



**Richmond upon
Thames College**

**Report and Financial Statements
for the year ended 31 July 2022**

RICHMOND UPON THAMES COLLEGE

Report and Financial Statements for the year ended 31 July 2022

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel were defined as members of the College Leadership Team and were represented by the following in the period 1 August 2022 to 4 January 2023.

Jason Jones – Acting Principal and CEO; Accounting Officer

Ian Rule – Consultant Vice Principal Finance (until 30 June 2022)

Shane Woodhatch – Interim Group Director Finance & Resource Planning RuTC and HCUC (from 1 July 2022)

Alison de Lord – Assistant Principal - HR & OD

Sheila Fraser-Whyte – Executive Director, Business Development and Innovation

Principal and Registered Office Langhorn Drive, Twickenham, Middlesex, TW2 7SJ

Board of Governors

A full list of Governors up to dissolution is given on pages 16-17 of these financial statements.

A list of members of HRUC Corporation at the date of approval of these financial statements is on page 15.

Sarah Connerty acted as interim Governance Advisor.

Professional Advisers

Financial statement auditors and reporting accountants:

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers:

Bank of Scotland
PO Box 17325
Edinburgh
EH11 1YH

Internal auditors:

Mazars
Tower Bridge House
St Katharine's way
London
E1W 1DD

Solicitors:

Eversheds Sutherland LLP
Senator House
85 Queen Street
London
EC4V 4JL

RICHMOND UPON THAMES COLLEGE

Report and Financial Statements for the year ended 31 July 2022

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Strategic Report

Richmond upon Thames College

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 merged with Richmond Upon Thames College (RuTC) on 4 January 2023. As part of the merger, the assets, liabilities and activities of RuTC were transferred to HCUC which changed its name to HRUC with the Corporation of RuTC subsequently being dissolved.

These financial statements are presented by the board of HRUC in the absence of the Governing Body that was in place during the year.

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

OBJECTIVES AND STRATEGIES

Legal Status

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting the business of Richmond upon Thames College. The College was an exempt charity for the purposes of Part 3 of the Charities Act 2011. On 4 January 2023 it merged with HCUC and its activities, assets and liabilities were transferred to HCUC and its name changed to HRUC (Harrow, Richmond and Uxbridge Colleges).

Mission

The strategic vision was updated in 2021 to the following:

- Vision: Transforming lives through a passion for learning
- Mission Statement: Expanding opportunity by delivering inclusive, inspirational and high-quality learning to all. We encourage curiosity, develop confidence and resilience, and prepare our students for a successful future.
- Values: Trust; Integrity; Excellence

Public Benefit

Richmond upon Thames College (RuTC) was an exempt charity under Part 3 of the Charities Act 2011 and was regulated by the Secretary of State for Education. The members of the Governing Body, who were trustees of the charity, are disclosed on pages 16 and 17.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard to the Charity Commission's guidance on public benefit and particularly 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 were for the public benefit.

In delivering its mission, the College provided identifiable public benefit through the advancement of education to 2,092 students, including 100 students with high needs. It provided courses without charge to young people, to those who were unemployed and adults taking English and maths courses and adjusted its courses to meet the needs of local employers, providing training to 107 apprentices.

The College was committed to providing information, advice and guidance to the students it enrolled and finding suitable courses for as many students as possible regardless of their educational background. In doing all this, the College's mission was characterised by:

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

Implementation of Strategic Plan

Following the important recovery work undertaken in 2019/20, the College adopted a one-year strategic plan in 2020/21, led by a Strategic Working Group comprised of governors, managers and other staff in the College. This plan was originally intended to be developed into a longer-term Strategic Plan of 5 years, based on the GLA targets underpinning the redevelopment grant funding and incorporating other wider measures. This will now be taken forward by the merged college HRUC, as part of the merger with HCUC, covered in greater detail under 'future prospects' on page 9.

Following the decision to pause the merger which had been intended for 31 July 2021, the strategy for 2021/22 was a continuation of the plan from 2020/21 and included the following:

- Reshape the College – refresh strategic direction, staff profile and cultural change
- Strategically position for growth and sustainability; distinctiveness; collaboration and/or merger
- Set and achieve ambitious but realistic KPIs and deliver an excellent student experience
- Ensure rigorous quality standards – finance; systems; processes; policies
- Maximise the potential of the new buildings and a new era

The Senior Leadership Team (SLT) developed the strategic priorities in consultation with the wider College Management Team (CLT). The strategic priorities were linked with the refreshed mission and vision statement, highlighting the importance, relevance and value of priorities and reinforcing commitment to achieving them. The targets had been set based on the principles of:

- Delivering the academic and corporate strategies and plans to deliver high quality education and training
- Delivering strategic, measurable and achievable targets set at FE sector average or above

The strategy had been formulated by an assessment of:

- What the College intended to accomplish and where it aimed to be in the future
- How the organisation can position itself in the right place at the right time with the right qualifications and services aligned to the strategic priorities of the Mayor of London as set out in the Skills for Londoners Strategy and Framework
- How the organisation could be successful and sustainable in the long term

This included the importance of its students, employees, public image, and environment. Much depended on the College's values, as these expressed what was important to the organisation, and they governed the priorities, plans and strategies.

Priorities for 2021/22

The priorities and targets were agreed by the Board who actively monitored the implementation of the Strategic Plan, using the agreed measures to evaluate impact. The priorities, carried over from 2020/21, had been summarized into four key headings: Learner Success; Culture; Finance and Sustainability and Brand and Reputation.

Each of the priorities were owned by a member of CLT and actions and key measures of progress agreed. These four priorities, formed part of a set of key performance metrics which, together with the key performance targets, were monitored regularly by the Board.

CLT measured progress towards key milestones to discern the impact of actions taken to deliver priorities and vision which were aligned with the 'Skills for Londoners Strategy and Framework'. The unique Richmond Education and Enterprise Campus (REEC) collaboration was a central part of the Strategic Plan ensuring delivery of skills for Londoners.

With 'Learners at the heart of all we do', management would work together to position RuTC as a successful and ambitious college with a reputation for excellence.

VISION: Transforming lives through a passion for learning

Priority One	Priority Two	Priority Three	Priority Four
LEARNER SUCCESS	CULTURE	FINANCE & SUSTAINABILITY	BRAND & REPUTATION
Curriculum	Vision, Mission and Focus	Deliver the Financial Recovery Plan	Work with Partners to add value
Creativity	Agile, creative, and empowering culture	Develop Finance and MIS systems and processes	Develop Stakeholder engagement
Continuous Improvement	Attract, retain and develop talented people	Deliver Phase 2 Capital Build	Present the Stand-Alone College model and complete the SPA process
		Recognise our responsibility for the environment	Increase income streams and market share

Performance indicators

In October 2019, the College was placed under financial intervention by the ESFA due to a continued required improvement financial health rating. The College responded strongly, appointing experienced interim Principals and Vice Principal for Finance, as well as other recent changes in senior appointments. Further responses are covered throughout this report.

Measure	2021/22		2020/21	
	Performance	Target	Performance	Target
Total income	£16.9m	£16.1m	£16m	£15.2m
EBITDA - Education Specific	£616k	£1.941k	£1.157k	£1.162k
Staffing costs as a % of direct income	66.82%	65.6%	66.7%	68.1%
Cash days in hand (excl. advance & exceptional costs)	0 days	123 days	17 days	19.2 days
Current ratio (exc. Development funds)	0.08	1.17	0.29	1.05

The College was committed to observing the importance of sector measures and indicators and used the FE Choices data available on the GOV.UK website, which looked at measures such as success rates.

