Sir George Monoux College

Report and Financial Statements

31 July 2014

"To provide high quality education with the power to change lives"

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NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2014.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Sir George Monoux College. The Corporation was incorporated as Sir George Monoux College on 30 September 1992.

The College is an exempt charity for the purposes of the Charities Act 2011.

Mission

"To provide high quality education with the power to change lives."

We aim to raise levels of attainment to promote better prospects of long term success for our students and to enhance progression rates to university and / or employment and thus to improve the life chances of young people from north and east London.

Public Benefit

Sir George Monoux College is an exempt charity under part 3 of the Charities Act 2011 and from 1 September 2013, is regulated by the Secretary of State for Education as Principal Regulator for all Sixth Form Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 277.

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

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

- High-quality teaching;
- Widening participation and tackling social exclusion;
- High levels of Value added;
- High progression rates to Higher Education;
- Excellent employment rates for students;
- Strong student support systems;
- Links with employers, industry and commerce.

NATURE, OBJECTIVES AND STRATEGIES (continued)

Our approach and core values

We are committed to being a dynamic, innovative, multicultural sixth form college, which places the interests of the learners at the centre of its activity. At all times we will promote the values of:

- Putting the student first in all we do.
- Enabling students and staff to be the best they can be.
- Building a learning community, based on trust, mutual respect, support and fairness.

Implementation of Strategic Plan

During 2012, the College undertook a fundamental review of its Strategic Plan; it consulted with students, staff and governors.

The major outcomes of this review and subsequent 7 key aims of the new three year 2012 – 2015 Strategic Plan are outlined below:

1. Teaching, learning and assessment

Aim:

- Good and outstanding teaching, learning and assessment are the norm and are the language of the College.

Strands:

- High expectations for staff and students are consistently maintained across the College;
- The sharing of good practice is embedded both within College and with external partners;
- There are effective, clearly communicated and monitored quality processes within the quality cycle, and
- Tracking, internal verification, standardisation and moderation are embedded and executed in an exemplary manner by all teams.

2. Learner experience

Aims:

- To increase standards of behaviour in College (2012/13).
- To increase expectations and aspirations of students (2013/14).
- To develop employment skills, promote employability intelligence and provide students with professional experiences (2014/15).

NATURE, OBJECTIVES AND STRATEGIES (continued)

Implementation of Strategic Plan (continued)

2. Learner experience *(continued)*

Strands:

- To have a tutorial experience that gives students the skills and awareness to understand appropriateness, boundaries, personal responsibilities, consequences to their actions and builds their confidence;
- To develop an innovative culture within the Faculties and College;
- To provide exposure to the world of work and use the Sector Skills' Councils to develop and enhance the relevance of vocational learning;
- Increase exposure to the world of Higher Education;
- To have parents and guardians increase their involvement with the College;
- To increase the involvement of ex-students in College life, and
- Ensure that transparent progression routes and opportunities are clear and well-articulated from Information, Advice and Guidance through to higher education/employment.

3. Tutorial/Curriculum

Aims:

- Raise the profile of tutorial for students.
- To achieve consistency of approach – all tutors will be working towards the same goals and high standards.
- The tutor is a mentor and an educator. All tutees to reach their full potential in academic, employability, and social skills.
- To develop a curriculum that is flexible and meets the needs of our learners.

Strands:

- Tutorial and curriculum are integrally linked parts of a student's education. The Tutor is a mentor and an educator. The Tutor must lead and advise the young people they have as tutees. All Tutors must take responsibility for, and understand the importance of, developing the tutee as a whole person;

NATURE, OBJECTIVES AND STRATEGIES (continued)

Implementation of Strategic Plan (continued)

3. Tutorial/Curriculum *(continued)*

Strands: (continued)

- There are clear roles and responsibilities for tutor and teacher both must be proactive in their approach to students, and
- Development of literacy, numeracy and Information Technology skills for students' future progress.

4. Leadership and management

Aim:

- To have leadership and management that inspires excellence in everything we do and responds efficiently to drive up standards.

Strands:

- To demonstrate a strong, purposeful leadership at all levels of the College which embodies our values. We expect this from all our staff whether they manage people, resources or the curriculum;
- To empower staff to think creatively and innovatively, to experiment and to succeed, ensuring everybody takes responsibility and is accountable;
- There are clear expectations for students, staff, and managers. Standards for all are consistently high;
- All meetings to be the hub of innovation, ideas and of shaping the future of the College;
- The Student Voice to feed into the development of the learning experience and contribute to decision making and monitoring at all levels;
- To demonstrate a clear and ambitious vision for the College through successful planning and rigorous performance management, and
- To continue to address the progression of Black, Minority and Ethnic (BME) staff to management positions.

5. Communications

Aim:

- To communicate with clear purpose, transparency and in good time with staff, students, parents and other stakeholders so that everyone is informed and included.

NATURE, OBJECTIVES AND STRATEGIES (continued)

Implementation of Strategic Plan (continued)

5. Communications *(continued)*

Strands:

- All stakeholders that require communication are identified, these include: schools, the media, governors, trade unions, students, staff, parents, universities, the local community and employers;
- Ensure that all communication methods are reviewed and assessed to ensure that, who does it, when is it done and who needs to know are correctly identified, and that they are impact assessed;
- Use the right method of communication depending on the subject matter e.g. the bulletin, the staff briefing, the Curriculum and Pastoral Meetings and via team and management meetings;
- To improve the systems of communication to students: Moodle, text, e-mail and tutorial. Ensure that the right person communicates at the right time, and
- Ensure the most effective and efficient methods of communication with parents and carers are implemented.

6. Partnership working

Strand A: Other 16-18 providers

Aim:

- Ensuring the sharing of best practice in teaching and support is utilised across the College by working with partner organisations.

Strand B: Employers

Aim:

- To draw on the expertise of employers to develop and enhance the experiences of students by contributing to curriculum content and/or by facilitating work experience opportunities.

Strand C: Feeder Schools

Aim:

- Change relationship with 11-16 schools from reactive to pro-active.

NATURE, OBJECTIVES AND STRATEGIES (continued)

Implementation of Strategic Plan (continued)

6. Partnership working *(continued)*

Strand D: Community

Aim:

- All learners to participate in a voluntary activity with the community in order to increase their maturity, resilience and assist in their progression to HE/or employment.

Strand E: Parents/Guardians

Aim:

- To establish meaningful and reliable methods of communication with parents, including access via the internet.

Strand F: Higher Education institutions

Aim:

- All learners to have the opportunity to experience some form of University taster, and to further develop partnership arrangements and working with Higher Education Institutions.

