses to progress to second or final year degree courses. A new partnership with Roehampton is developing. In response to increasing emphasis on Basic English & Maths and despite the constrained funding environment, the College has maintained a consistent, School based management structure to oversee this work across HCUC. The College has very little reliance on sub-contracted partnership work though there has been a slight increase in 2021/22.

## Staff and student involvement

The College considers good communication with its governing body, staff and students to be critical. A class representation system operates, and students participate on a regular basis in the "Student Voice" and Special Interest Groups, whereby their views are sought on many areas of the College. Student governors attend the SSC and Corporation governing body groups. In addition, a successful Student Council is in place, representing the views of all students across all campuses and key messages are corroborated in SLT Group Reviews and college wide learner surveys. A regular newsletter is published for distribution to all staff. In addition to



representation on the Governing Body, the College encourages staff and student involvement through membership of appropriate committees and Stakeholder and Scrutiny Groups. Finally, the College undertakes two HCUC wide student surveys at the beginning and mid-point of the year, and now an added ESFA lead London Learner Survey. All activity listed including significant CPD 2022/23 and a further heightened approach to staff engagement captures topical context; MTeams, exam strategies, parent engagement, staff & student wellbeing, staff induction approaches, and HNS objective setting.

### **Future Prospects**

HCUC is focusing on its future growth prospects primarily through the WLIOT (West London Institute of Technology), 19+ provision and apprenticeship growth. In addition, we are refreshing engagement with schools to increase our 16-18 provision. The College is preparing how it will respond to the regional LSIPs reports through the Accountability agreement.

During the budget setting stage for 2022/23, the financial impact from BREXIT to the various similar income streams, delivery model and further additional costs incurred in relation to control measures was included.

Despite a prudent budget that was set, the College's financial profile remains strong and meets the financial requirements set in the strategic aims and objectives.

### **Resources**

#### *Financial*

The College continues to be financially stable, having ensured that efficiencies and value for money are embraced college wide. It is well placed to meet the many priorities and funding restrictions set out by the Agencies, whilst adapting to comply with and benefit from statutory, regulatory and policy changes facing the sector.

The College has £81.1 million of net assets (2021: £42.9 million) including £8.7 million pension liability (2021: £43.7 million).

### **RESERVES**

The College has a cash reserve policy calculated at £13.5m which is considered sufficient to meet its contractual obligations in the event of a substantial financial shock which is to cover unexpected gaps in income and costs associated with BREXIT and mini-budget. The reserve policy is reviewed annually to be in line with current affairs.

#### *People*

The College employs 594 people FTE (2021: 615) of whom 327 or 55% are academic staff (2021: 351 or 57%).

#### *Reputation*

The College has an excellent reputation locally and nationally building on our outstanding quality of education, evidenced by the grade awarded to us by Ofsted February 2022.

### **GOING CONCERN**

The College has carried out a formal assessment of the going concern principle in preparing for the signing the financial statements. This assessment includes the financial position and reserves as at 31<sup>st</sup> July 2022, cash and investment balances and cash flow for the next 12 months, the 2022/23 budget approved by the Corporation, level of student recruitment in 2022/23 and known liabilities and commitments in the next 12 months. The Corporation considers the College has adequate resources to continue in operational existence for the foreseeable future.

## PRINCIPAL RISKS AND UNCERTAINTIES

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of any new areas of work being undertaken by the College.

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

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

### 1. Government funding

The College has considerable reliance on continued government funding through the education sector funding bodies and Office for Students (OFS). In 2021/22, 82.2% (2020/21: 85.6%) of the College's revenue was ultimately publicly funded. However, there can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels and terms.

Planning at the College is dependent on the receipt of accurate and timely information from Government and the Agency regarding policy changes. Any delay in receipt of policy or funding changes can therefore have a significant effect on the financial and curriculum planning.

The College is aware of several issues which may impact on future funding,

- Further reforms to the funding methodologies, in particular in relation to apprenticeship funding and the effects on the sector following the introduction of the levy in 2017,
- Devolution of 19+ funding
- The introduction of the insolvency regime in the sector, following the completion of the Strategic Area Reviews
- The impact of BREXIT and mini-budget on various income streams and additional costs associated with blended learning and increase of costs due to demand during this period.

These risks are mitigated in a number of ways:

- The College aims to broaden its income streams, including through other funding bodies, to reduce the reliance on the funding agencies
- By ensuring the College delivers high quality education and training
- By ensuring the College operates at maximum efficiency and effectiveness
- Regular review of curriculum offer to ensure it is relevant and appropriate
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Regular dialogue with the local schools to ensure awareness of funding changes and implications for learners
- Regular updating with funding agencies on changes enacted and proposed
- Regular sensitivity analysis on funding changes

## 2. Tuition fee policy and student loans

Ministers have confirmed that the fee assumption remains at 50%. In line with the majority of other colleges, HCUC will seek to increase tuition fees in accordance with the fee assumptions. The risk for the College is that demand falls off as fees increase. This will impact on the growth strategy of the College.

This risk is mitigated in several ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students
- Close monitoring of the demand for courses as prices change
- Monitoring the offers of competing providers

## 3. Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit in the College's balance sheet in line with the requirements of FRS102.

## STAKEHOLDER RELATIONSHIPS

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

- Students;
- Staff;
- Governing Body;
- Funding bodies;
- Subcontractors;
- Local employers (with specific links);
- Local Authorities;
- Local schools;
- Government Offices/ Regional Development Agencies;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies;
- Local Enterprise Panel.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by representation on local education, business and community groups.

## Equal opportunities

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, class, gender reassignment and age. We strive vigorously to remove conditions, which place people at a disadvantage, and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

The College's Equality & Diversity and Inclusion Policy, is published on the College's intranet site along with the College's information on staff and students and the College's equality objectives (in line with the requirements of the Equality Act 2010). The College has adopted proactive strategies to recruit and support staff from black and minority ethnic backgrounds.

The College publishes an annual Equality and Diversity report and objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010.

The College considers all applications 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, which are as far as possible, identical to those for other employees.

An Equality Action Plan is published each year and monitored by managers and governors. An Equality & Diversity Forum, made up of a cross section of staff and chaired by the CEO and Group Principal, monitors the implementation of the Equality & Diversity Policy and action plans. Equality and Diversity training is provided for all staff and forms part of the College's Training and Development Plan.

### Disability statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Act 2001, and the Equality Act 2010:

- a. As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2019/20 and the results of this formed the basis of a programme of improvements aimed at improving access. Further internal audits are due to be carried out in 2022/23. In addition, all new building work is closely monitored for DDA compliance. Progress of the implementation is monitored at the Equality and Diversity Forum.
- b. The College has appointed a Health and Safety Officer and a SENCO, who provide information, advice and arrange support where necessary for students and staff with disabilities.
- c. There is a list of specialist equipment, such as radio aids and IT equipment, which the College can make available for use by students and a range of assistive technology is available.
- d. The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- e. Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- f. Support and welfare services are described in the College Student handbook, which is issued to students at induction.