The College was required to complete the annual College Financial Forecasting Return (CFFR) for the Education and Skills Funding Agency (ESFA).

FINANCIAL POSITION

Financial Results

The Group generated a deficit before other gains and losses in the year of £2,416k (2020/21: £2,064k), with total comprehensive income of £10,434k, (2020/21: £4,631k).

The Group had accumulated reserves of £30,374k (2021: £19,940k) and no cash balance (overdraft of £686k) (2021: £1,414k).

Tangible fixed asset additions during the year amounted to £1,045k. This mainly related to the building costs for the new College building.

The Group had significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2021/22 the FE funding bodies provided 85% of the Group's total income.

The College had a subsidiary company, RuTC Trading Services Limited. The principal activity of RuTC Trading Services Limited was carrying out commercial activities ancillary to the operations of Richmond upon Thames College, the parent organisation. The activities resulted from the provision of education and by making available the facilities of Richmond upon Thames College. Any surplus generated by the subsidiary was transferred to the College under gift aid. The net deficit for the year in 2021/22 was £32k (2020/21 – £21k).

Treasury Policies and Objectives

The College had treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. Short-term borrowing for temporary revenue purposes was authorised by the Finance and Resources Committee. All other borrowing required the authorisation of the Corporation.

The College's borrowings related to finance leases with three- to five-year terms. It was able to utilise surplus capital receipts to support working capital requirements. However, an overdraft facility of £1m was agreed with Barclays Bank to support working capital requirements and fund Phase 2 preliminary works until the merger with HCUC. As at 31 July 2022, the college's overdraft was £686k.

Cash Flows & Liquidity

The College had no cash balances at 31 July 2022.

Reserves Policy

The College had no formal Reserves Policy but recognised the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources were provided for the College's core business. As at the balance sheet date, unrestricted reserves stood at £30,374k (2020/21: £19,940k), although this was mainly represented by tangible fixed assets.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial Health

The Education and Skills Funding Agency had assessed the health of the college as “Requires Improvement” based on the latest forecast outturn for 2021/22; these financial statements confirms the assessment for 2021/22.

Whilst the College had low levels of borrowing, and therefore scored highly in this regard, it had reported successive deficits caused mainly by historic reductions in funding not being matched by reductions in staffing costs. This deficit position, and the lack of cash as a result, both caused low financial health scores. The College recognised the core issue and implemented a programme of cost reduction during 2020/21 in order that stronger financial health could be achieved thereafter, since then no savings were achieved.

Student numbers

In the year 2021/22 the College enrolled and retained 2,092 (excl. Apprenticeships, Sub-Contracted and HE) 16-18-year-old students, representing an increase over 2020/21 of 3%. The funding generated by these 16-18 students was £11,870k exclusive of High Needs element 2.

The Adult Education Budget is not expressed in terms of learner numbers but focuses primarily on the funding value. Total income for 2021/22 was £1,658k which excluded National Skills Funding.

Curriculum developments

2021/2022 saw only minor disruption post Covid-19 and the College had returned to normal classroom delivery.

To enable all learners to progress to their highest level of study which was at the heart of the College’s strategic plan, and responding to GLA economic forecasts for rapidly increasing demand for higher vocational skills. The College curriculum review continued to both rationalise and re-align its offer to 16-18 year olds and adults to provide:

- priority vocational and academic specialisms to ensure learners had the skills and employment opportunities to meet demand and gain sustainable jobs;
- opportunities to gain a valuable insight into real-world work contexts through an increased focus on providing meaningful work experience and/or industry placements for all Study Programme students;
- new specialist facilities which would both meet industry standards and embed a new college ethos for higher technical skills;
- a broader curriculum offer across levels in order to provide clear and viable progression pathways from level 1 to level 5;
- a more inclusive curriculum with a planned alternative offer for non-traditional routes;
- a curriculum model that would embrace the opportunities presented through the Post-16 Skills Plan and reform of technical education;
- an enrichment and employability offer which would support both personal development and the enhancement of students’ employability profiles;
- increased ‘in-bound’ progression partnerships with 11-16 schools (and, where viable, with 11-18 schools whose post-16 offer differs from that of RuTC);

- increased partnerships with HEI's as 'validating partners' to allow the College to offer new industry-led higher qualifications at Level 4 and 5 (consistent with the Government review of higher education and the recommendation for greater HE in FE);
- a culture of parity of esteem, which would be demonstrated by the high-specification facilities and employer-led teaching methodologies to stimulate the necessary growth for technical level and higher-level apprenticeship standards with well-planned progression pathways into employment with onward skills developments and opportunities;
- an increased offer for apprenticeships at both 16-18 and 19+; capacity for local employer engagement would grow through access to the new facilities, delivery of business sector seminars and SME services;
- further growth in apprenticeship provision which included exploration of collaborative apprenticeship models with other providers, in particular the local adult community college and its Business School;
- an opportunity to flip students (16-18) from Year 1 main study programmes to Apprenticeship pathways where appropriate including January starts and transition points for non-College students within the local area;
- a restructured Business Development team to maximise employer engagement and opportunities with Apprenticeship Levy-paying employers and to develop a careers and employment hub to support students' employability development.

Payment performance

The UK Government has required big businesses and government suppliers to adopt a payment code (<http://www.promptpaymentcode.org.uk/>) with an expectation that suppliers will be paid within 60 days as a minimum, and 30 days as a target.

During the accounting period to 31 July 2022, the College average performance against the 60-day minimum was 81% (2020/21: 77%) by number and 85% (2020/21: 76%) by value. The College was committed to improving this position and fully complying with the above code.

Future prospects

The past inadequate financial health of the College led the ESFA and FE Commissioner to impose a financial notice to improve in 2019, and a Structure and Prospects Appraisal (SPA) process commenced in 2020 as a result, completing in November 2020 with the Board resolving to accept the FE Commissioner's recommendation to merge with HCUC Group (Harrow and Uxbridge Colleges) whereby it was likely that its net assets and activities would transfer to HCUC and the Corporation would be dissolved. The merger was originally expected to complete on 1 August 2021 but was delayed due to ongoing risks around the campus redevelopment and the merger completed on 4 January 2023.

With planning permission and capital funding secured, construction commenced in Spring 2018 to deliver a rationalised College estate with more effective use of specialist industry led facilities, of which the first phase opened in 2020. A new 11-16 free school opened in September 2017, and an SEN school opened in 2018. Following delays as a result of coronavirus, and changes to the project in consultation with local planners, the remainder of the project comprised a refurbishment and extension of the sports centre in 2022/23 and the completion of a new STEM Hub in 2023/24.

Through joint curriculum planning and delivery with the schools, the expectation was that students would feed into the College from 2023 at Year 12. The campus redevelopment had thus far secured significant employer endorsement including co-location of the Chamber of Commerce and initial discussions around further opportunities for co-location of additional employer resources, as well as employers' engagement in terms of curriculum investment and design, occupational expertise, sponsorship and emerging commercial educational operating models for maximising future revenue.

A number of changes were made to strengthen governance arrangements to ensure that the Board was the focal point for running the College and was more connected and vigorous in its challenge of key issues. This included a review of its membership and the Committee structure, together with regular joint meetings with the HCUC Governing Body as a precursor to merger.

The College continued to commit to gains in business efficiencies, delivered lean services and a responsive curriculum to secure a sustainable and strong foundation for future financial health.