7. Effective and efficient use of resources

Aims:

- Become a carbon neutral college. To ensure that the behaviour of all staff and students support the journey to carbon neutrality.
- Introduce a new more efficient timetable with more fairness and flexibility for staff.
- To improve social spaces for students and improve the integration of different ethnic and religious groups.
- To develop an Information and Learning Technology (ILT) strategy. Minimum standards to be established for all curriculum and tutorial areas on the virtual learning environment.
- Aid the development of the curriculum and opportunities for students at the College and the community by considering the development of a Skills Funding Agency contract.

NATURE, OBJECTIVES AND STRATEGIES (continued)

Implementation of Strategic Plan (continued)

7. Effective and efficient use of resources *(continued)*

Strands:

- To continue the development of the green agenda;
- To ensure that the timetable and rooming are fit for purpose;
- To maximise social spaces for students and their opportunities to develop as independent learner;
- Use IT for delivering more effective and innovative teaching in and outside the classroom;
- Explore school, summer school and degree options;
- To develop an Academy of Enterprise and links with employers;
- To develop alternative sources of income such as apprenticeships and profitable renting of facilities;
- To explore sharing resources with other colleges, and
- To explore the necessity and possibility of a Skills Funding Agency contract.

The College's specific objectives for 2013/14 and achievement of those objectives is addressed below.

- The new Learning Development Advisors have allowed the time for an increased focus on employability skills in tutorials.
- There has been continuing work on developing employer links and defining pathway qualifications.
- Significant advances have been made in obtaining work experience for all vocational students.
- An alumni group has been started and the first alumni day held at the College.
- Higher education progression continues to be exceptionally strong and the new Director of HE has added many new activities and support mechanisms for students.
- The College continues to work in partnership with Sixth Form Colleges across London, colleges in the borough and schools. It remains a member of the local collegiate board and the CENLIG group and the London 12.
- The College continues to develop the green agenda, winning an Ashden's Award. The whole college now has LED lighting and any new building is required to be green.

NATURE, OBJECTIVES AND STRATEGIES (continued)

Implementation of Strategic Plan (continued)

The College remains in outstanding financial health; this may decline to good for 2014/15 but is predicted to return to outstanding in 2015/16.

Performance indicators

Academic targets:

Success rates were on target at 87% in 2013/14; in 2013/14 they were under target at 85%, though vocational achievement was over target;

Retention exceeded the target of 95%;

Progression to Higher Education, including to Russell Group Universities was slightly below target.

NATURE, OBJECTIVES AND STRATEGIES (continued)

Performance indicators (continued)

Financial targets:

- The College was is in outstanding financial health for 2013/14; this is expected to decline to Good due to the funding reduction in 2014/15;
- The College did not meets its target to recruit 2,015 learners; only 1,964 were recruited; in 2014/15 this loss was reversed and 2,074 students were recruited and retained;
- The surplus exceeded the £50,000 target; this was revised down from £250,000; due to the under recruitment and reduction in funding it was decided to bring expenditure forward from 2014/15 to 2013/14;
- Cash flow from operating activities was positive;
- Payroll costs at 68.7% below the target of 70%; this was due to a number of one off termination payments.
- Solvency was maintained at an efficient level.

FINANCIAL POSITION

Financial results

The College generated an operating surplus in the year of £286,000 (after £144,000 of FRS 17 related pension costs) (2012/13 – surplus of £133,000).

The College has accumulated reserves of £9.299 million (after pension fund deficit) and cash balances of £1.612 million. The College aims to make surpluses before FRS 17 costs of at least 0.5% of income.

Tangible fixed asset additions during the year amounted to £234,000. This paid the start of a Building Condition Improvement fund program; a new telephone system; a cashless catering system; IT improvements and further green energy works.

The College has significant reliance on the education sector funding bodies and its successor bodies for its principal funding source, largely from recurrent grants. In 2013/14 the funding bodies provided 99% of the College's total income.

The College under recruited students in 2013/14. The College was funded for 2,015 students with £10.803 million of income. The College actually had 1,964 students which generated £10.585 million of income. This is not subject to claw back but reduces the funding for 2014/15. Recruitment for 2014/15 has reflected improved marketing and the College has 2,074 continuing leaners which will significantly increase future funding.

FINANCIAL POSITION (continued)

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place.

Such arrangements are restricted by limits in the College's Financial Memorandum previously agreed with the LSC and subsequently transferred to the EFA. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows

At £891,000 inflow (2012/13 £849,000 inflow), operating cash inflow was strong. The net cash flow was an inflow of £306,000.

Liquidity

The College has two loans that were taken out to fund capital programs. The senior debt of £1.421 million is at a fixed interest rate and additionally there is a floating rate loan of £0.187 million.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2013/14 the College has delivered activity that has produced £10,585,000 in funding body main allocation funding (2012/13 – £10,443,000). The College had 1,964 funding body funded students.

Student achievements

Students continue to prosper at the College. Success rates rose again in 2013/14 to 87% and it is expected that this will be 85% in 2014/15. (81% if functional and key skills are now included); this decline is due to the changes in the structure of A levels.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Student achievements (continued)

Ofsted

The College was one of the first to be inspected under the new Ofsted framework, with just 2 days' notice.

The College was gratified that the Inspection received a positive outcome with the following grades:

Aspect Grades	
Overall Effectiveness of Provision	**2**
Outcomes for Learners	2
Quality of teaching, learning and assessment	2
Effectiveness of leadership and management	2
Sector Subject Area Grades	
ICT	2
Visual Arts and Media	2
Humanities and Social Sciences	1
English	2

Ofsted stated that Sir George Monoux is good because:

- the quality of teaching, learning and assessment, outcomes for learners and the effectiveness of leadership and management are all good. Most learners attain their learning goals and many make good or better progress;
- equality and diversity are promoted well and the college provides a harmonious and purposeful environment for learning. A high proportion of students from almost all groups achieve successful outcomes;
- students are well prepared for progression onto higher learning or into employment. Overall quality and performance have improved greatly, and
- governors, leaders and managers have shaped an ambitious vision to provide high quality education which changes and improves lives. They created an environment which stimulates improvement and enables higher performance.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Curriculum developments

The College has continued to develop in many areas to improve the opportunities and environment for our students.

The new funding regime emphasised the importance of sport and enrichment as part of Study Programs. The College had already identified sport as an area that needed improving so the new role of Head of Sport was created. This appointee is tasked with expanding sport at the College, particularly with targeting hard to reach groups. Agreement for the sharing of services with Walthamstow Pool and Track has been made and grant funding obtained from Sport England.

The College obtained £491,000 from the Building Condition Improvement Fund. The main part of the bid was to rebuild the weights room (condemned for several years) and improve sports facilities. The plans had to be scaled back as only a third of the funds bid for were allocated; however future bids will be made to continue the improvement in facilities.