### Trade union facility time

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

Numbers of employees who were relevant period	FTE employee number
7	5.4

Percentage of time	Number of employees
0%	
1-50%	7
51-99%	
100%	

Total cost of facility time	£14,989
Total pay bill	£34,349,000
Percentage of total bill spent on facility time	0.4%

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

A programme of training in safeguarding is currently being implemented with 100% of all staff trained to date with a rolling programme to capture all staff and train new staff. The HCUC College has 14 designated Safeguarding officers in the permanent staff (8 in Uxbridge and 6 in Harrow) and also a lead member of the Governing Body for Safeguarding. The College is also represented at the London Borough of Hillingdon and Harrow Local Safeguarding Boards and the HE/FE London Prevent Network.

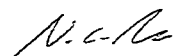
## Events after the reporting period

Following a competitive process and thorough consideration of various factors in respect of benefits to students and staff, as well as Government guidelines relating to support for Further Education in west London and nationally, HCUC is pleased to have joined Richmond Upon Thames College (RuTC) to explore merger proposals for the two organisations. We certainly believe that such a merger would open up collaborative opportunities and a broader vision, as well as strengthening sustainable provision to learners and employers alike within this area. The FE Commissioner recommended that RUTC merger with HCUC, whereby it is likely that its net assets and activities will transfer to HCUC and the Corporation will be dissolved. The merger was originally expected to complete on 31 July 2021 but it is now confirmed as 4 January 2023. The delay was because of some planning issues relating to 2<sup>nd</sup> phase capital redevelopment at RUTC.

## Disclosure of information to Auditors

The members who held office at the date of the 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. Each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's Auditors are aware of that information.

Approved by order of the members of the Governing Body on 13<sup>th</sup> December 2022 and signed on its behalf by:



Nicholas Davies  
Chair

**Professional advisers**

Independent auditors:

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## **Statement of Corporate Governance and Internal Control**

### **The Governing Body**

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

### **Governance Code**

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of Corporate Governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code ("the Code") issued by the FRC in June 2010. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

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

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

### The Governing Body

The members who served the Governing Body during the 2021/22 year and up to the date of signature of this report were as follows:

Name	Date Appointed/ Re-appointed	Term Expires	Date Resigned	Membership Status	Committees served	Attendance %
Sofia Barbosa-Bouças	August 2022	Aug 2026		External	QCS	0
Mark Billington	April 2022	April 2026		External	QCS, Harrow SSC	50
Simon Boulcott	October 2020	Oct 2024		External	Resources, Remuneration	79
Melissa Bridge	Sept 2019	Sept 2023	January 2022	Staff (Uxbridge)	QCS, Uxbridge SSC*	100
Steven Cochran	March 2022	March 2023		External	Audit, Search, Remuneration	78
Tracey Critchley	October 2022	Oct 2023		Staff (Harrow)	Audit	100
Sharon Croxon	February 2022	Feb 2026		Staff (Uxbridge)	QCS, Uxbridge SSC*	86
Nicholas Davies	August 2021	August 2025		External	Search, Remuneration	96
Darrell DeSouza	August 2019	N/A		CEO/ Principal	QCS, Resources, Search	100
Nasim Khan	December 2018	Dec 2022		External	Audit	88
Shaliny Lingewaran	August 2021	July 2022		Student '21/22 (Uxbridge)	Uxbridge SSC*	75
Alasdair MacLeod	March 2021	March 2025		External	Resources	92
Mario Michaelides	August 2022	Aug 2026		External	QCS, Uxbridge SSC*	100
Johanna Morgan	December 2019	Dec 2023	March 2022	External	QCS	93
Steve Owen	November 2017	Nov 2021	Nov 2021	External	Resources	100
Alexandra Postar	August 2021	July 2022		Student '21/22 (Harrow)	Harrow SSC*	75
Amanda Priem	March 2020	March 2024		External	QCS	89
Safah Rahimi	August 2022	July 2023		Student '22/23 (Uxbridge)	Uxbridge SSC*	0
Mariann Rand-Weaver	May 2017/ May 2018	May 2022	July 2022	External	QCS, Uxbridge SSC*	78
Ketan Sheth	August 2021	August 2025		External	Audit	67
Salman Sudheer	August 2022	July 2023		Student '22/23 (Harrow)	Harrow SSC*	100

\* Stakeholder and Scrutiny Committee



### **Clerking arrangements**

- Tracy Reeve acted as Clerk to the Corporation in her role as Director of Governance.

### **Chairmanship**

- Following the merger between Uxbridge College and Harrow College (1 August 2017), Nicholas Davies was appointed as Chair of the Corporation and Steven Cochran was appointed Vice Chair of the Corporation of HCUC. Both were reappointed to these roles in 2021.

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

The Governing Body 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, curriculum and quality matters and human resources related matters such as health and safety, and environmental issues. The Governing Body meets formally five times a year on a half-termly basis and also holds two Strategy and Planning Days during each academic year (October and April).

The Governing Body conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Governing Body. These committees are Resources (including HR and Property), Audit, Quality Curriculum and Students, Search and Governance, and Remuneration. Full minutes of all meetings, except those deemed to be confidential by the Governing Body, are available from the Clerk to the Corporation at:

Park Road  
Uxbridge  
UB8 1NQ

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 Governing Body, 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 Governing Body as a whole.

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

The Governing Body has a strong and independent non-executive element and no individual or group dominates its decision making process. The Governing Body 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 of the Governing Body and Accounting Officer of the College are separate.

### ***Appointments to the Governing Body***

Any new appointments to the Governing Body are a matter for the consideration of the Governing Body as a whole. The Governing Body has a Search Committee comprising of The Chair, Vice-Chair and Principal, which is responsible for the selection and nomination of any new member for the Governing Body's consideration. The Governing Body is responsible for ensuring that appropriate training is provided as required. Governors have had access to the online ETF Governance Development Training programme since September 2021.

Members of the Governing Body are appointed for a term of office not exceeding 4 years.

## Performance of the Governing Body

On 1<sup>st</sup> August 2017 HCUC was formed after the merger of Harrow College and Uxbridge College. Harrow College corporation dissolved on 1<sup>st</sup> August 2017, and the Corporation of Uxbridge College immediately changed its name to HCUC.