RESOURCES

The College had various resources that it could deploy in pursuit of its strategic objectives. Tangible resources included the College's site at Twickenham and the estate contained therein.

Financial

The Group had £30.4 million of net assets at 31 July 2022.

People

At the end of 2021/22 the College employed 274 people of whom 128 were teaching staff.

Reputation

The College had a good reputation locally and nationally. Maintaining a quality brand was essential for the College's success at attracting students from neighbouring and other London Boroughs and enhancing external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

The College continued to embed systems of internal control, including financial, operational and risk management designed to protect the College's assets and reputation.

Based on the Strategic Plan, the College Management Team regularly undertook a comprehensive review of the risks to which the College was exposed. Members identified systems and procedures, including specific actions to mitigate risks to the College and internal controls were then implemented. Subsequent appraisals reviewed the effectiveness and progress of risk mitigation actions.

The College risk register was updated termly by the College Leadership Team and reviewed at each Audit Committee meeting. Risks that fell within the remit of each Committee were discussed at meetings of the Finance and Resources and the Curriculum, Quality and Standards Committees.

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

1. Inability to manage College operations leading to inadequate financial health score and/or insolvency

The College's financial health grade was "inadequate".

Moving forward, this risk will be mitigated by:

- RuTC merging with HCUC
- Rigorous budget setting procedures including review of class sizes, curriculum contributions
- Regular in-year budget monitoring and robust financial controls in particular staff costs
- Exploring on-going procurement efficiencies
- Further engagement with local feeder schools
- Review and improve the enrolment process

2. Reduction in income resulting from fewer student numbers (16-18, AEB, Apprentices)

The 16-18 student enrolment numbers for 2022/2023 were below target, which will impact future funding allocation, due to inflated school grades and learners gaining employment over education due to inflation impacting household budgets. Application for in year growth will be made if enrolment numbers exceed allocation in the following academic year. The Executive Director for Business Development had objectives to support and extend commercial and apprenticeship opportunities with short adult courses with Job Centre Plus already underway.

3. Need for Improvement in College Achievement

Unlike in previous years there was no Qualification Achievement Rates (QAR) produced for 2021/22 and no National Achievement (NA) Rates Tables, as a result of the pandemic. The most recently available NA rates are 2018-19, at 84% overall. The overall achievement for the College in 2021/22 was 75.5% (2020/21 72.8%), the NA is currently unavailable due to COVID19.

4. Failure to deliver both phases of the campus redevelopment and Cost overruns or funding shortfalls associated with the redevelopment project

Phase 1 was completed and the new building is contributing to an enhanced student experience and its modern aspect was supporting the hygiene regime required during the pandemic. Phase 2 STEM Centre and Sports Facility redevelopment planning was well advanced, with Sport due for completion June 2023 and STEM by August 2023, having been further delayed by the pandemic. There were various risks arising due to Covid-19 and the implications for progressing to phase 2 from phase 1, the most significant being costs of delayed delivery of phase 2.

5. Recruitment, retention and development of high calibre staff/ succession planning

Inability to recruit key staff, not having the right people in the right jobs, and not delivering the College Strategy would impact on our growth. We had three Interim Senior Post Holders; however a value for money review had shown that they have provided economy, efficiency and effectiveness. Through positive communications, the stability of staff and morale had been managed effectively through the merger process, and proceeding fully to merger will provide for stability and permanence in the management team.

OTHER INFORMATION

Stakeholder Relationships

The College strategy included a focus on Stakeholders as a theme with clear objectives and performance indicators articulated over its lifetime.

In line with other Colleges and with universities, Richmond upon Thames College had many stakeholders. These included:

- Students;
- Education sector funding bodies;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Government Offices/Regional Development Agencies/LEPs;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies;
- HE institutions

The College recognised the importance of these relationships and engaged in regular communication through stakeholder forums including community and employer based.

Equal Opportunities and Employment

The College was committed to ensuring equality for all who learned and work there. We respected and positively valued differences in race, gender, sexual orientation, disability, religion or belief and age. The College's Equal Opportunities Policy was published on the College website. The policy was resourced, implemented and monitored on a planned basis.

The College published an Annual Workforce Composition Report, which monitored and ensured compliance with all relevant equality legislation including the Equality Act 2010.

All applications for employment from disabled persons were welcomed, bearing in mind the aptitudes of the individuals concerned. Where an existing employee became disabled, every effort was made to ensure that employment with the College continued. The College's policy was to provide training, career development and opportunities for promotion which, as far as possible, provided identical opportunities to those of a non-disabled employee.

The College actively promoted the importance of Equality and Diversity within its workforce, providing and implementing mandatory training to all employees.

Disability Statement

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

- The College's older buildings have had adaptations to ensure full access. As part of its accommodation strategy, the specification for new buildings had ensured compliance with the Equality Act in respect of full access.
- The College's Additional Learning Support service provided information, advice and arranged support where necessary for students with disabilities.
- There was a list of specialist equipment, such as radio aids, which the College could make available for use by students and a range of assistive technology is available in the learning centre.
- The admissions policy for all students was described in the College charter. Appeals against a decision not to offer a place were dealt with under the complaints policy.
- The College made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There were a number of student support assistants who could provide a variety of support for learning. There was 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.
- Counselling and welfare services were described in the College Student Guide, which was issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Trade union facility time

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

Numbers of employees who were relevant in the period	3
FTE employee number	2.63
Percentage of time	Number of employees
0%	n/a
1-50% (9 hours per week)	3
51-99%	n/a
100%	n/a

Total cost of facility time	£14,969
Total pay bill of these employees	£118,689
Percentage of total bill spent on facility time	12.6%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
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Greenhouse gas emissions and energy use data for the period 1 August 2021 to 31 July 2022

Gas	227,723
Electricity	2,267,829
Transport fuel	2,315
Total energy consumed used to calculate emissions (kWh)	2,495,552

Scope 1 emissions in metric tonnes CO2e

Gas consumed	41.57
Owned transport	95.66
Total scope 1	137.23

Scope 2 emissions in metric tonnes CO2e

Purchased electricity	438.55
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Going Concern

On 4 January 2023 the Corporation of Richmond upon Thames College (RUTC) was dissolved, with all assets, liabilities and activities of RuTC being transferred to HCUC which changed its name to HRUC. As a result, these financial statements have been prepared on a basis other than the going concern basis. This does not result in any adjustments to the reported figures.

Events after the Reporting Period

On 29 November 2022, the Office for National Statistics reclassified all colleges to Central Government sector with immediate effect. This would mean that colleges would now be subject to the framework for financial management set out in Managing Public Money (MPM) and the Department for Education would introduce new rules for colleges, some of which would take effect immediately.

In December 2022 the RuTC Governing Body resolved to merge with HCUC, the net assets and activities being transferred to HCUC and the Corporation dissolving.

On 4 January 2023, RuTC was dissolved and the net assets and activities were transferred to HCUC which then changed its name to HRUC.

Disclosure of information to auditors

The members of HRUC who held office at the date of approval of this report confirm that, so far as they are each aware; there was no relevant audit information of which the College's auditors are unaware; and each member had 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 were aware of that information.

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



N Davies
Chair of HRUC

31 May 2023

Richmond upon Thames College

Statement of Corporate Governance and Internal Control

Following the dissolution of RuTC and the Corporation on 4 January 2023, the Corporation of HRUC has authority to sign these financial statements.

