

*The Camden College*

## REGISTRAR OF COMPANIES

# WORKING MEN'S COLLEGE CORPORATION

A company limited by guarantee and not having a share capital

### Report and Financial Statements

for the year ended 31 July 2016



Company registration number: **8894**

Charity registration number: **312803**

# **WORKING MEN'S COLLEGE CORPORATION**

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# **WORKING MEN'S COLLEGE CORPORATION**

## **MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT for the year ended 31 July 2016**

The Board of Governors, who are directors for the purposes of the Companies Act and trustees for the purposes of the Charities Act, hereinafter referred to as the Corporation, present their annual report and the audited financial statements of the Working Men's College Corporation ("the College" or "WMC") for the year ended 31 July 2016.

### **NATURE, OBJECTIVES AND STRATEGIES**

#### **Legal Status**

The Working Men's College Corporation is a 'Specialist Designated Institution' (SDI) under the Further and Higher Education Act 1992. It is also a company limited by guarantee not having a share capital and it is a registered charity. The College is subject to the legal framework governing the Further Education sector, including the rules set from time to time by the Government departments and agencies with responsibility for the sector. During 2015/16 these were principally the Department for Business, Innovation & Skills (DBIS, subsequently DBEIS), the Department for Education (DFE), the Skills Funding Agency (SFA) and the Education Funding Agency (EFA). The College is also subject to the requirements of the Companies Act and the Charities Act.

The College's financial affairs are governed by Financial Memoranda with the SFA and EFA. In addition the College, as a charitable company limited by guarantee, is governed by the charitable company's memorandum and articles of association.

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

#### **Mission**

The Corporation keeps the mission statement and strategic objectives under regular review. The mission was reviewed during 2015/16 and the updated mission statement of the College which was adopted is:

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

#### **Objectives**

In support of its mission, Working Men's College aims to:

- Provide an outstanding education for adults, in which all learners can achieve their personal, educational and training goals and maximise their potential.
- Provide an inclusive learning environment with all the support necessary to promote equality and diversity, freedom of expression and social responsibility.
- Meet the needs of the local communities with programmes which promote community cohesion and address the problems of disadvantage and deprivation; especially by providing opportunities for local residents to improve their language, literacy and numeracy skills.
- Work in partnership with the London Borough of Camden, other colleges and providers, local voluntary organisations, funding bodies and others who share our goals.
- Work with local employers to meet the demands of a skills-based economy, and with local people to ensure they can get the skills needed to get local jobs.
- Celebrate its unique history and engage positively with the past, while finding new ways to pursue its founders' aims into the 21st century.

# WORKING MEN'S COLLEGE CORPORATION

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### Public Benefit

The College is a registered charity. Since 1 September 2013, it has been regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all Further Education Corporations in England. The Governors of the Corporation, who are trustees of the charity, are disclosed on page 17.

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

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

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

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

### Strategic Planning

College Governors and managers developed a new 3-year strategic plan during the year which was approved by the Corporation in July 2016. The strategic objectives for 2016 - 2019 are set out below:

#### High quality provision and excellence for all

- Ensure all learners are supported and encouraged to meet their individual aims and objectives and progress towards long term goals.
- Provide an enriching learning experience that raises aspirations, celebrates success and promotes inclusion and diversity.
- Provide learning and progression opportunities for people and groups who find education hard to reach in particular those who have had poor or little previous experience of learning.
- Offer a range of high quality provision which enables learning that leads to improved physical and mental health and social and emotional well-being as well as to improved economic circumstances.

#### Efficiency, effectiveness and sustainability

- Deploy the College's physical, human and virtual resources to optimise learning opportunities for students and provide greater efficiency for the College.
- Provide IT infrastructure and learning materials that facilitate and enhance both classroom and e-learning experiences, using technology and media readily accessible to learners.
- Invest in and develop systems, processes and resources that streamline service procedures for learners and staff, eliminate unnecessary bureaucracy and provide online access to core information.
- Identify relevant new funding and commercial income opportunities, pursuing those that will support sustainable new activities or expand existing provision on a timely basis.