Effective stewardship is evident within the Governing body and senior leadership and has been maintained during the five years post-merger. Prime priorities have included the levelling up of facilities to ensure a good standard of learning environment at both colleges. In addition, HCUC has been successfully progressed its initiatives relating to the T Level pilots, the Mayor's Construction Academy and its launch as an Institute of Technology along with Brunel University and local high profile employer partners Heathrow and Fujitsu. Governors are confident in challenging the SLT for assurance. This has been very evident during the last year with the ongoing merger discussions with Richmond Upon Thames College (RuTC); the strong governance presence on the merger Joint Steering Group has provided a strong strategic steer and clear focus on protecting the culture and assets of HCUC.

Breadth of governance expertise is strong. There is a good balance of skills and experience on the Governing Body, with background knowledge of previous Harrow and Uxbridge Governors represented on the HCUC Corporation. The additional involvement of ex-governors in the local Harrow College and Uxbridge College Stakeholders & Scrutiny Committees (SSCs) as 'non-executive advisors' (NEAs) has also been very beneficial. The two-way flow of communication between the SSCs and the Governing Body has been a focus during the year and the NEAs were standing invitees at the biannual Governors' Strategy Days and other governance training sessions. A Governors' skills audit was undertaken during the merger discussions with RuTC and identified specific expertise in Finance, HR, Local authority, local business, Education and Partnerships. The Governance meeting structure was well managed and very well attended during the last year. Governing Body and sub-committee meetings were undertaken through a mixture of on-site meetings and online/ remote attendance. Online meetings were managed via the Teams platform and governor engagement was strong. The Corporation also ran two Governor Training and Strategy days during the year (October 2021 and April 2022) which were held in person at a conference venue. However, some governors and external speakers attended remotely and this mixed medium was actually very successful. The ongoing use of the Board Intelligence cloud platform for sharing Governing Body papers in a timely and consistent manner, proved an asset. Corporation reports are detailed and timely and allow good challenge of College senior leaders. There has also been a focus on keeping the Corporation fully briefed on all aspects of Inspectorate Updates.

Governors know the College and understand its strengths and weaknesses well; this was clearly demonstrated and noted within the report relating to the last Ofsted Inspection visit (February 2022). Corporate Goal KPIs and a supporting Quality Dashboard information provide a good overview and sufficient detail to allow Governors to challenge and assess progress against agreed targets. There is a strong focus on educational performance at the Governing Body meetings and within the Quality Curriculum and Student sub-committee. The additional local governance structure - the SSCs at each of the Colleges - allows close scrutiny and challenge of the detail of each College performance. There was active involvement of Governors in the Strategic Planning process for the merger with RuTC and this has been taken forward at the Governors' Strategy Days. The Corporation Members and Governance Professional undertake an annual comprehensive self-assessment of the HCUC governance function against internal College KPIs as well as the Code of Good Governance for English Colleges. There is evidence of prudent financial management, allowing ongoing college investment in the Estate of Harrow College and bringing in line affordable and efficient structures. Due to the pandemic the usual 'Governor Link scheme' which allowed first-hand interaction and challenge by governors with curriculum areas and learners was paused during 2021/22 but this will be reinvigorated for 2022/23.

The Governors played a key role during the pre-merger period with RuTC (originally scheduled to vest on 31 July 2021 but now delayed until into 2022/23). Very clear workstreams were established across a number of key functions including Governance, Quality and Curriculum, Human Resources, IT Services, Finance, MIS, Marketing, and Estates. Progress against each of the workstreams was monitored during the year at the Governors' Merger Joint Steering Group. These regular JSG meetings have continued on a monthly basis during 2021/22 and will continue into 2022/23 until the point of merger.

Governors were fully involved in the successful and rigorous process to recruit a new CEO for HCUC during the summer term 2022 after the current CEO announced he would be retiring in October 2022.

### ***Remuneration Committee***

Throughout the year ending 31 July 2022, the College's remuneration committee comprised The Chair, the Vice-Chair, the Chair of Resources Committee and another governor from Resources Committee with HR expertise. The committee's responsibilities were to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post holders.

Details of remuneration for the year ended 31 July 2022 are set out in note 7 to the financial statements.

### ***Audit Committee***

The Audit Committee comprises four members of the Governing Body (who exclude the Accounting Officer and Corporation Chair and Chair of Resources Committee). The committee operates in accordance with written terms of reference approved by the Governing Body. Its purpose is to advise the Governing Body on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets four times a year and provides a forum for reporting by the College's internal and financial statement 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 programme of internal audit monitors the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input. Specialist internal audit firms are commissioned as required and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented. The Audit Committee receives a standing report on the progress with implementation of audit recommendations.

The Audit Committee also advises the Governing Body on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work.

## **Internal Control**

### ***Scope of responsibility***

The Governing Body 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 Governing Body has delegated the day-to-day responsibility to the CEO, 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 he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the funding bodies. He is also responsible for reporting to the Governing Body any material weaknesses or break-downs in internal control.

### ***The purpose of the system of internal control***

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of

those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in HCUC for the year ended 31 July 2022 and up to the date of approval of the annual report and financial statements.

### ***Capacity to handle risk***

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating, and managing the College's significant risks that has been in place for the period ending 31 July 2022 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, administration 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
- The adoption of formal project management disciplines, where appropriate

The College has internal audit services, which operate in accordance with requirements of the ESFA's Post-16 Audit Code of Practice. The work of the internal audit services 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 Governing Body on the recommendation of the Audit Committee.

As a minimum, Audit Committee annually provides the Governing Body with a report on all Audit Committee activity during the year which includes a review of: internal audit activity; external audit; and any funding audit work undertaken in the College. The report includes the Committee's opinion based on the results of the audits on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

### ***Review of effectiveness***

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

- The work of the internal auditors
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- Comments made by the College's financial statements auditors, the regularity auditors, the appointed funding auditors in the 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 a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership Team and Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Governing Body's agenda includes a regular item for consideration of risk and control and receives reports

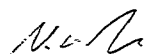
thereon from the Senior Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2022 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the Senior Leadership Team and internal audit, and taking account of events since 31 July 2022.

Based on the advice of the Audit Committee and the Accounting Officer, the Governing Body 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 safeguarding of its assets".

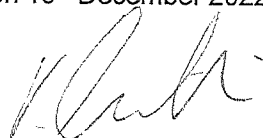
### Going Concern

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

Approved by order of the members of the Governing Body on 13<sup>th</sup> December 2022 and signed on its behalf by:



Nicholas Davies  
Chair



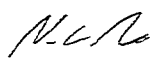
Keith Smith  
Accounting Officer

### Statement of Regularity, Propriety and Compliance

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

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

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



Nicholas Davies  
Chair



Keith Smith  
Accounting Officer

13<sup>th</sup> December 2022

13<sup>th</sup> December 2022

## Statement of Responsibilities of the Members' of the Governing Body

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

Within the terms and conditions of the Corporation's grant funding agreement and contracts with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and its result for that year.

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

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

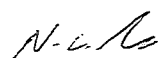
The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

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

Approved by order of the members of the Corporation on 13<sup>th</sup> December 2022 and signed on behalf of the Corporation.