Members of the HRUC Corporation at the date of approval of these financial statements are:

EXTERNAL (14)	Sofia Barbosa-Bouças
	Simon Boulcott
	Steven Cochran
	Nicholas Davies
	Nasim Khan
	Susan Kingman
	Alasdair McLeod
	Mario Michaelides
	Vincent Neate
	Amanda Priem
	Ketan Sheth
	Mike Sutcliffe
	Ian Valvona

STAFF (3)	Sharon Croxon (Uxbridge)
	Tracey Critchley (Harrow)
	Hannah Talabany (Richmond)
STUDENT (3)	Salman Sudheer (Harrow)
	Twahira Mohammed (Richmond)
	Safah Rahimi (Uxbridge)
CEO	Keith Smith

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2021 to 31 July 2022 and up to the date of the merger with HCUC on 4 January 2023.

The College endeavoured to conduct its business:

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

The College was committed to exhibiting best practice in all aspects of corporate governance and in particular, the College had adopted and complied with the Code. We had not adopted and therefore did not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider relevant to the further education sector and best practice.

In the opinion of the Governors, the College complied with all the provisions of the Code, and it has complied throughout the year ended 31 July 2022. The Governing Body recognised that, as a body entrusted with both public and private funds, it had a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it took full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 26 September 2018.

The Corporation

Members who served on the Corporation Board and committees during 2021/22 and to the date of merger on 4 January 2023:

MEMBERS	MEMBER NAME	Date of Appt	Current Term	End 1st Term	End 2 nd Term	Committees	Attendance at Board and Cttees
Independent	Ian Valvona Chair	18/03/21	Second	31/07/21	18/03/24	F&R, CRPG, SRP, CQS	100%
	Rosemary Scully	09/12/20	First	Until dissolution		ARC	100%
	Rosh Sellahewa	01/09/16	Second	01/09/20	01/09/24	CRPG; F&R	94%
	Andy Chew	01/09/16	Second	01/09/20	01/09/24	F&R; CRPG (chair); SRP	82%
	Prof Mike Sutcliffe	05/07/17	Second	04/07/21	05/07/25	CQS (chair); SRP	100%
	Susan Kingman	06/12/17	Second	05/12/21	05/12/25	SRP; CQS; ARC	98%
	Vincent Neate	12/12/18	First	12/12/22		ARC (Chair); CRPG; SRP	91%
	Jim Marshall	12/02/21	First	Resigned 30/07/21		F&R (chair wef Feb 2021); CRPG; SRP	100%
	Alex Gallagher	12/02/21	First	Resigned 31/10/22		ARC	68%
	Helen Litvak	12/02/21	First	13/02/24		CRPG (until 21 Jan 2021)	65%
	John Anderson	23/08/21	First	23/08/25		F&R, CRPG	95%
Interim Principal	Elaine McMahon	01/09/20	-	Resigned 04/06/21		F&R; CRPG; SRP; CQS	100%
Acting Principal	Jason Jones	05/06/21				F&R; CRPG; SRP; CQS	100%
Staff Governor	Neal Hook	29/03/17		28/03/21	Resigned September 2022	CRPG	100%
Business support staff	Cait Orton	29/03/17		28/03/21	Extended until dissolution	CQS	94%
Student	Japneet Kaur	08/07/21	1 yr				50%
Student	Hamish Murray	08/08/21	1yr				69%

Members' attendance was calculated on the basis of the actual number of Board and Committee meetings attended out of the potential number of meetings for each member. The potential number of meetings differs for each member based on the number of Committees on which they sat.

To enhance the effectiveness of its governance profile the RuTC Board appointed a number of co-opted governors to Committees with specific professional skills and knowledge.

CO-OPTED	MEMBER NAME	Current term	Date of renewal	Cttees	Attendance at Board and Committees
	Paul Leonard	19/10/21	19/10/22	CRPG	80%
	John Poole	14/07/21	Terminated 21/1/22	ARC	0%
	Will Whitmore	14/07/21	Terminated 21/1/22	CQS	0%

KEY - COMMITTEES

ARC **Audit and Risk Committee**
SRP **Search, Remuneration and Performance**
CQS **Curriculum, Quality and Standards**
F&R **Finance and Resources**
CRPG **College Redevelopment Project Group**

The Corporation

The composition of the Corporation in the period to 3 January 2023 is set out above. It was the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation was provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation met each term.

The Corporation conducted its business through a number of committees. Each committee had terms of reference, which had been approved by the Corporation. These Committees were Audit and Risk; Search, Governance and Remuneration; Finance and Resources; Curriculum, Quality and Standards; College Redevelopment Project Group. Full minutes of all meetings, except those deemed confidential by the Corporation, were available on the College's website at www.RuTC.ac.uk or from the Governance office at:

Richmond upon Thames College
 Langhorn Drive
 Twickenham
 Middlesex TW2 7SJ

The Clerk to the Corporation maintained a register of financial and personal interests of the governors. The register was available for inspection at the above address.

All governors were able to take independent professional advice in furtherance of their duties at the College's expense and had access to the Clerk to the Corporation, who was responsible to the Board for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Clerk were matters for the Corporation as a whole.

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

The Corporation had a strong and independent non-executive element and no individual or group dominated its decision-making process. The Corporation considered that each of its non-executive members were independent of management and free from any business or other relationship, which could have materially interfered with the exercise of their independent judgement.

There was a clear division of responsibility in that the roles of the Chair and Principal were separate.

Appointments to the Corporation

Any new appointments to the Corporation were a matter for the consideration of the Corporation as a whole. The Corporation had a Search Committee, which was responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation was responsible for ensuring that appropriate training was provided as required.

Members of the Corporation were appointed for a term of office not exceeding 4 years, with provision to serve a further term of 4 years with the approval of the Board.

Corporate Performance

The RuTC Board's focus was on ensuring that the College was in a strong and sustainable position to provide an outstanding quality of education for the students at RuTC and a positive, safe and supportive environment for staff and students. The Board had an experienced FE Chair who joined the College in March 2020. There was a mix of terms of office ensuring both institutional memory and recent skills to meet the College's business needs. The Board worked closely with the CLT to provide both support and challenge. A skills audit demonstrated a very capable and diverse Board in terms of skills and experience.

Succession planning was on hold due to the merger discussions except for appointing to skills gaps with the appointment of a Finance and Resources Committee Chair and CRPG member, an audit member and a curriculum governor.

The Board operated a traditional board structure with six Committees who provided oversight and support for key areas of college business. Governors were well matched to committees to utilise their skills for the benefit of the College.

The College had reviewed its governance processes to ensure they remained fit for purpose and compliant. It regularly reviewed statutory documents and byelaws and monitored its performance against the adopted AoC Code of Good Governance for English Colleges and Senior Post Holder Remuneration Code. There was an agreed cycle of business and schedule for the year ahead. Quality and the safeguarding of students had been a particular focus since the appointment of the Chair, alongside a continued focus on the College's finances and sustainability. Openness and transparency were important with minutes published on the website, regular updates from the Chair to stakeholders and opportunities for the Chair and governors to meet with staff and students. The Board published a Governance Position statement which provided key information about its membership and function and biographies of governors.

The Board self-assessed its performance to ensure that it was working effectively and supported and appraised its governors annually and throughout the year.

Remuneration Committee

Throughout the year ended 31 July 2022, the College's Remuneration committee comprised of four members. The Committee's responsibilities were to make recommendations to the Corporation on the objectives, remuneration and benefits of the Principal and other senior post holders and the Clerk to the Corporation.