The College began the introduction of Learning Development Advisors to replace tutors. Tutorial contact time was doubled and a new, wider, scheme of activities and areas included for coverage. This was intended to improve the experience for students and to focus on student well-being, reducing levels of drop out.

Increased focus on HE progression in the year, including an emphasis on accessing the best universities for our students made significant progress. Coaching, mock interview, meals with the Principal and other activities enabled students to obtain the experiences taken for granted by students in less deprived areas.

The College's arts programs continue to be highly successful. The College Theatre was renamed the Matthew Bourne Theatre, as one of our most famous arts alumni, and a performance from Matthew Bourne's company marked the occasion.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Curriculum developments (continued)

Former student Jermaine Jackman (2011-13) maintained close links with his mentors in the performing arts team. He sang at many college events and won the BBC's talent show The Voice, being mentored by Will.I.Am.

The College won the prestigious Ashden's Award, the first Sixth Form College to win one of the UK's leading green energy awards. Now in their 14th year, the Ashden Awards champion practical, local energy solutions that cut carbon, reduce poverty and improve people's lives in the UK and developing world.

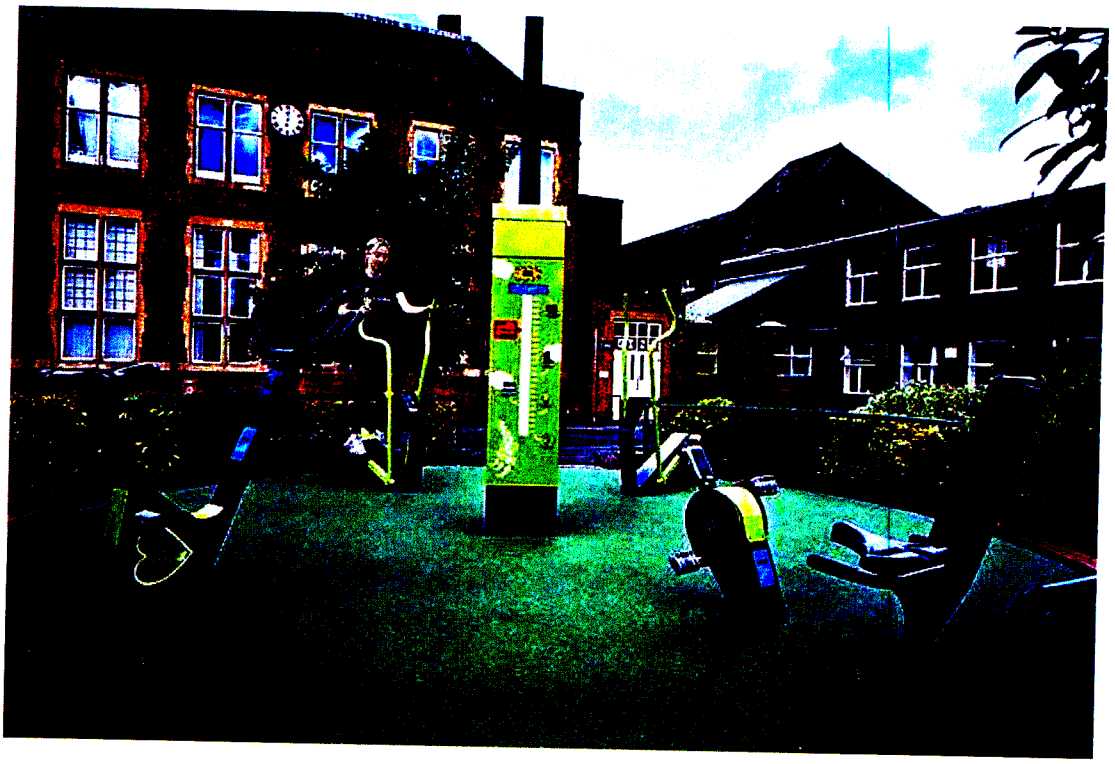
CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Curriculum developments (continued)

The College shows how young people can be inspired to help save the planet. As well as switching to low-energy lighting and installing efficient boilers. The Principal, Paolo Ramella, has inspired students to embrace his vision of a carbon-neutral College. Sir George Monoux College also has an open-air 'eco gym' where students can use their own energy to charge their mobiles. The income from electricity generated from the College's solar panels finances scholarships for ten students.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Curriculum developments (continued)



CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Curriculum developments (continued)

A new Health and Social care base room has been established – fitted out with all the facilities needed for practical activities.

The College invested significantly in its work with local schools to improve links and identify ways that we can work successfully together. The increased numbers for 2014/15 reflect this improvement and the focus will continue. In addition work has begun of using College alumni to develop opportunities for the current cohort.

A cashless catering system has been procured in lines the Department of Education's requirement for free meals. The College worked with East London Purchasing Consortium to obtain this at under half the price other organisations have had to pay.

A series of Monoux lecture has been introduced. Renowned external speakers have visited the College lecturing for an hour on their speciality to any member of the College community who wished to attend.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2013 to 31 July 2014, the College has aimed to pay all of its undisputed invoices within 30 days. The College incurred no interest charges in respect of late payment during this period.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Post-balance sheet events

There are no post balance sheet events.

Future developments

The College funding income has been set at £10.8m from the EFA. The cuts to funding for third year post 16 students and the necessity to provide all students without a C grade in English and/ or mathematics access to those qualifications puts strains on college resources. This is particularly galling as colleges receive less funding than the schools who have failed these students.

The College has improved recruitment in 2014/15, which should lead to increased funding in 2015/16. The College budgets carefully over periods of one, two and five years, though uncertainty about future funding policy will always make this speculative beyond two years. However this process is used to identify potential financial weaknesses and give time to implement solutions to achieve the long term strategic aims of the College.

RESOURCES

The College has 4 buildings set in 17 acres of London; the College has plans for the site that include additional building and sports development.

The College's main resource is its staff. Many teams are now excellent (support and teaching) and this positions the College well for the future. The College invests strongly in training and development to ensure that staff remain up to date and are able to continue improvement.

Financial

The College has £9.298 million of net assets (including £1.8 million pension liability) and long term debt of £1.608 million.

RESOURCES (continued)

FRS 17

The College has fully implemented the provisions of FRS17, although the corporation remains extremely concerned about the impact of FRS 17 on the future finances of the College.

The corporation believes that the principle upon which FRS 17 is based is fundamentally flawed and is not (nor is ever likely to be) capable of providing an accurate or equitable method to enable determination of the value of a pension scheme. The corporation also remains very unhappy with the current legal arrangements for the management of college pension schemes imposed, apparently unilaterally and without recourse to sensible debate, by Statute.