Nicholas Davies  
Chair

## Independent Auditor's report to the Corporation of HCUC

### Opinion

We have audited the financial statements of HCUC ("the College") for the year ended 31 July 2022 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2022 and of the College's income and expenditure, gains and losses and changes in reserves and of the cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education and relevant legislation.

### 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 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 Corporation with respect to going concern are described in the relevant sections of this report.

### Other information

The Members of the Corporation are responsible for the other information. Other information comprises the information included in the Members' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## Independent Auditor's report to the Corporation of HCUC (continued)

### Other information (continued)

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

We have nothing to report in this regard.

### Opinion on other matters prescribed by the Office for Students' Accounts Direction

In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS's accounts direction for the relevant year's financial statements have been met.

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

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- all the information and explanations required for our audit were not received.

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

- the provider's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated.

### Responsibilities of the Corporation

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

In preparing the financial statements, the Members of the Corporation 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 Members of the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.



## Independent Auditor's report to the Corporation of HCUC (continued)

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

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 assessment focussed on key laws and regulations the College has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the College Accounts Direction 2021 to 2022, the Post 16 Audit Code of Practice 2021-22, taxation legislation, data protection, anti-bribery and employment legislation.

We are not responsible for preventing irregularities, including fraud. Our approach to detecting irregularities, including fraud, included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the College and how the College is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the College's control environment and how the College has applied relevant control procedures, through discussions with Members and other management and by reviewing the reports on the internal scrutiny work commissioned by the College in relation to the year and by performing walkthrough testing over key areas;
- obtaining an understanding of the College's risk assessment process, including the risk of fraud;
- reviewing meeting minutes of those charged with governance throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection of fraud based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

**Independent Auditor's report to the Corporation of HCUC (continued)**

**Use of our report**

This report is made solely to the Corporation of the College, as a body, in accordance with the Further & Higher Education Act 1992. Our audit work has been undertaken so that we might state to the Corporation of the College those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.



**Cooper Parry Group Limited**  
Statutory Auditor

Cubo Birmingham  
Office 401, 4th Floor  
Two Chamberlain Square  
Birmingham  
B3 3AX

**Date:** 20 December 2022

## **Independent Reporting Accountant's Assurance Report on Regularity**

**To: The Corporation of HCUC and Secretary of State for Education, acting through the Education and Skills Funding Agency (ESFA)**

In accordance with the terms of our engagement letter dated 11 September 2022 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by HCUC ("the College") during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice ("the Code") issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a 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 data returns, for which the ESFA or devolved authority has other assurance arrangements in place.

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

### **Respective responsibilities of HCUC and the reporting accountant**

The Corporation of HCUC 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 which govern them.

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

### **Approach**

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

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

### **Independent Reporting Accountant's Assurance Report on Regularity (continued)**

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:

- Reviewing the internal control policies and procedures implemented by the College and evaluating their design and effectiveness to understand how the College has complied with the framework of authorities;
- Reviewing the minutes of meetings of the Members, relevant sub-committees and other evidence made available to us, relevant to our consideration of regularity;
- Enquiries of the Accounting Officer, including reviewing the work undertaken by the Accounting Officer in relation to their Statement on Regularity, Propriety and Compliance; and
- Detailed testing of the income and expenditure of the College based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit of the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

### **Conclusion**

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



**Cooper Parry Group Limited  
Reporting Accountant**

Cubo Birmingham  
Office 401, 4th Floor  
Two Chamberlain Square  
Birmingham  
B3 3AX

**Date:** 20 December 2022

**Statements of Comprehensive Income**  
for the year ended 31 July 2022

	Note	2022	2021
		£'000	£'000
<b>Income</b>			
Funding body grants	2	47,883	48,722
Tuition fees and education contracts	3	2,985	2,920
Other grants and contracts	4	3,228	2,944
Other income	5	2,308	901
Endowment and investment income	6	69	38
<b>Total income</b>		<b>56,473</b>	<b>55,525</b>
<b>Expenditure</b>			
Staff costs	7	38,201	36,237
Exceptional restructuring costs	7	204	41
Other operating expenses	9	12,712	11,935
Depreciation	12	4,470	4,377
Interest payable and other finance costs	10	686	600
<b>Total expenditure</b>		<b>56,273</b>	<b>53,190</b>
Surplus before other gains and losses		<b>200</b>	2,335
Gain / (loss) on disposal of assets		-	-
Gain / (loss) on investments		-	-
Surplus on continuing operations after depreciation of Net assets of Harrow College at point of merger		<b>200</b>	2,335
Taxation	11	-	-
<b>Surplus on continuing operations after depreciation of assets at valuation and tax</b>		<b>200</b>	2,335
Actuarial gain/loss in respect of pension scheme		<b>38,021</b>	(604)
<b>Total Comprehensive gain for the year</b>		<b>38,221</b>	1,731

**Statement of Changes in Reserves**  
for the year ended 31 July 2022

	Income and expenditure account £'000	Revaluation reserve £'000	Pension reserve £'000	Permanent Endowments £'000	Expendable endowments £'000	Total £'000
Balance as at 01 August 2021	81,968	4,400	(43,706)	186	32	42,881
Surplus from the income and expenditure account	3,028	-	(2,828)	-	-	200
Other comprehensive income	-	-	38,021	-	-	38,021
Transfers between revaluation and income and expenditure reserves	49	(49)	-	-	-	-
Transfers between restricted endowments and income and expenditure reserves	(2)	-	-	2	-	-
Balance as at 31 July 2022	85,043	4,351	(8,513)	188	32	81,102

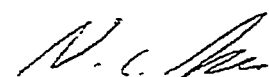
  

	Income and expenditure account £'000	Revaluation reserve £'000	Pension reserve £'000	Permanent Endowments £'000	Expendable endowments £'000	Total £'000
Balance as at 01 August 2020	77,162	4,450	(40,661)	167	32	41,150
Surplus from the income and expenditure account	4,776	-	(2,441)	-	-	2,335
Other comprehensive income	-	-	(604)	-	-	(604)
Transfers between revaluation and income and expenditure reserves	50	(50)	-	-	-	-
Transfers between restricted endowments and income and expenditure reserves	(19)	-	-	19	-	-
Balance as at 31 July 2021	81,968	4,400	(43,706)	186	32	42,881