## WORKING MEN'S COLLEGE CORPORATION

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#### Partnership working

- Develop collaboration and closer working with London SDIs for the benefit of all adult learners.
- Develop partnerships with other providers and businesses to provide opportunities for learning and learners that complement or extend their WMC studies.
- Support local self-employed and micro-businesses with development of essential business skills.
- Work with local public sector and third sector organisations to develop the numeracy, language and front line customer service skills of their workforces.

#### **Accommodation Strategy**

A key feature of previous strategic plans was the implementation of substantial remodelling of the College's grade 2 listed building at Crowndale Road, originally purpose built for the College in 1904. Two major phases of building between 2006 and 2012 included incorporating a café and library for students, refurbishment of the old gymnasium to provide new classrooms, internal accessibility to Disability Discrimination Act (DDA) standards, two new lifts and new energy-efficient boilers, a new main entrance incorporating a disabled access lift and a new reception area and roof space offices for staff.

A comprehensive new accommodation strategy is currently being prepared to support the new strategic plan and during 2015/16 conditions surveys, utilisation reports and options analyses were prepared. The reports will be considered by Governors in the new year with an expectation of the new strategy document being approved in spring 2017.

#### **General Financial Objectives**

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

To maintain:

- Cash days greater than 25.
- A current ratio greater than 1.6 : 1.
- Operating surplus adjusted for depreciation and capital grants greater than 7% of income.
- Borrowing less than 20% of total reserves plus debt.
- General reserves greater than 80% of income.

To achieve Skills Funding Agency financial health category "Outstanding" and to return to category "Outstanding" within 3 years of any major capital works programme.

In 2015/16, 5 of the 6 financial objectives were met as follows:

<u>Objective</u>	<u>Met</u>
Cash days greater than 25	Yes
A current ratio greater than 1.6 : 1	Yes
Adjusted operating surplus greater than 7% of income	Yes
Borrowing less than 20% of total reserves plus debt	Yes
General reserves greater than 80% of income	Yes
Financial health category of "Outstanding"	No

In summer 2016, the SFA revised the formulae for calculating the financial health of a college. As a result the threshold for achieving "Outstanding" has been increased slightly. Under the new methodology, the College's financial health is a very strong "Good" whereas it would still be "Outstanding" under the old methodology.

## WORKING MEN'S COLLEGE CORPORATION

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#### Investment Fund Objectives

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

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

At 31 July 2016, the proportions of investments by type were as follows:

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

At 1 August 2015 the investment portfolio was valued at £3.944 million. The investment income received during the year was £123,000 which equates to 3.1% of the opening valuation. The portfolio value had risen to £4.406 million by 31 July 2016 representing growth of 11.7%. With very low inflation rates this is a performance well in excess of the target set.

#### Ofsted Inspection

Working Men's College's most recent inspection took place in March 2013 and the Corporation and staff were delighted that the College received an outstanding report from Ofsted.

The College's grades awarded by Ofsted were:

Overall Effectiveness	Outstanding
Outcomes for Learners	Outstanding
Quality of Teaching, Learning and Assessment	Outstanding
Effectiveness of Leadership and Management	Outstanding
Subject: Visual Arts	Outstanding
Subject: English for Speakers of Other Languages	Outstanding

#### PERFORMANCE INDICATORS

The College's performance against the Skills Funding Agency's (SFA) and Education Funding Agency's (EFA) revenue and learner number targets in 2015/16 is set out below:

##### EFA Funding

Funding Category		Target (EFA contract)	Actual outturn (Final Claim)	Performance (%)
16-18 Learner- Responsive Funding	Learner Numbers	96	44	46%
	Funding Value	316,000	310,000	98%

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

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#### SFA Funding

Funding Category		Target (SFA contract)	Outturn (Final Claim)	Performance (%)
Adult (19+) Learner-Responsive Funding (including 19+ Apprenticeships)	Adult Skills Budget	£3,661,000	£3,740,000	102%
Adult (19+) Community Learning Funding		£230,540	£230,540	100%

Under SFA funding rules, the College will receive the lower of the final outturn or the funding allocation in each of the above categories. Accordingly, the College has recognised only the funding allocation for the Adult Skills Budget in the financial statements.

Overall the College has performed well in the year, exceeding its funding target for the Adult Skills Budget which forms the vast majority of its funding income.