With specific reference to London Borough of Waltham Forest Pension Scheme the corporation has no control over the management of the fund, its financial arrangements and investment profile. In the corporation's opinion this needs to be recognised and acknowledged by the Trustees of the fund and resolved by the appointment of at least one of the Waltham Forest Colleges' corporation members to the Board of Trustees.

The basis of valuation used by FRS 17 relies on an actuarial assessment which is analytically unverifiable and is based on assumptions which in the medium to long term may prove to be unreliable.

People

The College employs 157 people (expressed as full time equivalents), 94 of whom are teaching staff.

Reputation

The College has a good reputation locally and across the whole of East London. It is ranked as the second best college in London by value added. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

Principal Risks and Uncertainties

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

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

RESOURCES (continued)

Principal Risks and Uncertainties (continued)

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

This is supported by a risk management training programme to raise awareness of risk throughout the College.

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

Government funding

The College has considerable reliance on continued government funding through the EFA. In 2013/14, 99% of the College's revenue was ultimately public funded and this level of requirement is expected to continue.

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

- The new funding system has unfairly cut funding for students who were failed by the education system prior to their post 16 education by denying them full funding for three years' education.
- The ongoing poor condition of the British economy, combined with the government's desire to reduce the deficit within the term of one Parliament, will mean funding rates are unlikely to rise and may even fall for the same delivery. Other changes that reduce funding remain possible.
- The introduction of free school meals has been done in a way that places the risk of the cost with Colleges. Funding is set at a level (which is no more than guesswork) but Colleges have an open ended commitment to provide meals for all those entitled.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with the EFA, SFA and the local authority
- Aiming to over recruit, using the additional numbers to mitigate any fall in funding.

RESOURCES (continued)

Principal Risks and Uncertainties (continued)

The possibility of strike action

The ongoing national situation where the pay and conditions of teachers and support staff have either been directly held down, or amended negatively, as well as indirect control via funding reductions have led to a situation where staff have had their real terms pay reduced and their pensions cut.

Unions are now considering more industrial action due to this.

The College attempts to mitigate this by regularly meeting and consulting unions at the College, however it has no control over national issues.

Growing Competition

Government policy remains to open free schools and academies without regard to the needs of young people or the quality of provision already in place. Funding for these institutions is not only higher per student but also guaranteed irrespective of recruitment.

The College has increased resources for links with schools and marketing.

The quality of provision and the success rates/ value added remain the best ways of dealing with competition.

Community Tension

The location of the College means that there is the danger of local religious or community tension being brought into the College. This has been exacerbated by the civil unrest prevalent in London during the summer of 2011 and remains a growing problem as funding for social initiatives in deprived areas is under constant pressure.

This risk is mitigated in a number of ways:

- Regular meetings with the local residents association
- Strong, but low key, campus security
- Strong tutorial system
- Strong and regular links with the police at a number of levels
- Communication between local colleges on incidents and troublemakers.

Stakeholder Relationships

In line with other colleges and with universities, Sir George Monoux College has many stakeholders. These include:

- Students,
- Funding Councils,

RESOURCES (continued)

Stakeholder Relationships (continued)

- Staff,
- Local employers (with specific links),
- Local Authorities,
- Government Offices/ Regional Development Agencies,
- The local community,
- Other FE institutions,
- Trade unions, and
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site, MOODLE and by meetings.

Equal opportunity and employment of disabled persons

The College celebrates and values the diversity brought to its workforce by individuals. It believes that the College will benefit from employing both disabled and non-disabled people at all levels of responsibility, and across all areas of work. This will also provide role models for a variety of students. The College is committed to equality of treatment for all employees regardless of whether they have a physical or mental impairment. This will apply to the operation and implementation of all its employment policies. The College will treat all employees with respect and dignity, and seeks to provide a positive working environment free from disability discrimination, harassment or victimisation.

The College will work towards the elimination of prejudice and discrimination and will seek to ensure that all staff have equal access to the full range of College facilities.

There will be no discrimination against staff on grounds of disability in access to employment, training, working conditions, terms of employment, treatment at work, promotion or dismissal. The College undertakes to fulfil its duty to make reasonable adjustments to enable staff to do their work, and not to treat staff with a disability less favourably than those without.

Disability Statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005, which places a general duty on the College to:

- promote equality of opportunity between disabled persons and other persons
- seek to eliminate discrimination that is unlawful under the Act
- seek to eliminate harassment of disabled persons that is related to their disabilities
- promote positive attitudes towards disabled persons

RESOURCES (continued)

Disability Statement (continued)

- encourage participation by disabled persons in public life
- take steps to take account of disabled persons' disabilities, even where that involves treating disabled persons more favourably than other persons.

In particular the College makes the following commitments:

- all improvements to the site recognise the need for compliance with the DDA;
- the admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the Complaints Procedure;
- the College has made a significant investment in Learning Support by the appointment of specialist staff and the provision of dedicated resource areas. There is a continuing programme of staff development to ensure a high level of appropriate support for students who have learning difficulties and/or disabilities, and
- counselling and welfare services are described in the Student Charter and are available to all students.

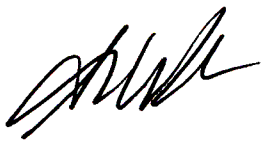
Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information

Professional advisors

External Financial Auditors	Buzzacott LLP
Internal Auditors	MacIntyre Hudson
Bankers	Lloyds Bank Plc
Solicitors	Birketts
Insurance Advisers/Brokers	Zurich Insurance
Payroll Bureau	Cintra

Approved by order of the members of the Corporation on 9 December 2014 and signed on its behalf by:



Alan Wells
Chair

Statement of Corporate Governance and Internal Control 31 July 2014

The following statement is provided to enable readers of the annual report and accounts of the college to obtain a better understanding of its governance and legal structure.

The College endeavours to conduct is business:

i) in accordance with the seven principals identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability openness, honesty and leadership);

ii) in full accordance with the guidance to colleges from the Association of Colleges in the English Colleges' Foundation Code of Governance ("the Foundation Code"); and

iii) having due regard to the UK Corporate Governance Code ("the Code) insofar as it is applicable to the further education sector.

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

In the opinion of the Governors, the College complies with all the provisions of the Foundation Code, and it has complied throughout the year ended 31 July 2014. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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

The Corporation

The composition of the Corporation is set out in the table below. It is the Corporation's responsibility to bring independent judgment to bear on issues of strategy, performance, resources and standards of conduct.