Details of key management personnel remuneration for the year ended 31 July 2022 are set out in note 6 to the financial statements.

Audit and Risk Committee

The Audit and Risk Committee comprised of four members of the Corporation (excluding the Principal). The Committee operated in accordance with written terms of reference approved by the Corporation.

The Committee met on a termly basis and provided a forum for reporting by the College's internal auditors and reporting accountants and financial statements auditors, who had access to the Committee for independent discussion, without the presence of college management. The Committee also received and considered reports from the main FE funding bodies as they affected the College's business.

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

Management was responsible for the implementation of agreed recommendations and internal audit undertook periodic follow up reviews to ensure such recommendations were implemented.

The Audit and Risk Committee also advised the Corporation on the appointment of internal and external auditors and their remuneration for both audit and non-audit work, as well as reporting annually to the Corporation.

Internal Control

Scope of responsibility

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

The Corporation had delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supported the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he was personally responsible, in accordance with the responsibilities assigned to him in the funding agreements between the College and the funding bodies. He was also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal financial control.

The purpose of the system of internal control

The system of internal control was designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it could therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control was 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, and economically. The system of internal control had been in place in Richmond upon Thames College for the year ended 31 July 2022 and up to the date of merger and accounts.

Capacity to handle risk

The Corporation had reviewed the key risks to which the College was exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation was of the view that there was a formal ongoing process for identifying, evaluating and managing the College's significant risks that had been in place for the year ended 31 July 2022 and up to the date of merger and accounts. This process was regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget which was reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicated 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

Richmond upon Thames College had an internal audit service, which operated in accordance with the requirements of the ESFA Post 16 Audit Code of Practice. The work of the internal audit service was informed by an analysis of the risks to which the College was exposed, and annual internal audit plans were based on this analysis. The analysis of risks and the internal audit plans were endorsed by the Corporation on the recommendation of the Audit Committee. At least annually, the Head of Internal Audit (HIA) provided the Corporation with a report on internal audit activity in the College. The report included the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

- The work of the internal auditors
- The work of the executive managers within the College who had responsibility for the development and maintenance of the internal control framework
- Comments made by the College's financial statements auditors and the reporting accountants for regularity assurance in their management letters and other reports

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

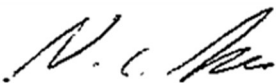
The RuTC College Leadership Team received reports setting out key performance and risk indicators and considered possible control issues brought to their attention by early warning mechanisms, which were embedded within the departments and reinforced by risk awareness training. The College Leadership Team and the Audit and Risk Committee also received regular reports from internal audit, and other sources of assurance, which included recommendations for improvement. The Audit and Risk Committee's role in this area was confined to a high-level review of the arrangements for internal control.

The RuTC Corporation's agenda included a regular item for consideration of risk and control and received reports thereon from the College Leadership Team and the Audit Committee. The emphasis was on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2022 meeting, the RuTC Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2022.

Based on the advice of the RuTC Audit and Risk Committee and the RuTC Accounting Officer, the HRUC Corporation accept the opinion of the RuTC Board that it had an adequate and effective framework for governance, risk management and control, and had fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

The systems of internal control to manage risk to a reasonable level will be addressed within the new organisation HRUC

Approved by the members of the HRUC Corporation on 31 May 2023 and signed on its behalf by:



N Davies
Chair of HRUC Corporation
31 May 2023



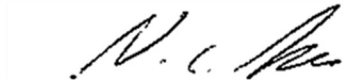
K Smith
Accounting Officer of HRUC
31 May 2023

Statement of Regularity, Propriety and Compliance

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

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

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



N Davies
Chair of HRUC Corporation
31 May 2023



K Smith
Accounting Officer of HRUC
31 May 2023

Statement of the Responsibilities of the Members of the HRUC Corporation

The Members of the Corporation of HRUC, on behalf of the members of the dissolved RuTC Corporation, is required to present audited financial statements for each financial year. Within the terms and conditions of the Corporation's grant funding agreements and contracts with the ESFA, the Corporation - through its Accounting Officer - is required to prepare financial statements and an operating and financial review for each financial year in accordance with the *Statement of Recommended Practice – Accounting for Further and Higher Education*, ESFA's *College Accounts Direction* and the UK's Generally Accepted Accounting Practice, which give a true and fair view of the state of affairs of the College and its surplus/deficit of income over expenditure for that period.

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

- select suitable accounting policies and then applied them consistently;
- make judgements and estimates that were reasonable and prudent;
- state whether applicable UK Accounting Standards had been followed, subject to any material departures disclosed and explained in the financial statements;
- assess whether the RuTC 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 HRUC Corporation is also required to prepare a Members' Report which describes what RuTC was trying to do and how it was going about it, including information about the legal and administrative status of the RuTC and HRUC Corporations.

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

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

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

Approved by order of the members of the HRUC Corporation on 31 May 2023 and signed on its behalf by


N Davies
Chair HRUC

31 May 2023

Independent Auditor's Report to the Members of the Corporation of Harrow, Richmond and Uxbridge Colleges on behalf of the dissolved Corporation Richmond upon Thames College Period ended 4 January 2023

Opinion

We have audited the financial statements of Richmond upon Thames College ('the dissolved College') and the College and its subsidiary ('the Group') for the year ended 31 July 2022 which comprised the consolidated and College statements of comprehensive income, the consolidated statement of changes in reserves, the balance sheets, the consolidated statement of cash flows and the notes to the financial statements including the principal accounting policies. The financial reporting framework that had been applied in their preparation was applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and College's affairs as at 31 July 2022 and of the Group's and College's deficit for the year then ended;
- had been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- in all material respects, funds from whatever source administered by the College for specific purposes had been properly applied to those purposes and managed in accordance with relevant legislation;
- in all material respects, funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education had been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' Accounts Direction had been met.

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 was sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We draw attention to the statement regarding going concern in the principal accounting policies which indicates that the members of the Corporation have prepared the financial statements on a basis other than a going concern basis. This was due to the members of the Corporation approving a merger with HCUC – Harrow College and Uxbridge College under which it was intended to transfer the College's assets, liabilities and activities to HCUC and to dissolve the Corporation. Our opinion is not modified in respect of this matter.

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

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The members of the Corporation are responsible for the other information contained within the Report and Financial Statements.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Post 16 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; or
- the financial statements are not in agreement with the accounting records and returns; or
- all the information and explanations required for the audit were not received.

We have nothing to report to you in respect of the following matter, in relation to which the Office for Students requires us to report to you, if in our opinion:

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

Responsibilities of the Members of the Corporation

As explained more fully in the statement of responsibilities of members of the Corporation, the members of the Corporation were 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 members of the Corporation determine is necessary to enable the preparation of financial statements that were free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Corporation were 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.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

- we identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Further and Higher Education Act 1992, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

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

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Corporation meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC and the College's legal advisors.

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

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

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

Use of our report

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



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 31 May 2023

Reporting accountant's assurance report on regularity to The Corporation of Richmond upon Thames College and Secretary of State for Education acting through the Education and Skills Funding Agency ("the ESFA")

In accordance with the terms of our engagement letter and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Richmond upon Thames 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 has other assurance arrangements in place.

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

Respective responsibilities of Richmond upon Thames College and the reporting accountant

The Corporation of Richmond upon Thames College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received were 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 the ESFA. We performed a limited assurance engagement as defined in that framework.