**Balance sheet**  
for the year ended 31 July 2022

	Notes	2022 £'000	2021 £'000
<b>Non current assets</b>			
Tangible assets	12	107,871	109,074
Investments	13	-	-
Endowment assets	13	220	218
		<u>108,091</u>	<u>109,292</u>
<b>Current assets</b>			
Stock		48	41
Trade and other receivables	14	2,985	1,991
Cash at bank and in hand	21	31,491	29,070
Investments		-	-
		<u>34,524</u>	<u>31,102</u>
<b>Creditors: Amounts falling due within one year</b>	16	<u>(13,000)</u>	<u>(12,627)</u>
<b>Net current assets</b>		<u>21,524</u>	<u>18,475</u>
<b>Total assets less current liabilities</b>		<u>129,615</u>	<u>127,767</u>
<b>Creditors: Amounts falling due after more than one year</b>	17	<u>(39,458)</u>	<u>(40,798)</u>
<b>Provisions for liabilities and charges</b>			
Defined benefit obligations	21	(8,736)	(43,706)
Other provisions	19	(319)	(382)
<b>Total net assets</b>		<u>81,102</u>	<u>42,881</u>
<b>Restricted reserves</b>			
Expendable endowments	13	32	32
Permanent endowments	13	188	186
<b>Unrestricted reserves</b>			
Income and expenditure account		76,530	38,262
Revaluation reserve		4,351	4,400
<b>Total funds</b>		<u>81,102</u>	<u>42,881</u>

The financial statements on pages 27 to 57 were approved by the Corporation on 13th December 2022 and were signed on its behalf by:



Nicholas Davies  
Chair of Corporation



Keith Smith  
Accounting Officer

**Statement of Cash Flows**  
for the year ended 31 July 2022

	2022 £'000	2021 £'000
<b>Cash flow from operating activities</b>		
Surplus / (Deficit) for the year	200	2,335
Donations of Net Assets		
Transfer of cash on acquisition		
<b>Adjustment for non cash items</b>		
Depreciation	4,470	4,377
(Increase)/ decrease in stocks	(7)	(9)
(Increase)/decrease in debtors	(994)	354
Increase / (decrease) in creditors due within one year	313	3,381
Increase / (decrease) in provisions	(62)	(25)
Pension costs less contributions payable	3,051	2,441
Transfer to / (from) reserves	-	49
<b>Adjustment for investing or financing activities</b>		
Investment income	(67)	(19)
Interest payable	6	5
Release of deferred capital grants	(1,435)	(1,160)
Endowment depreciation/(appreciation)	(2)	(19)
Net cash flow from operating activities	<u>5,473</u>	<u>11,712</u>
<b>Cash flows from investing activities</b>		
Investment income	67	19
Withdrawal of deposits		
New deposits		
Payments made to acquire fixed assets	(3,268)	(8,599)
Receipt of deferred capital grants	155	6,584
	<u>(3,046)</u>	<u>(1,996)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(6)	(5)
	<u>(6)</u>	<u>(5)</u>
Increase / (decrease) in cash and cash equivalents in the year	<u>2,421</u>	<u>9,711</u>
Cash and cash equivalents at beginning of year	<u>29,070</u>	<u>19,359</u>
Cash and cash equivalents at end of year	<u>31,491</u>	<u>29,070</u>



## Notes to the Accounts

### 1 Statement of accounting policies

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

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

#### *Basis of accounting*

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

#### *Going concern*

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

Following merger in August 2017 the merged entity refinanced the Harrow revolving credit facility of £4m available to it on a term of 5 years. The College's forecasts and financial projections indicate that it will continue to be able to operate within this facility and covenants for the foreseeable future.

The College has carried out a formal assessment of the going concern principle in preparing for the signing the financial statements. This assessment includes the financial position and reserves as at 31<sup>st</sup> July 2022, cash and investment balances and cash flow for the next 12 months, the 2022/23 budget approved by the Corporation, level of student recruitment in 2022/23 and known liabilities and commitments in the next 12 months. The Corporation considers the College has adequate resources to continue in operational existence for the foreseeable future. The financial impact of COVID-19 is summarised within the Corporate Goals monitoring schedule which is reviewed by FGB on a termly basis, which includes any mitigation required to reduce the financial impact and being able to continue to operate as a going concern.

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*

The recurrent grant from the Education and Skills Funding Agency is that receivable as determined by the results of the funding audit undertaken. The recurrent grant from OFS represents the funding allocation attributable to the current financial year and is credited direct to the income and expenditure account.

## Notes to the Accounts *(continued)*

### 1 Statement of accounting policies *(continued)*

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element 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. Employer responsive grant income is recognised based on a year end reconciliation of income claimed and actual delivery with the Education and Skills Funding Agency. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the funding bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Other discrete grants received during the year are taken to income as expenditure is incurred in line with the specific terms and conditions attached to each fund by the funding bodies.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Non-recurrent grants from the Education and Skills Funding Agency or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

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.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis. Income from restricted purpose endowment funds not expended in accordance with the restrictions of the endowment in the period is transferred from the income and expenditure account to accumulated income within endowment funds.

## 1 Statement of accounting policies (continued)

### **Post retirement benefits**

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Second Pension.

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

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

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

#### *Local Government Pension Scheme (LGPS)*

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

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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

Further details of the pension schemes are given in note 22.

### **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.

### **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the college's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

## Notes to the Accounts (*continued*)

### 1 Statement of accounting policies (*continued*)

#### *Tangible fixed assets*

##### *Land and buildings*

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. Leasehold land and buildings are amortised over 50 years or, if shorter, the period of the lease. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life. On adoption of FRS 102, the College followed the transitional provisions to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 102.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

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

##### *Subsequent expenditure on existing fixed assets*

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
- Assets capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the assets life beyond that conferred by repairs and maintenance

##### *Buildings owned by third parties*

Where land and buildings are used, but the legal rights are held by a third party (for example a charitable trust), they are only capitalised if the College has rights or access to ongoing future economic benefit.

These assets are then depreciated over their expected useful economic life.

##### *Assets under construction*

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

#### *Equipment*

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

## Notes to the Accounts (*continued*)

### 1 Statement of accounting policies (*continued*)

Inherited equipment is depreciated on a straight line basis over its remaining useful economic life. All other equipment is depreciated over its useful economic life as follows:

Motor vehicles and general equipment	-	10 years
Computer equipment	-	3 years
Furniture and fittings	-	5 years

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

#### ***Leased assets***

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The relevant assets are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

#### ***Investments and endowment assets***

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

Listed investments held as fixed assets or endowment assets are stated at fair value.

Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

#### ***Stocks***

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

#### ***Maintenance of premises***

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

## Notes to the Accounts *(continued)*

### 1 Statement of accounting policies *(continued)*

#### **Foreign currency translation**

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

#### **Taxation**

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

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

#### **Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

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

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Cash deposits that have a maturity of greater than 3 months are included as current asset investments.

Cash for the purposes of the cash flow statement comprises cash in hand and the short term deposits included in current asset investments less overdrafts repayable on demand.

#### **Provisions**

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.