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Personnel, Appraisal and Remuneration; Resources; Search and Governance; Quality and Performance Monitoring, and Audit. Full minutes of all meetings are available from the Clerk to the Corporation at:

Sir George Monoux College
190 Chingford Road
Walthamstow
London
E17 5AA

The Clerk to the Corporation maintains a register of financial and personal interests of the Corporation members. The register is available for inspection at the above address.

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

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

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

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

The members who served the Corporation (and its Committees) during the period and up to the date of signature of this report were as follows:

Name	Category of appointment	Date of appointment	Date of leaving	Term of office	Committees served	Attendance*
Mr Farid Ahmed	Independent	24.3.10	26.11.13	4 years	R	100%
Mrs Saima Arif	Parent	1.8.13	6.7.14	1 year	A, Q	83%
Mrs Saima Arif	Independent	7.7.14		4 years	A, Q	N/A
Ms Riddhi Bhalla	Independent	1.8.13		4 years	G, P, R	71%
Mr Charles Bond	Staff	21.10.13		4 years	Q	75%
Mr Jeremy Bromfield MBE	Independent	11.12.12		4 years	A, G, Q	86%
Mr Jonathan Bush	Independent	10.12.13		4 years	A, P, Q, R	83%
Mr Theo Ellis	Staff	12.12.11		4 years	G, R	50%
Mr Toby Grainger	Independent	2.4.12	5.3.14	4 years	VChG, P, R	100%
Mr James Hedges	Independent	13.12.10	5.3.14	4 years	Ch,G, P, Q, R	100%
Mr Martin Hone	Independent	7.7.14		4 years		100%
Mr David Johnston	Independent	22.10.08 (re-appointed 22.10.12)		4 years	P, Q	71%
Ms Michelle King	Independent	7.7.14		4 years		100%
Mr Stewart McLean	Independent	7.7.14		4 years		100%
Mr Alastair Owens	Independent	7.7.14		4 years		100%
Ms Madelaine Preedy	Student	1.8.13	31.7.14	1 year	Q	25%
Mr Shamsur Rahman	Student	1.8.13	31.7.14	1 year	Q	75%
Mr Paolo Ramella	Principal	1.1.11			R, Q, G	100%
Mr Alan Wells OBE	Independent	1.8.13		4 years	Ch A (to 31.3.14), G, P. Q	86%
Mr Brian Westbury	Independent	17.2.11		4 years	VCh, A, G, P	86%
Mr Robert Smith	Clerk	1.1.11				

Key to sub-committees

A = Audit G = Governance & Nominations

P = Personnel, Appraisal and Remuneration R = Resources

Q= Quality and Performance Monitoring

Ch= Chair VCh= Vice Chair

Committee	Overall attendance
Audit	71%
Governance and Nomination	93%
Personnel, Appraisal and Remuneration	63%
Quality and Performance	64%
Resources	70%

The Corporation (continued)

Appointments to the Corporation

Any new appointments to the Corporation are a matter for consideration of the Corporation as a whole. The Corporation has a Governance and Nominations Committee, which in the year ended 31 July 2014, consisting of four members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

Personnel, Appraisal and Remuneration Committee

Throughout the year ending 31 July 2014, the College's Personnel, Appraisal and Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior postholders and it also exercises oversight of the HR function and sets the framework of terms and conditions for the generality of staff.

Details of remuneration for the year ended 31 July 2014 are set out in note 5 to the financial statements.

Audit Committee

The Audit Committee comprises of three or four members of the Corporation (excluding the Principal and Chair). The committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

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

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

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

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

Internal Control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibility assigned to him in the Financial Memorandum between the College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or break-downs in internal control.

The Purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should it be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Sir George Monoux College for the year ended 31 July 2014 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecast
- setting targets to measure financial and other performance

Internal Control (continued)

The risk and control framework *(continued)*

- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines where appropriate

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

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

Governance and Human Resources Reviews

During 2013/14, the College has reviewed and improved both its governance structures and the Human Resources department. Part of the catalyst for these improvements was the Human Resources circumstances described below.

In the course of 2013 the College Management recognised the need to enhance the work delivered by the Human Resources team including the advice provided by the department. A restructuring of the team was planned to improve the quality of the service to the College management and the overall performance of the team. Before this restructuring could be carried out a complaint was made to the Corporation, making serious allegations against the College's Principal. As the Human Resources processes required improvement at this time, there were shortcomings in the handling of this allegation and situation escalated.

The Chair of the Corporation (James Hedges), following independent legal advice, believed that he had no option other than to suspend the Principal until the issue was investigated and resolved. In the interim the Vice Principal – Corporate Services, David Ball, was appointed to act temporarily as Principal. This was notified to the EFA.

Governance and Human Resources Reviews (continued)

Eversheds were commissioned by the Chair of the Corporation to provide an independent review of the complaints against the Principal. Concurrently the Audit Committee commissioned McIntyre Hudson (the College's Internal Auditors) to provide an independent review of the Human Resources team and to recommend any improvements that were necessary for the service.

Following the investigation by Eversheds, the Independent Members of the Corporation took the decision to reinstate the Principal. The considered view of the Independent Members of the Corporation, following Eversheds' investigation, was that no disciplinary hearing needed to be held as the allegations were without substance. The Corporation appointed Mr Alan Wells OBE as its new Chair, the previous Chair and Vice Chair left the Corporation. Mr Wells met the EFA to explain the reasons for the Corporation's actions and to assure them that there were no issues that needed addressing.

The Corporation, under Mr Wells's leadership, rewrote its terms of reference and restructured its sub-committees to provide a revised focus on the most important areas of governance. The Corporation advertised externally for new members and recruited four new individuals who provide a wide range of skills, experience and expertise and who will be able to improve the Corporation's performance and cover gaps in the skillset of the continuing members.

The McIntyre Hudson review of Human Resources endorsed the College's management's plan for restructuring and other changes that were required. The implementation of the new structure started in May 2014.

Throughout all of this, the Corporation are confident that there was no irregularity in the use of funds. Also that the College has emerged from these experiences stronger and better able to face the difficult challenges the sector faces in 2014/15 onwards.

Review of effectiveness

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

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

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

Review of effectiveness (continued)

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training.

The senior management team and the audit committee also receive regular reports from internal audit, which include recommendations for improvements. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control.

The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2014 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2014 by considering documentation from the senior management team and internal audit, including a review of the key risks to the college and a review of the risk management process, and taking account of events since 31 July 2014.

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

Governing Body's Statement on the College's regularity, propriety and compliance with the Funding body terms and conditions of funding

The Corporation has considered its responsibility to notify the Education Funding Agency of material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding, under the funding agreement in place between the College and the Education Funding Agency. As part of its consideration the Corporation has due regard to the requirements of the funding agreement.