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

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

Reporting accountant's assurance report on regularity to The Corporation of Richmond upon Thames College and Secretary of State for Education acting through the Education and Skills Funding Agency ("the ESFA") (continued)

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 our conclusions includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 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.



Buzzacott LLP,
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date: 31 May 2023

Consolidated and College Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2022		Year ended 31 July 2021	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	14,322	14,322	13,469	13,469
Tuition fees and education contracts	3	1,767	1,767	1,847	1,847
Other grants and contracts	4	561	561	485	485
Other income	5	273	69	172	76
Total income		16,923	16,719	15,973	15,877
EXPENDITURE					
Staff costs	6	11,648	11,562	10,119	10,050
Other operating expenses	7	4,633	4,488	4,069	4,034
Depreciation	10	2,802	2,797	3,476	3,471
Interest and other finance costs	8	256	256	373	373
Total expenditure		19,339	19,103	18,037	17,928
Deficit before other gains and losses		(2,416)	(2,384)	(2,064)	(2,051)
Deficit before tax		(2,416)	(2,384)	(2,064)	(2,051)
Taxation	9	-	-	-	-
Deficit for the year		(2,416)	(2,384)	(2,064)	(2,051)
Actuarial gain in respect of pension scheme	20	12,850	12,850	6,695	6,695
Total Comprehensive Income for the year		10,434	10,466	4,631	4,644

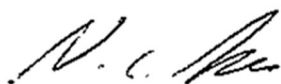
Consolidated and College Statements of Changes in Reserves

	Group			College		
	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2020	11,593	3,716	15,309	11,609	3,716	15,325
Deficit from the income and expenditure account	(2,064)	-	(2,064)	(2,051)	-	(2,051)
Other comprehensive income	6,695	-	6,695	6,695	-	6,695
Transfers between revaluation and income and expenditure reserves	319	(319)	-	319	(319)	-
Total comprehensive income/(expenditure) for the year	4,950	(319)	4,631	4,963	(319)	4,644
Balance at 1 August 2021	16,543	3,397	19,940	16,572	3,397	19,969
Deficit from the income and expenditure account	(2,416)	-	(2,416)	(2,384)	-	(2,384)
Other comprehensive income	12,850	-	12,850	12,850	-	12,850
Transfers between revaluation and income and expenditure reserves	319	(319)	-	319	(319)	-
Total comprehensive income/(expenditure) for the year	10,753	(319)	10,434	10,785	(319)	10,466
Balance at 31 July 2022	27,296	3,078	30,374	27,359	3,078	30,437

Balance sheets as at 31 July 2022

	Notes	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Fixed assets					
Tangible fixed assets	10	59,669	59,668	61,425	61,419
		59,669	59,668	61,425	61,419
Current assets					
Trade and other receivables	12	930	992	456	502
Cash and cash equivalents	16	-	-	1,414	1,400
		930	992	1,870	1,902
Less: Creditors – amounts falling due within one year	13	(4,824)	(4,822)	(4,636)	(4,633)
Net current liabilities		(3,894)	(3,830)	(2,766)	(2,731)
Total assets less current liabilities		55,775	55,838	58,659	58,688
Less: Creditors – amounts falling due after more than one year	14	(25,106)	(25,106)	(26,459)	(26,459)
Provisions					
Defined benefit obligations	20	-	-	(11,938)	(11,938)
Other provisions	15	(295)	(295)	(322)	(322)
Total net assets		30,374	30,437	19,940	19,969
Unrestricted reserves					
Income and expenditure account		27,296	27,359	16,543	16,572
Revaluation reserve		3,078	3,078	3,397	3,397
Total unrestricted reserves		30,374	30,437	19,940	19,969
Total reserves		30,374	30,437	19,940	19,969

The financial statements on pages 30 to 55 were approved and authorised for issue by the Corporation on 31 May 2023 and were signed on its behalf on that date by:



N Davies
Chair HRUC



K Smith
Accounting Officer
HRUC

Consolidated Statement of Cash Flows

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Deficit for the year		(2,416)	(2,064)
Adjustment for non cash items			
Depreciation	10	2,802	3,476
Deferred grants release to income	2	(814)	(1,091)
(Increase)/decrease in debtors	12	(474)	2,183
Decrease in creditors due within one year	13	(854)	(1,802)
Decrease in provisions	15	(27)	(80)
Pensions costs less contributions payable (FRS102 adjustment)		725	463
Interest payable	8	256	373
		<u>(802)</u>	<u>1,458</u>
Cash flows from investing activities			
Capital grants received		675	392
Payments made to acquire fixed assets		(1,046)	(4,838)
		<u>(371)</u>	<u>(4,446)</u>
Cash flows from financing activities			
Interest paid		(14)	-
Interest element of finance lease rental payments		(55)	(77)
New finance lease		-	838
Capital element of finance lease rental payments		(858)	(869)
		<u>(927)</u>	<u>(108)</u>
Decrease in cash and cash equivalents in the year		<u>(2,100)</u>	<u>(3,096)</u>
Cash and cash equivalents at beginning of the year		<u>1,414</u>	<u>4,510</u>
Cash and cash equivalents at end of the year		<u>(686)</u>	<u>1,414</u>

Notes to the Financial Statements for the Year Ended 31 July 2022

1. Statement of Accounting Policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education* (the FE HE SORP), the *College Accounts Direction for 2020 to 2021* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its wholly owned subsidiary, RuTC Trading Services Limited. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities.

All financial statements are made up to 31 July 2022.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cash flow, liquidity and borrowings are presented in the financial statements and accompanying notes.

The College had arranged an overdraft facility with Barclays Bank for up to £1 million which was repaid in full in December 2022.

As described in the Governing Body’s report, the merger took place on 4 January 2023 and subsequently the assets and activities of the College have been transferred to HCUC and the Corporation was dissolved. Therefore, the Governing Body had prepared the financial statements on a basis other than a going concern basis. No adjustments had been made to book values as a result of this.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants were measured in line with best estimates for the period of what was receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Education Budget was adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account.

The final grant income was normally determined with the conclusion of the year-end reconciliation process with the funding body following the year- end, and the results of any funding audits. 16-18 learner-responsive funding was not normally subject to reconciliation and was therefore not subject to contract adjustments.

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

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

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

Capital grant funding

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

Fee income

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

Investment income

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

Agency arrangements

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

Accounting for post-employment benefits

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

Teacher's Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated 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 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 as comprehensive income and expenditure.

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 because of the unused entitlement.

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff was 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 was charged in full to the College's income in the year that the member of staff retires. In subsequent years a charge was made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and Buildings

Freehold land is not depreciated. Freehold buildings held prior to 2021 are depreciated over their expected useful economic life to the College which was assessed as 50 years from 2013. This policy was reviewed in 2017 following the agreement to sell freehold land and buildings. Therefore, the buildings are being depreciated over the revised useful economic life up until the point of expected disposal. The effect of this change is shown in note 10 to the financial statements.

Depreciation on newly completed buildings was charged over the useful economic life of the component as advised by the consultant Quantity Surveyor, the main groupings being as follows:

Structure	60 years
Windows, doors, curtain walling	40 years
Roofing, internal building elements	30 years
Catering Installation	30 years
Electrical Services	30 years
Mechanical Services	20 years
Décor, Blinds, Signage, Landscaping	5-10 years

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 capital grant account, and are released to the income and expenditure account over the expected useful life of the related asset on a basis consistent with the depreciation policy including the accelerated depreciation being applied.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

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

Equipment

Equipment costing less than £1,500 including VAT was written off to the income and expenditure account in the period of acquisition. All other equipment was capitalised at cost and depreciated over its useful economic life as follows:

- General equipment 3 years
- Computer equipment 4 years
- Fixtures 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 to the Statement of Comprehensive Income. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

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

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

Investments

Investment in the subsidiary company was accounted for at cost less impairment in the individual financial statements.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits were payable on demand if they were in practice available within 24 hours without penalty.