#### **Agency arrangements**

College acts as an agent in the collection and payment of discretionary support funds. Related payments received from the main funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 27 except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

## Notes to the Accounts *(continued)*

### 1 Statement of accounting policies *(continued)*

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

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

- Determining whether leases entered into by the College either as lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the 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.

#### Other Key sources of estimation uncertainty

- Tangible Fixed Assets.

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost / (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes (continued)

**2 Funding body grants**

	2022 £'000	2021 £'000
<b>Recurrent grants</b>		
Education and Skills Funding Agency - 16-19	35,245	37,342
Education and Skills Funding Agency - AEB	7,144	6,430
Office for Students	219	255
<b>Specific grants</b>		
Teachers Pension Scheme contribution grant	915	969
DFE Work Placement Capacity and Delivery	277	247
T-Levels Early Adopter Development	33	5
Education and Skills Funding Agency - 16-19 tuition fund	198	173
GLA Covid-19 Skills Recovery	-	-
Work-based learning *	1,884	1,818
Programmes for the Unemployed *	318	103
Covid-19 Skills Recovery *	197	175
Other (LSF admin fee)	18	45
Releases of agency capital grants:		
Buildings (note 19)	1,013	926
Equipment (note 19)	422	234
	<u>47,883</u>	<u>48,722</u>

\* The income shown above represents that earned by the College in its capacity both as a provider and as the contracting lead.

All payments to subcontractors for delivery of provision towards the main funding body targets have been excluded from the total funding council grant amounts disclosed above. Total income claimed in the year under this arrangement and related payments to partners were as follows:

	2022 £'000	2021 £'000
<b>Work-based learning</b>		
Work-based learning income	1,884	1,851
Payments to non College partners	-	(33)
Incentive payments to employers	-	-
<b>Net income</b>	<u>1,884</u>	<u>1,818</u>
	2022 £'000	2021 £'000
<b>AEB &amp; Programmes for the Unemployed</b>		
AEB and Programmes for the Unemployed income	364	299
Payments to non College partners	(46)	(196)
<b>Net income</b>	<u>318</u>	<u>103</u>



	2022 £'000	2021 £'000
<b>GLA Skills Recovery</b>		
GLA Covid-19 Skills Recovery income	-	466
NSF	144	
GWFA	208	
Payments to non College partners	(155)	(290)
<b>Net income</b>	<u>197</u>	<u>175</u>
	2022 £'000	2021 £'000
<b>OfS Grant and Fee Income</b>		
Grant income from the Office for Students	219	259
Fee income for taught awards (exclusive of VAT)	1,179	1,138
	<u>1,398</u>	<u>1,397</u>

Notes (continued)

**3 Tuition fees and education contracts**

	2022 £'000	2021 £'000
Tuition Fees	2,895	2,844
Education contracts	90	76
	<u>2,985</u>	<u>2,920</u>

**Tuition fees funded by bursaries**

There are no bursaries included in the above amounts (2020/21: £nil).

**4 Other grants and contracts**

	2022 £'000	2021 £'000
Other grants and contracts	234	240
High needs support	2,994	2,646
Coronavirus Job Retention Scheme grant	-	58
	<u>3,228</u>	<u>2,944</u>

In the previous year the corporation furloughed some of the staff under the government's Coronavirus Job Retention Scheme.

The funding received of £58,000 relates to staff costs which are included within the staff costs note below as appropriate.

**5 Other income**

	2022 £'000	2021 £'000
Catering	1,098	646
Other income generating activities	64	24
Other income	1,146	231
	<u>2,308</u>	<u>901</u>

**6 Endowment and investment income**

	2022 £'000	2021 £'000
Gain/(Loss) from permanent endowment asset investments (note 13)	2	19
Interest Receivable	67	19
	<u>69</u>	<u>38</u>

Notes (continued)

**7 Staff numbers and costs**

The average number of persons employed by the group (including key management personnel) during the year, expressed as full-time equivalents, was as follows:

	2022	2021
Teaching staff FTE	327	351
Non-teaching staff FTE	267	264
	<u>594</u>	<u>615</u>

The numbers above exclude estimates of the staff numbers employed through contracting out arrangements.

	2022 £'000	2021 £'000
Wages and salaries	24,824	24,554
Social security costs	2,400	2,373
Pension costs including FRS 102 adjustments	<u>7,124</u>	<u>6,641</u>
<b>Payroll sub total</b>	<b>34,348</b>	<b>33,568</b>
Contracted out staffing costs	3,853	2,669
Exceptional restructuring costs	204	41
<b>Total staff costs</b>	<b><u>38,405</u></b>	<b><u>36,278</u></b>

**7 Staff numbers and costs** *(continued)*

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

	2022 Number of senior post- holders	2022 Number of other staff	2021 Number of senior post- holders	2021 Number of other staff
£60,000 to £65,000		1		3
£65,001 to £70,000		2		1
£70,001 to £75,000		5		4
£75,001 to £80,000		2		3
£80,001 to £85,000				
£85,001 to £90,000				
£90,001 to £95,000	1			
£95,001 to £100,000			1	
£100,001 to £105,000				
£105,001 to £110,000			1	
£110,001 to £115,000	2		1	
£165,001 to £170,000	1			
	<u>4</u>	<u>10</u>	<u>4</u>	<u>11</u>

Including part time worked grossed up to full time equivalent.

A general pay award of 1.0% (2020/21: 1.0%) was made with effect from 1 August 2021. This was approved by the Governing Body.

Notes (continued)

**8 Emoluments of key management personnel**

Key management personnel are defined as members of the executive management team.

	2022 Number	2021 Number
The number of senior post-holders, including the Accounting Officer, was	<u>4</u>	<u>4</u>

Key management personnel emoluments are made up as follows:

	2022 £'000	2021 £'000
Salaries	482	472
Employers' National Insurance	63	60
Benefits in kind	8	3
Pension contributions	114	111
	<u>667</u>	<u>646</u>

The above emoluments include amounts payable to the CEO and Group Principal who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2022 £'000	2021 £'000
Salaries	166	158
Pension contributions	39	37
Benefits in kind	3	3
	<u>208</u>	<u>198</u>

The pension contributions in respect of the Accounting Officer and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and the Local Government Pension Scheme and are paid at the same rate as for other employees.

Accounting Officer's remuneration as multiple of the median pay for all other employees (on a FTE basis)

	2022	2021
Multiple based on basic salary	4.93	4.80
Multiple based on total remuneration	6.18	6.02

Agency staff have been excluded from the total remuneration because the College does not record amounts paid to agencies for agency staff in a manner which allows the inclusion of individual agency staff in the calculation of pay ratios. In addition casual staff have been excluded due to the difficulty in assigning a full-time equivalent value to these flexible employees.