As detailed earlier in the Statement of Governance and Internal Control, circumstance arose during the year in connection with Human Resources and Governance where the College's procedures were not followed in full.

We confirm, on behalf of the Council, that to the best of its knowledge, the Council believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Education Funding Agency's terms and conditions of funding under the College's funding agreement. We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Education Funding Agency.

Going Concern

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

Approved by order of the members of the corporation on 9th December 2014 and signed on its behalf by:

Signed

Date 9 December 2014

Chair

Signed

Date 9 December 2014

Principal

Statement of the Responsibilities of the Members of the Corporation

The members of the Corporation of the College are required to present audited financial statements for each financial year.

Within the terms of and conditions of the Financial Memorandum agreed between the EFA and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and with the Accounts Direction issued jointly by the Skills Funding Agency and the EFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

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

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

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

Members of the Corporation are responsible for ensuring expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the Skills Funding Agency and EFA are used only in accordance with the Financial Memorandum with the Skills Funding Agency and the EFA and any other conditions that may be prescribed from time to time.

Statement of Corporate Governance and Internal Control 31 July 2014

Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the Skills Funding Agency and the EFA are not put at risk.

Approved by order of the members of the corporation on the 9th December 2014 and signed on its behalf by:

Signed

Date: 9 December 2014

Chair

Independent Auditors' Report to the Corporation of Sir George Monoux College

We have audited the College financial statements ("the financial statements") of Sir George Monoux College for the year ended 31 July 2014 set out on pages 40 to 64. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

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

Respective Responsibilities of the Corporation of Sir George Monoux College and Auditor

As explained more fully in the Statement of the Corporation's responsibilities set out on page 34, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporation; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Corporation Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Independent Auditor's Report to the Corporation of Sir George Monoux College
31 July 2014

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 July 2014 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions.

Opinion on other matters prescribed by the revised Joint Audit Code of Practice (Part 1) issued jointly by the Skills Funding Agency and the EFA and the Audit Code of Practice issued by the Learning and Skills Council
In our opinion:

- proper accounting records have been kept, and
- the financial statements are in agreement with the accounting records.

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

15 December 2014

Independent Auditors' Report on Regularity to the Corporation of Sir George Monoux College ('the Corporation') and the Education Funding Agency

This report is produced in accordance with the terms of our engagement letter dated 13 May 2014 for the purpose of reporting on the College's Statement of Regularity, Propriety and Compliance in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2014 are regular as defined by and in accordance with the Funding Agreement with Secretary of State for Education acting through the Education Funding Agency, in accordance with the authorities that govern them.

The regularity assurance framework that has been applied is set out in the Joint Audit Code of Practice and the Regularity Audit Framework published by the Skills Funding Agency and the Education Funding Agency.

Our review has been undertaken so that we might state to the Corporation of Sir George Monoux College and the Secretary of State for Education acting through the Education Funding Agency those matters we are required to state to them in a report and for no other purpose. This report is made solely to the Corporation of Sir George Monoux College and the Secretary of State for Education acting through the Education Funding Agency in accordance with the terms of our engagement letter. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation of Sir George Monoux College and the Secretary of State for Education acting through the Education Funding Agency, for our review work, for this report, or for the opinion we have formed.

Responsibilities of the Members of the Corporation of Sir George Monoux College

The Corporation of Sir George Monoux College is responsible under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that financial transactions are in accordance with the framework of authorities which govern them and that transactions underlying the financial statements for the year ended 31 July 2014 are regular.

The Corporation of Sir George Monoux College is also responsible, under the requirements of the Accounts Direction 2013/14 published by the Skills Funding Agency and the Education Funding Agency for the preparation of the Statement on Regularity, Propriety and Compliance. The Statement confirms that, to the best of its knowledge, the Corporation believes it is able to identify any material, irregular or improper use of funds by the College, or material non-compliance with the Education Funding Agency's terms and conditions of funding under the College's funding agreement. It further confirms that any instances of material irregularity, impropriety or funding non-compliance discovered in the year to 31 July 2014 have been notified to the Education Funding Agency.

Auditor's responsibilities

Our responsibility is to express a reasonable assurance opinion in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2014 are in all material respects regular, based on the procedures that we have performed and the evidence we have obtained. Our reasonable assurance engagement was undertaken in accordance with the Joint Audit Code of Practice, the Regularity Audit Framework and our engagement letter dated 13 May 2014. The International Standards on Auditing (UK and Ireland) and Joint Audit Code of Practice require that we plan and perform this engagement to obtain reasonable assurance in respect of the Assertion that the transactions underlying the financial statements are in all material respects regular.

Basis of opinion

We have performed procedures on a sample basis so as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express reasonable assurance that the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2014.

Opinion

Circumstance arose during the year in connection with Human Resources and Governance where the College's procedures were not followed in full. These circumstances and the response of the Corporation are detailed within the Statement on Governance and Internal Control on pages 30 to 31. Other than these circumstances, in our opinion, the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2014.

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

15 December 2014

Income and expenditure account 31 July 2014

	Notes	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Income			
Funding body grants	1	**11,003**	10,355
Tuition fees and education contracts	2	**10**	7
Other income		**63**	183
Investment income	3	**5**	4
Total income		**11,081**	10,549
Expenditure			
Staff costs	4	**7,721**	7,333
Other operating expenses	6	**2,326**	2,334
Interest and other finance costs	7	**155**	171
Depreciation	8	**593**	578
Total expenditure		**10,795**	10,416
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		**286**	133

The income and expenditure account is in respect of continuing activities.

Statement of historical cost surpluses and deficits Year to 31 July 2014

	Notes	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Surplus on continuing operations before taxation		**286**	133
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	16	**55**	79
Historical cost surplus for the period before and after taxation		**341**	212

Statement of total recognised gains and losses Year to 31 July 2014

	Notes	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Surplus on continuing operations after depreciation of assets at valuation and tax		**286**	133
Actuarial gain in respect of pension scheme	23	**136**	220
Additional payment into pension scheme from I&E reserve		**(210)**	—
Receipt of additional pension scheme payment into pension reserve		**210**	—
Other reserve movements		**1**	4
Total recognised gains relating to the period		**423**	357

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Reconciliation		
Opening reserves	**6,040**	5,683
Total recognised gains for the year	**423**	357
Closing reserves	**6,463**	6,040