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

Financial liabilities and equity

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

All short-term deposits held by the Group are classified as basic financial instruments in accordance with FRS102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS102 requires that basic financial instruments were subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis was not material and so these financial instruments were stated on the balance sheet at historical cost.

Taxation

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

The College was partially exempt in respect of Value Added Tax, so that it could only recover around 2% of the VAT charged on its inputs. Irrecoverable VAT on inputs was included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature. The College's subsidiary company was subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions and contingent liabilities

Provisions were recognised when

- the College had a present legal or constructive obligation as a result of a past event
- it is probable that a transfer of economic benefit would be required to settle the obligation
- a reliable estimate could have been made of the amount of the obligation.

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

A contingent liability arises from a past event that gave the College a possible obligation whose existence would only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arose in circumstances where the provision would otherwise be made but either it was not probable that an outflow of resources would be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities were not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determined whether leases entered into by the College as 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.
- Determined whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it was a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty are:

- **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 20 will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Accounts (continued)

2 Funding council grants

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency - adult	1,659	1,659	1,168	1,168
Education and Skills Funding Agency – 16 -18	11,178	11,178	10,441	10,441
Education and Skills Funding Agency - apprenticeships	358	358	434	434
Office for students	21	21	19	19
Specific Grants				
Releases of government capital grants	814	814	1,091	1,091
Teacher Pension Scheme contribution grant	292	292	316	316
Total	14,322	14,322	13,469	13,469

3 Tuition fees and education contracts

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	148	148	173	173
Apprenticeship fees and contracts	-	-	(3)	(3)
Fees for FE loan supported courses	69	69	117	117
Fees for HE loan supported courses	31	31	60	60
Total tuition fees	248	248	347	347
Education contracts	1,519	1,519	1,500	1,500
Total	1,767	1,767	1,847	1,847

4 Other grants and contracts

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Erasmus	-	-	(28)	(28)
Other grants and contracts	561	561	513	513
Total	561	561	485	485

Notes to the Accounts (continued)

5 Other income

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	208	4	103	7
Other income generating activities	65	65	25	25
Miscellaneous income	-	-	44	44
Total	273	69	172	76

6 Staff costs - Group and College

The average number of persons (including key management personnel) employed by the College during the year, described as head count, was:

	2022 No.	2021 No.
Teaching staff	128	139
Non teaching staff	142	137
College Total	270	276
Subsidiary company	4	4
	274	280

Staff costs for the above persons

	2022 £'000	2021 £'000
Wages and salaries	7,449	6,738
Social security costs	669	597
Other pension costs	2,117	1,811
Payroll sub total	10,235	9,146
Contracted out staffing services	1,214	885
Restructuring costs	113	19
College Total staff costs	11,562	10,050
Subsidiary company	86	69
Group total staff costs	11,648	10,119

Notes to the Accounts (continued)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprises the Principal & CEO, Vice Principal – Finance, Planning & Funding, two Assistant Principals, Executive Director- Business Development & Innovation. Staff costs include compensation paid to key management personnel for loss of office.

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

	2022 No.	2021 No.
The number of key management personnel including the Accounting Officer was:	5	5

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

	Key Management	
	2022 No.	2021 No.
£0 to £5,000	1*	-
£5,001 to £10,000	-	1*
£10,001 to £15,000	1	-
£15,001 to £20,000	1	-
£20,001 to £25,000	1	2
£25,001 to £30,000	-	1*
£30,001 to £35,000	1	-
£35,001 to £40,000	1*	-
£40,001 to £45,000	-	1
£45,001 to £50,000	-	1
	<u>6</u>	<u>6</u>

* During the year, there were two individuals in one post at different times.
No other staff received emoluments over £60,000.

Notes to the Accounts (continued)

6 Staff costs - Group and College

Key management personnel compensation is made up as follows:

	2022 £'000	2021 £'000
Salaries	399	478
Employers National Insurance	36	43
Irrecoverable VAT	23	26
	458	547
Pension contributions	62	54
Total emoluments	520	601

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

The above compensation includes amounts payable to the highest paid officer of:

	2022 £'000	2021 £'000
Salaries	116	125
Irrecoverable VAT	-	25
Pension Contributions	27	-
	143	150

In 2022 the amounts payable to the Accounting Officer were:

	2022 £'000	2021* £'000
Salaries	116	116
Irrecoverable VAT	-	2
	116	118
Pension contributions	27	-
	143	118

* In 2021 the amount is the combined amount for the two Accounting Officers in the year.

The Members of the Corporation other than the Principal and CEO and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

The Corporation has adopted the AoC's Senior Staff Remuneration Code and assesses pay in line with its principles.

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

The Principal and CEO reported to the Chair of the Corporation, who undertook an annual review of their performance against the College's overall objectives using both qualitative and quantitative measures of

performance.

Relationship of Principal pay and remuneration expressed as a multiple

	2022	2021
Principal's basic salary as a multiple of the median of all staff	8.3	5.6
Principal's total remuneration as a multiple of the median of all staff	7.2	5.7

7 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	981	981	489	489
Non teaching costs	2,145	2,000	2,372	2,337
Premises costs	1,507	1,507	1,208	1,208
Total	4,633	4,488	4,069	4,034

Other operating expenses include:

	2022	2021
	£'000	£'000
Auditors' remuneration:		
Financial statements audit*	54	33
Internal audit	26	32
Other services provided by the financial statements auditors	-	2

* Inclusive of £2k in relation to subsidiary

8 Interest payable - Group and College

	2022 £'000	2021 £'000
Interest on finance leases	55	77
On bank loans, overdrafts and other loans	14	-
	<u>69</u>	<u>77</u>
LGPS Finance costs	187	236
Enhanced pension finance costs	-	60
	<u>-</u>	<u>60</u>
Total	<u>256</u>	<u>373</u>

9 Taxation

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

Notes to the Accounts (continued)

10 Tangible fixed assets College and Group

	Freehold Land and buildings £'000	Equipment £'000	Assets in the Course of Construction £'000	College Total £'000	Subsidiary £'000	Group Total £'000
Cost or valuation						
At 1 August 2021	75,514	8,802	4,018	88,334	16	88,350
Additions	-	103	943	1,046	0	1,046
At 31 July 2022	75,514	8,905	4,961	89,380	16	89,396
Depreciation						
At 1 August 2021	20,882	6,033	-	26,915	10	26,925
Charge for the year	1,854	943	-	2,797	5	2,802
At 31 July 2022	22,736	6,976	-	29,712	15	29,727
Net book value at 31 July 2022	52,778	1,929	4,961	59,668	1	59,669
Net book value at 31 July 2021	54,632	2,769	4,018	61,419	6	61,425

Notes to the Accounts (continued)

College and Group:

The net book value of equipment includes assets of £2.529m (2021: £3.437m) in respect of the assets held under finance leases. The depreciation charge for the leased assets was £0.908m (2021: £0.710m)

The net book value of inherited assets as at 31 July 2022 was £3.1m (2021: £3.4m), which is equal to the revaluation reserve. The historical cost equivalent is nil.

Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis. Subsequent additions have been included at cost.

The depreciation charge in 2020/21 included accelerated depreciation of £2,565,00.

11 Investments

The College owned 100% of the ordinary share capital in its subsidiary undertaking RuTC Trading Services Limited, a company incorporated in England and Wales. This shareholding has been included within the inherited investments at cost of £100. The principal business activity of RuTC Trading Services Limited is carrying out commercial activities ancillary to the operations of the College.

12 Trade and other receivables

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Amounts falling due within one year:				
Trade receivables	474	474	56	56
Amounts owed by group undertakings:				
Subsidiary undertakings	-	105	-	46
Other debtors	223	180	-	-
Prepayments and accrued income	172	172	400	400
VAT	61	61	-	-
Total	930	992	456	502

Notes to the Accounts (continued)

13 Creditors: amounts falling due within one year

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans and overdrafts	686	686	-	-
Obligations under finance leases	839	839	911	911
Trade payables	754	754	361	361
Other taxation and social security	182	181	168	168
Accruals and deferred income	985	984	962	959
Capital projects creditor	-	-	682	682
Other creditors	95	95	44	44
Deferred income - government capital grants	1,241	1,241	813	813
Amounts owed to the ESFA	42	42	695	695
Total	4,824	4,822	4,636	4,633

14 Creditors: amounts falling due after one year

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Obligations under finance leases	620	620	1,406	1,406
Deferred income - government capital grants	24,486	24,486	25,053	25,053
Total	25,106	25,106	26,459	26,459

Notes to the Accounts (continued)

15 Provisions

	Group and College		Total
	Defined benefit Obligations	Enhanced pensions	
	£'000	£'000	£'000
At 1 August 2021	11,938	322	12,260
Expenditure in the period	(827)	(27)	(854)
Transferred from income and expenditure account	1,739	-	1,739
Actuarial Gains	(12,850)	-	(12,850)
At 31 July 2022	-	295	295

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 20.

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

The principal assumptions for this calculation are:

	2022	2021	2020
Price inflation	2.8%	2.8%	2.2%
Discount rate	3.4%	1.6%	1.3%

16 Reconciliation of net debt

	At 1 August 2021	Cash flows	At 31 July 2022
	£'000	£'000	£'000
Cash at bank	1,414	(1,414)	-
Overdrafts	-	(686)	(686)
Finance leases	(2,317)	858	(1,459)
Total	(903)	(1,242)	(2,145)

17 Capital commitments

	Group and College	
	2022	2021
	£'000	£'000
Commitments contracted for at 31 July	487	167

18 Maturity of debt

Finance leases

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

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
In one year or less	839	839	911	911
Between two and five years	620	620	1,406	1,406
Total	1,459	1,459	2,317	2,317

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

19. Related Party Transactions

Due to the nature of the College's operations and the composition of the Corporation (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Corporation may have an interest. All transactions involving organisations in which a member of the Corporation may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. Exemption from FRS 102 has been taken from disclosing transactions with the subsidiary, RuTC Trading Services Ltd.

20 Defined benefit obligations

Total pension cost for the year	2022 £'000	2021 £'000
Teachers Pension Scheme: contributions paid	565	548
Local Government Pension Scheme: Contributions paid	827	809
FRS 102 (28) charge	725	450
Charge to the Statement of Comprehensive Income	1,552	1,259
Enhanced pension charge to Statement of Comprehensive Income	-	4
Total Pension Cost for Year	2,117	1,811

Notes to the Accounts (continued)

20 Defined benefit obligations (continued)

Teacher's Pension Scheme (TPS)

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

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The college is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the college has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The college has set out above the information available on the plan and the implications for the college in terms of the anticipated contribution rates.

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the 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 £196 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs until 2023.

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 £565,000 (2021: £548,000).

Notes to the Accounts (continued)

20 Defined benefit obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by London Borough of Wandsworth Local Authority. The total contributions made for the year ended 31 July 2022 were £988,000 of which employer's contributions totalled £827,000 and employees' contributions totalled £161,000. The agreed contribution rates for future years are 17.3% for the College and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

Principal Actuarial Assumptions

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

	At 31 July 2022	At 31 July 2021
Rate of increase in salaries	1.00%	1.00%
Future pensions increases	2.80%	2.80%
Discount rate for scheme liabilities	3.40%	1.60%
Inflation assumption (CPI)	2.80%	2.80%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2022	At 31 July 2021
	years	years
<i>Retiring today</i>		
Males	21.00	21.60
Females	23.50	24.30
<i>Retiring in 20 years</i>		
Males	22.30	22.90
Females	24.90	25.70

Notes to the Accounts (continued)

20 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	Long-term rate of return expected at 31 July 2022	Fair Value at 31 July 2022 £'000	Long-term rate of return expected at 31 July 2021	Fair Value at 31 July 2021 £'000
Equities	59.00%	23,840	61.00%	26,208
Gilts	1.00%	497	2.00%	895
Bonds	15.00%	6,023	14.00%	5,757
Property	13.00%	5,304	10.00%	4,129
Cash	1.00%	503	4.00%	1,640
Multi-asset fund	11.00%	4,550	9.00%	4,001
Total market value of assets		40,717		42,630
Actual return on plan assets		(1,708)		7,158

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	40,717	42,630
Present value of plan liabilities	(39,515)	(54,469)
Present value of unfunded liabilities	(80)	(99)
	1,122	(11,938)
Asset restriction (see below)	(1,122)	-
Net pensions liability	-	(11,938)

As the LGPS surplus is irrecoverable, recognition of the surplus on the balance sheet has been restricted to nil by adjusting the actuarial gain.

Notes to the Accounts (continued)

20 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movement in net defined benefit liability during the year

	2022	2021
	£'000	£'000
Deficit in scheme at 1 August	(11,938)	(17,934)
Movement in year:		
Current and past service cost	(1,525)	(1,259)
Administration costs	(27)	(13)
Employer contributions	827	809
Net interest on the defined liability	(187)	(236)
Actuarial gain	12,850	6,695
Net defined benefit liability at 31 July	-	(11,938)

Asset and Liability Reconciliation

	2022	2021
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	54,568	53,728
Current Service cost	1,465	1,259
Interest cost	868	717
Contributions by Scheme participants	161	147
Experience gains and losses on defined benefit obligations	1,433	(1,775)
Changes in financial assumptions	(17,794)	1,757
Estimated benefits paid	(1,155)	(1,255)
Past Service cost	60	-
Unfunded pension payments	(11)	(10)
Defined benefit obligations at end of period	39,595	54,568

Reconciliation of Assets

	2022	2021
	£'000	£'000
Fair value of plan assets at start of period	42,630	35,794
Interest on plan assets	681	481
Return on plan assets	(2,389)	6,677
Administration expenses	(27)	(13)
Employer contributions	827	809
Contributions by Scheme participants	161	147
Estimated benefits paid	(1,166)	(1,265)
Fair value of plan assets at end of period	40,717	42,630

Notes to the Accounts (continued)

21 Amounts disbursed as agent

Learner support funds

	2022 £'000	2021 £'000
Opening Balance	42	108
Funding body grants – hardship support	<u>297</u>	<u>337</u>
	339	445
Disbursed to students	(300)	(398)
Administration costs	(5)	(5)
	<u>34</u>	<u>42</u>
Balance unspent as at 31 July, included in creditors		

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