Notes (continued)

**9 Other operating expenses**

	2022 £'000	2021 £'000
Teaching costs	2,810	2,479
Non teaching costs	5,578	5,421
Premises costs	4,324	4,035
	<u>12,712</u>	<u>11,935</u>

Other operating expenses include:

Auditors remuneration:

Financial statements audit	41	40
Internal audit	36	44
Depreciation	4,470	4,377

**9a Access and Participation Funding**

	2022 £'000	2021 £'000
Access investment	-	-
Financial support to students	44	33
Disability support	-	-
Research and evaluation (relating to access and participation)	-	-
	<u>44</u>	<u>33</u>

**10 Interest payable**

	2022 £'000	2021 £'000
Interest payable	6	5
Pension finance costs	681	595
	<u>686</u>	<u>600</u>

Notes (continued)

11 Taxation

The members do not believe the College was liable for any corporation tax arising out of activities during either period.

12 Tangible fixed assets

	Assets under Construction	Freehold Land & Buildings	Equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 August 2021	-	129,362	34,864	164,226
Additions	-	1,038	2,230	3,268
Disposals	-	-	-	-
<b>At 31 July 2022</b>	<b>-</b>	<b>130,400</b>	<b>37,094</b>	<b>167,494</b>
<b>Accumulated depreciation</b>				
At 1 August 2021	-	25,467	29,686	55,153
Charge for year	-	2,210	2,260	4,470
Eliminated in respect of disposals	-	-	-	-
<b>At 31 July 2022</b>	<b>-</b>	<b>27,677</b>	<b>31,946</b>	<b>59,623</b>
<b>Net Book Value</b>				
<b>At 31 July 2022</b>	<b>-</b>	<b>102,723</b>	<b>5,148</b>	<b>107,871</b>
<b>At 31 July 2021</b>	<b>-</b>	<b>103,895</b>	<b>5,178</b>	<b>109,073</b>

Notes (continued)

**12 Tangible fixed assets (continued)**

The transitional rules set out in FRS 102 Tangible Fixed Assets have been applied. Accordingly, the book values at implementation have been retained. Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by a firm of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

13 Investments	2022		
	£'000	2021	£'000
Investment in subsidiary company at cost	-	-	
Investment in associated undertakings	-	-	
Other non current asset investments	-	-	

Endowments Assets	£'000 Restricted Expendable	£'000 Restricted Permanent	£'000 Total
At 1st August 2021:			
Gain on endowment assets investments	32	186	218
Income for year (interest received)	-	2	2
Disposal	32	188	220
As 31st July 2022			
Capital	32	186	218
Accumulated Income	-	2	2
	32	188	220



Notes (continued)

14 Debtors

	2022	2021
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	1,447	1,447
Prepayments and other debtors	1,538	544
	<u>2,985</u>	<u>1,991</u>

15 Current investments

	2022	2021
	£'000	£'000
Short term deposits	-	-
Total	<u>-</u>	<u>-</u>

16 Creditors: Amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	837	703
Other taxation and social security	1,122	1,139
Accruals and deferred income	7,713	7,590
Holiday pay accrual	1,131	931
Deferred income - capital grants	1,423	1,363
Amounts owed to the ESFA/GLA	774	901
	<u>13,000</u>	<u>12,627</u>

17 Creditors: Amounts falling due after more than one year

	2022	2021
	£'000	£'000
Deferred income - capital grants	39,458	40,798
	<u>39,458</u>	<u>40,798</u>

Notes (continued)

18 Deferred capital grants

College	ESFA £'000	Other grants £'000	Total £'000
At 1 August 2021:			
Land and buildings	40,200	745	40,945
Equipment	987	230	1,216
Cash receivable:			
Land and buildings	-	97	97
Equipment	-	58	58
Release to income and expenditure:			
Land and buildings	(1,009)	(4)	(1,013)
Equipment	(401)	(21)	(422)
<b>At 31 July 2022</b>			
Land and buildings	39,191	838	40,029
Equipment	585	267	852
	<b>39,776</b>	<b>1,105</b>	<b>40,881</b>

Notes (continued)

19 Provisions

	Defined benefit obligations £'000	Enhanced pensions £'000	Total £'000
At 1 August 2021:	43,706	382	44,088
Expenditure in the period	(2,110)	(62)	(2,172)
Additions in the period	(33,083)	-	(33,083)
			-
<b>At 31 July 2022</b>	<b>8,513</b>	<b>319</b>	<b>8,832</b>

Defined benefit obligations relate to the liabilities under the Colleges membership of the Local Government Pension Scheme. Further details are given in note 22.

The enhanced pension provisions relate to the cost of staff who have already left the college's employ and commitments for reorganisation costs from which the college cannot reasonably withdraw at the balance sheet date.

EPP note	2022	2021
Principal assumptions for the EPP calculation are		
Price inflation	2.75%	2.60%
Discount rate	3.40%	1.60%

20 Cash and Cash equivalents

	at 1 August 2021 £'000	Cashflows £'000	Other changes £'000	At 31 July 2022
Cash and cash equivalents	29,070	2,421		31,491
Overdrafts				
	<b>29,070</b>	<b>2,421</b>	<b>-</b>	<b>31,491</b>

Notes (continued)

**21 Pensions and similar obligations**

The College' employees belong to two principal pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non teaching staff which is managed by Hillingdon Local Authority. Both are multi employer schemes.

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

Total pension cost for the year	2022 £'000	2021 £'000
Teachers Pension Scheme: contributions paid	2,681	2,679
Local Government Pension Scheme:		
Contribution paid	2,110	2,103
FRS 102 (28) charge	2,333	1,859
Charge to the Statement of Comprehensive Income	4,443	3,962
Enhanced pension charge to Statement of Comprehensive Income		
<b>Total Pension Cost for Year within staff costs</b>	<b>7,124</b>	<b>6,641</b>

**Teachers' Pension Scheme**

**Introduction**

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

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

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

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

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

**Notes (continued)**

**21 Pensions and similar obligations (continued)**

The latest actuarial review of the TPS was carried out as at 31 March 2019. 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 2018-19. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year.

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

The pension costs paid to TPS in the year amounted to £2,681,000 (2020/21: £2,679,000)

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Hillingdon Local Authority. The total contribution made for the year ended 31 July 2022 was £2,681,000 of which employer's contributions totalled £2,110,000 (inclusive of FRS102 charge) and employees' contributions totalled £563,000.

For the period 1 August 2021 to 31 July 2022 the employer's contribution rate was 23.4%. The employee contribution rate for the same period remained in a range between 5.5% and 12.5 % dependent on spinal point and whether staff are term time only or full time.

Notes (continued)

21 Pensions and similar obligations (continued)

FRS 102 - Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund as at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary.