Balance sheet 31 July 2014

	Notes	31 July 2014 £'000	31 July 2013 £'000
Fixed assets			
Tangible assets	8	**11,691**	12,051
Investments	9	**41**	40
		11,732	12,091
Current assets			
Debtors	10	**32**	40
Cash at bank and in hand		**1,612**	1,306
		1,644	1,346
Creditors: amounts falling due within one year	11	**(810)**	(671)
Net current assets		**834**	675
Total assets less current liabilities		**12,566**	12,766
Creditors: amounts falling due after one year	12	**(1,368)**	(1,678)
Provisions for liabilities and charges	14	**(70)**	(140)
Net assets excluding pension liability		**11,128**	10,948
Pension liability	23	**(1,829)**	(2,031)
Net assets		**9,299**	8,917
Deferred capital grants	15	**2,836**	2,877
Restricted reserve		**41**	40
Income and expenditure account excluding pension reserve		**4,523**	4,248
Pension reserve	23	**(1,829)**	(2,031)
Income and expenditure account including pension reserve	17	**2,694**	2,217
Revaluation reserve	16	**3,728**	3,783
Total reserves		**6,463**	6,040
TOTAL		**9,299**	8,917

The financial statements on pages 40 to 64 were approved by the corporation on 10 December 2013 and were signed on its behalf by:

Chair of the Corporation

Accounting Officer

Cash flow statement 31 July 2014

	Notes	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Cash inflow from operating activities	18	**891**	849
Returns on investments and servicing of finance	19	**(91)**	(106)
Capital expenditure and financial investment	20	**(234)**	(257)
Financing	21	**(260)**	(248)
Increase in cash in the period		**306**	238

Reconciliation of net cash flow to movement in net debt.

Increase in cash in the period	**306**	238
Repayment of amounts borrowed	**260**	248
Movement in net debt in the period	**566**	486
Net debt at 1 August	**(562)**	(1,048)
Net debt at 31 July	**4**	(562)

Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting in Further and Higher Education 2007 (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency and the EFA in the 2013/14 Accounts Direction Handbook.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Recognition of income

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element is normally adjusted for in year and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end. Employer Responsive funding is receivable based on latest ILR returns in respect of the current financial year, but subject to consideration of the College's performance relative to maximum contract values. 16-18 learner responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

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

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

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

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. Income from specific endowments not expended in accordance with the restrictions of the endowment is transferred from income and expenditure account to specific endowments.

Expenditure categorisation

The subcategories of expenditure have been modified to bring them into line with funding body categorisation.

Post retirement benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the London Borough of Waltham Forest Pension Fund (LBWFPF). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS).

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is substantially a level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a perspective benefit method. As stated in note 23 the TPS is a multi employer scheme and the College is unable to identify its share of the assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LBWFPF are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Enhanced Pensions

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

Tangible Fixed Assets

Land and Buildings

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account on an annual basis.

Refurbishment works that improve the value of the buildings are included in the balance sheet at cost less accumulated depreciation. Freehold land is not depreciated. Freehold buildings are depreciated on a straight-line basis over their expected useful life of up to 50 years. Where building refurbishments are undertaken with the aid of specific grants, they are capitalised and depreciated as above.

Tangible Fixed Assets (continued)

Land and Buildings *(continued)*

The related grants are credited to a deferred capital grant account and are released to the income and expenditure financial statement over the useful expected life of the related asset on a basis consistent with the depreciation policy. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

On adoption of the FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. Equipment costing more than £1,000 is capitalised at cost. Equipment is depreciated on a straight-line basis over its expected life, which for computer equipment is 3 years, and for other equipment up to 8 years. Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy; the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful life of the related equipment.

Subsequent expenditure on existing fixed assets

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

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

Maintenance of Premises

The cost of all corrective maintenance is charged to the income and expenditure account in the accounting period in which it occurs. It will be evident from the Members Report that there is a commitment to planned maintenance and improvements to the premises generally.

Taxation

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

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

Liquid resources

Liquid resources include sums on short term deposits with recognised banks, building societies and government securities.

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Agency Arrangements

The College acts as an agent in the collection and payment of Bursary Funds. Related payments received from the EFA or its successor organisations and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 29 except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs two members of staff dedicated to the administration of Bursary applications and payments.

1 Funding body grants

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Funding body grant	**10,880**	10,233
Release of deferred capital grants (note 15)	**123**	122
	11,003	10,355

2 Tuition fees and education contracts

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Educational contracts		
Other education contracts	**10**	7
	10	7

3 Investment income

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Other interest receivable	**5**	4

4 Staff costs

The average monthly number of persons employed by the College (including senior post holders) during the year, expressed as full-time equivalents, was:

	Year ended 31 July 2014	Year ended 31 July 2013
Teaching staff	**94**	92
Non teaching staff	**63**	63
	157	155

4 Staff costs (continued)

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Staff costs for the above persons:		
Wages and salaries	**5,717**	5,543
Social security costs	**417**	454
Other pension costs (including FRS 17 adjustment of £89,000 (2013 £72,000))	**528**	553
	6,662	6,550
Contracted out staffing services	**1,059**	783
	7,721	7,333

The number of staff, including senior post-holders and the principal, who received emoluments in the following ranges was:

	Year ended 31 July 2014	Year ended 31 July 2013	Year ended 31 July 2014	Year ended 31 July 2013
	Number of senior post-holders	Number of senior post-holders	**Other staff**	Other staff
£60,001 - £70,000	—	—	**2**	2
£70,001 - £80,000	—	1	—	—
£80,001 - £90,000	**1**	—	—	—
£100,001 - £110,000	—	1	—	—
£110,001 - £120,000	**1**	—	—	—
	2	2	**2**	2

5 Senior post-holders' emoluments

	2014	2013
The number of senior post-holders including the principal was:	**3**	3
Senior post-holders' emoluments are made up as follows:	**£**	£
Salaries	**244,460**	240,215
Pension contributions	**30,863**	28,770
Total emoluments	**275,323**	268,985

5 Senior post-holders' emoluments (continued)

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid senior post-holder) of:

	Year ended 31 July 2014 £	Year ended 31 July 2013 £
Salary	**114,770**	108,565
Pension contributions	**15,478**	15,308

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

The above emoluments include amounts payable to the Acting Principal of:

	Year ended 31 July 2014 £	Year ended 31 July 2013 £
Salary	**33,293**	—
Pension contributions	**3,296**	—

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

Senior post-holders, including the Accounting Officer and other higher paid staff, received no cost of living increase.