	31 July 2022	31 July 2021	31 July 2020	31 July 2019
RPI Inflation		n/a	n/a	n/a
Inflation assumption (CPI)	2.75%	2.85%	2.20%	2.40%
Rate of increase in salaries	3.05%	3.15%	2.50%	2.80%
Rate of increase in pensions	2.75%	2.85%	2.20%	2.40%
Discount rate for liabilities	3.50%	1.60%	1.40%	2.10%

On advice from our actuaries, an allowance is included for future retirements to elect to take 65% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 85% of the maximum tax-free cash for post-April 2008 service.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. Life expectancy as at 31 July 2022 is based on the Fund's Vita Curves. Average future life expectancies at retirement age 65 are summarised below:

	At 31 July 2022	At 31 July 2021
<i>Current pensioners</i>		
Males	22.1 years	22.3 years
Females	24.5 years	24.7 years
<i>Future pensioners</i>		
Males	22.8 years	23.3 years
Females	25.5 years	26.2 years

The College's share of the assets in the scheme and the expected rates of return were:

	21/22		20/21		19/20	
	Long term rate of return expected at 31 July 2022	Value at 31 July 2022	Long term rate of return expected at 31 July 2021	Value at 31 July 2021	Long term rate of return expected at 31 July 2020	Value at 31 July 2020
		£'000		£'000		£'000
Equities		32,615		33,097		26,810
Bonds		21,271		21,125		19,660
Property		13,472		11,267		8,937
Cash		3,545		4,929		4,170
<b>Total market share of assets</b>	<b>3.5%</b>	<b>70,903</b>	<b>2.7%</b>	<b>70,418</b>	<b>2.7%</b>	<b>59,577</b>

*HCUC*  
*Members' report and financial statements*  
*For the year ended 31 July 2022*

	<b>21/22</b>	<b>20/21</b>	<b>19/20</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
College's estimated asset share	<b>70,903</b>	70,418	59,577
Present value of scheme liabilities	<b>(79,615)</b>	(114,096)	(100,210)
Present value of unfunded liabilities	<b>(24)</b>	(28)	(28)
Deficit in the scheme	<b>(8,736)</b>	(43,706)	(40,661)

Notes (continued)

21 Pensions and similar obligations (continued)

Analysis of the amount recognised in Statement of Comprehensive Income

	2022 £'000	2021 £'000
<b>Amounts included in staff costs</b>		
Employer (current) service cost (net of employee contributions)	4,220	3,962
Past service cost	223	-
Total operating charge	<u>4,443</u>	<u>3,962</u>

Analysis of pension finance (cost)/income

	2022 £'000	2021 £'000
Expected return on pension scheme assets	1,132	840
Interest on pension scheme liabilities	(1,850)	(1,422)
Pension finance cost	<u>(718)</u>	<u>(582)</u>

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

	2022 £'000	2021 £'000
Fair value of plan assets	70,903	70,418
Present value of plan liabilities	(79,615)	(114,096)
Present value of unfunded liabilities	(24)	(28)
Net pension (liability)	<u>(8,736)</u>	<u>(43,706)</u>

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

	2022 £'000	2021 £'000
<b>Amounts included in staff costs</b>		
Current service cost	4,220	3,962
Past service cost	223	-
Total	<u>4,443</u>	<u>3,962</u>
Amount included in investment income		
Net interest (costs)	<u>(718)</u>	<u>(582)</u>
	<u>(718)</u>	<u>(582)</u>

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	(1,452)	9,089
Experience losses arising on defined benefit obligations	(240)	1,427
Changes in assumptions underlying the present value of plan liabilities	39,343	(9,502)
Changes in demographic assumptions	370	(1,618)
Amount recognised in Other comprehensive Income	<u>38,021</u>	<u>(604)</u>



Notes (continued)

21 Pensions and similar obligations (continued)

Asset and Liability Reconciliation

	2022	2021
	£'000	£'000
<b>Reconciliation of liabilities</b>		
Liabilities at start of period	114,124	100,238
Service cost	4,220	3,962
Interest cost	1,850	1,422
Employee contributions	563	575
Other experience	240	(1,427)
Changes in demographic assumptions	(370)	1,618
Changes in financial assumptions	(39,343)	9,502
Benefits paid	(1,866)	(1,764)
Unfunded benefits paid	(2)	(2)
Past service cost	223	-
<b>Liabilities at end of period</b>	<b>79,639</b>	<b>114,124</b>
<b>Reconciliation of Assets</b>		
Assets at start of period	70,418	59,577
Interest on plan assets	1,132	840
Return on plan assets	(1,452)	9,089
Employer contributions	2,110	2,103
Contributions by scheme participants	563	575
Benefits paid	(1,866)	(1,764)
Unfunded benefits paid	(2)	(2)
<b>Assets at end of period</b>	<b>70,903</b>	<b>70,418</b>
<b>Movement in deficit during year</b>		
	£'000	£'000
Net defined liability in scheme at 1 August	(43,706)	(40,661)
Movement in year:		
Current service cost	(4,220)	(3,962)
Employer Contributions	2,110	2,103
Past service costs	(223)	-
Net interest on the defined (liability) / asset	(718)	(582)
Actuarial loss	38,021	(604)
<b>Net defined benefit (liability) / asset at 31 July</b>	<b>(8,736)</b>	<b>(43,706)</b>

Notes (continued)

**22 Capital commitments**

	2022 £'000	2021 £'000
Authorised and contracted	-	-
Authorised not yet contracted	-	-
Commitments contracted for at 31 July	<u>-</u>	<u>-</u>

There were no capital commitments contracted for as at 31 July 2022 or 31 July 2021. The capital commitments contracted for as at 31 July 2020 relate to the works of two capital builds: (1) Armstrong Building at Harrow College, and (2) IoT Building at Uxbridge College

**23 Financial commitments**

At 31 July 2022, the College had total commitments under non-cancellable operating leases as follows:

	2022 £'000	2021 £'000
<b>Future minimum lease payments due</b>		
<b>Other</b>		
Not later than one year	60	60
Later than one year and not later than five years	20	80
Later than five years		-
	<u>80</u>	<u>140</u>

Notes (continued)

**24 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 organisations in which a member of the Governing Body may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under Financial Reporting Standard 102

**25 Post balance sheet events**

Details of post balance sheet events are given in the report of the members of the Corporation.

**26 Amounts Disbursed as Agent**

**Learner support funds**

	2022 £000s	2021 £000s
Discretionary Learner Support Fund Allocations (including Bursary for 24+ Loans)	1,258	1,578
	<u>1,258</u>	<u>1,578</u>
Learner Support Funds Disbursed	(1,087)	(1,241)
Administration costs	(40)	(67)
Balance at 31 July	<u><u>131</u></u>	<u><u>270</u></u>

Agency grants are available solely for students. In the majority of instances, the College acts only as paying agent. In these circumstances, the grants and related disbursements have therefore been excluded from the accounts, other than when the College has directly incurred expenditure itself