6 Other operating expenses

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Teaching costs	**516**	580
Non teaching costs	**1,231**	1,164
Premises costs	**579**	590
Total	**2,326**	2,334
Other operating expenses include:		
Auditors' remuneration:		
. External audit	**15**	14
. Internal audit	**17**	16
. Other services provided by the financial statement auditors	**11**	5
. Other services provided by the internal auditors	**10**	—

7 Interest payable

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than 5 years	**96**	110
Pension finance costs	**59**	61
	155	171

8 Tangible fixed assets

	Freehold £'000	Equipment £'000	**Total £'000**
Cost or valuation			
At 1 August 2013	16,770	1,318	**18,088**
Additions	35	199	**234**
Disposals	—	(19)	**(19)**
At 31 July 2014	16,805	1,498	**18,303**
Depreciation			
At 1 August 2013	5,493	544	**6,037**
Charge for year	409	184	**593**
Disposals	—	(18)	**(18)**
At 31 July 2014	5,902	710	**6,612**
Net book values			
At 31 July 2014	10,903	788	**11,691**
Net book values			
At 31 July 2013	11,277	774	**12,051**

The transitional rules set in FRS 15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly, the book values at incorporation have been retained.

Inherited land and buildings were valued at 1/4/93 for the purpose of the 1994 financial statements at depreciated replacement cost by the District Valuer/Valuation Officer for Redbridge. Other tangible fixed assets inherited from the local education authority at incorporation were valued by the Corporation based on specifically identified asset purchase costs.

Land and buildings with a net book value of £3,783,756 have been financed by exchequer funds, through for example the receipt of capital funds. Should these assets be sold, the College would either have to surrender the sale proceeds or use them in accordance with the financial memorandum.

9 Investments

	31 July 2014 £'000	31 July 2013 £'000
Balance at 1 August 2013	**40**	36
Appreciation on revaluation	**1**	4
Balance at 31 July 2014	**41**	40

The investment is in the Charities Official Investment Fund.

10 Debtors

	31 July 2014 £'000	31 July 2013 £'000
Due within one year		
Trade debtors	**4**	18
Prepayments and accrued income	**28**	22
	32	40

11 Creditors: amounts falling due within one year

	31 July 2014 £'000	31 July 2013 £'000
Bank loans and overdrafts	**274**	260
Trade creditors	**78**	36
Other creditors	**7**	4
Accruals and deferred income	**451**	371
	810	671

12 Creditors: amounts falling due after one year

	31 July 2014 £'000	31 July 2013 £'000
Accruals	**34**	70
Bank loans	**1,334**	1,608
	1,368	1,678

13 Borrowings

	31 July 2014 £'000	31 July 2013 £'000
Due within:		
One year	**274**	261
Between one and two years	**289**	274
Between two and five years	**895**	897
In more than five years	**150**	436
	1,608	1,868
Represented by		
Floating rate loan at 6.60515% repayable by instalments falling due between 1 August 2003 and 31 December 2017. Interest is charged at 1% above the base rate.	**187**	236
Fixed rate loan at 6.1% repayable in equal quarterly instalments from 4 January 2005 to 2 January 2020	**1,421**	1,632
	1,608	1,868

14 Provisions for liabilities and charge

	£'000
At 1 August 2013	**140**
Released in period	**(70)**
At 31 July 2014	**70**

The enhanced pension provision relates to the cost of staff who have already left the College's employment. There is a doubt about the nature, quantum and validity of these liabilities. The College has reviewed the situation and decided that it is prudent to release this provision over a period of 5 years.

15 Deferred capital grants

	Funding Council £'000	Other £'000	Total £'000
At 31 July 2013	2,821	56	**2,877**
Released to income and expenditure account (note 1)	(123)	(3)	**(126)**
Capital grant received	85	—	**85**
Total as at 31 July 2014	2,783	53	**2,836**

16 Revaluation reserve

	31 July 2014 £'000	31 July 2013 £'000
At 1 August 2013	**3,783**	3,862
Transfer from revaluation reserve to general reserve in respect of:		
Depreciation on revalued assets	**(55)**	(79)
At 31 July 2014	**3,728**	3,783

17 Movement on general reserves

	31 July 2014 £'000	31 July 2013 £'000
At 1 August 2013	**2,217**	1,785
Surplus on containing operations after depreciation	**286**	133
Transfer from revaluation reserve	**55**	79
Actuarial gain in respect of pension scheme	**136**	220
At 31 July 2014	**2,694**	2,217
Balances represented by:		
Pension reserve	**(1,829)**	(2,031)
Income and expenditure reserve excluding pension reserve	**4,523**	4,248
	2,694	2,217

18 Reconciliation of operating surplus to net cash inflow from operating activities

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Surplus on continuing operations after depreciation of assets at valuation	**286**	133
Depreciation (note 8)	**593**	578
Deferred capital grant released to income (note 15)	**(126)**	(125)
Capital grants received (note 15)	**85**	1
Pension costs less contributions payable	**(125)**	89
Decrease in debtors	**8**	34
Increase in creditors	**89**	42
Decrease in provisions	**(70)**	(70)
Interest receivable	**(5)**	(4)
Interest payable	**155**	171
Loss on disposal	**1**	—
Net cash inflow from operating activities	**891**	849

19 Returns on Investments and servicing of finance

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Other interest received	5	4
Interest paid	(96)	(110)
Net cash outflow from returns on investment and servicing of finance	(91)	(106)

20 Capital expenditure and financial investment

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Purchase of other tangible fixed assets	(234)	(257)
Net cash outflow from capital expenditure and financial investment	(234)	(257)

21 Management of liquid resources

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Repayment of amounts borrowed	(260)	(248)
Net cash outflow from management of liquid resources	(260)	(248)

22 Analysis of changes in net debt

	At 1 August 2013 £'000	Cash flows £'000	At 31 July 2014 £'000
Cash at bank and in hand	1,306	306	**1,612**
Debt due within one year	(261)	(13)	**(274)**
Debt due in more than one year	(1,607)	273	**(1,334)**
Total	(562)	566	**4**

23 Pensions and similar obligations

The College's employees belong to two principal pension schemes, the Teachers' Pensions Scheme for academic and related staff and the Local Government Pension Scheme (LGPS) for non-teaching staff which is managed by London Borough of Waltham Forest. Both are defined-benefit schemes.

Total pension scheme cost for the year

		2013/14 £'000		2012/13 £'000
Teachers Pension Scheme: contributions paid		**438**		406
Local Government Pension Scheme:				
. Contributions paid	**338**		181	
. FRS 17 charge	**(125)**		89	
. charge to the income and expenditure account (staff costs)		**213**		270
Enhanced pension released:				
. from provisions (note 14)		**(70)**		(70)
. from creditors		**(53)**		(53)
Total pension costs for the year		**528**		553

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 04 and of the LGPS was 31 March 2013.

There were no outstanding or prepaid contributions at either the

29 Amounts disbursed as agent

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Funding body grants	**481**	413
Administration fess	**(22)**	(17)
	459	396
Disbursed to students	**(460)**	(348)
Balance unspent at 31 July	**(1)**	48

Funding body grants are available solely for students; the college acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure account.