#### Other Funding

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

Year	Direct Grants £'000	Total Income £'000	%
2012/13	4,094	5,172	79%
2013/14	4,595	5,809	79%
2014/15	4,173	5,419	77%
2015/16	4,370	5,559	78%

The proportion of college income derived from grant funding rose slightly to 78% in 2015/16 from 77% in 2014/15. This was mainly a consequence of an increase to the overall Adult Skills Budget allocation following the consolidation of previous mandated ESOL allocation. Nevertheless, the College remains committed to reducing its dependence on direct funding body grants and was pleased to be successful in winning tenders for two contracts with London Borough of Camden which commenced in August 2015 and continue for an initial three year period and are jointly worth approximately £250,000 in a full year.

Student fees fell slightly in the year from £759,000 to £694,000. The amounts received by the College through 24+ learning loans, for learners aged 24 or over who are studying at level 3 or higher, are included within fee income, although these have generally not proved popular with learners and amount to only £32,000 of fee income in 2015/16 (2014/15 - £64,000). The College keeps the level of fees under constant and careful review in order to optimise income while ensuring that adult education remains accessible to as many people as possible.

#### Learner Performance

The College's learners have enjoyed another successful year and continue to perform to high levels of retention and achievement, with the current year's performance showing an incremental improvement on the previous year, albeit that the retention and overall achievement are more than a percentage point below the target the College set for itself at the start of the year. The table below shows student overall achievement for all College courses, as reported in the College self-assessment report.

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Year	Retention	Pass rate	Overall Achievement	Attendance
2014/15 Actual	93.8 %	96.1 %	89.9 %	88.6%
2015/16 Target	95.9 %	96.9 %	93.0 %	85.0%
2015/16 Actual	94.5 %	97.2 %	91.9 %	84.8%
Percentage point change 2015/16 over 2014/15	+0.7	+1.1	+2.0	-3.8

The proportion of learners taking accredited qualifications has increased again this year making the improvement in the overall achievement rate more significant and also in part explaining the shortfall against target. The decline in attendance rate compared to the previous year and shortfall against target is of concern for managers and a proactive programme of actions and activities to address this has already been implemented for the new year.

#### Other external performance indicators

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as overall achievement rates. The College is required to complete the annual Finance Record for the Skills Funding Agency. The Finance Record produces a financial health grading. Under the SFA's new methodology for calculating the grade, the College's rating changes from "Outstanding" to a very strong "Good". To return to "Outstanding" would require a significant increase in the annual surplus and the Finance, Personnel and Development Committee will consider the desirability of changing the objective around this criterion in the new year, taking into account the current level of cash holdings and reserves of the College and the need to invest in resources and staff to provide the best experience to learners.

## STRATEGIC REPORT

### FINANCIAL POSITION

#### Financial Results

The College is pleased that it has generated another modest surplus on continuing operations. The surplus of £82,000 for the year to 31 July 2016 (2015 - £148,000) is in line with the approved budget at the start of the year and represents 1.5% of total income of £5,559,000. As a non-profit making charity without shareholders, the College aims to make a modest annual surplus in order to maintain working capital, enable investment in resources and protect the ongoing activity but does not intend to accumulate profit. The Governors are pleased to report that this aim continues to be achieved and the College has reported a modest annual surplus for in excess of twelve consecutive years.

The College purchased £237,000 of new tangible fixed asset additions during the year, of which £117,000 related to building improvements and the balance was on computer equipment and other furniture, fixtures and fittings. At the end of the year, the College owned tangible fixed assets with a net book value of £6.309 million of which £6.057 million related to buildings and £252,000 related to computer and other equipment, fixtures and fittings.

#### Investments

The College's performance on its endowment investment portfolio is set out in note 12 to the accounts. The portfolio generated an income return of £123,000 during the year as well as appreciating in value by £462,000. The portfolio had a market value of £4.406 million at the balance sheet date.

Total comprehensive income in 2015/16, stated after investment gains, was £544,000 (2014/15: £526,000)



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#### **Reserves**

As at 31 July 2016, general income and expenditure funds totalled £6,828,000 compared to the 2015 restated total of £6,743,000.

The College also held restricted funds and endowments totalling £4,001,000 (2015 restated value: £3,542,000). These funds have been given to the College for particular purposes specified by donors and therefore are not available to the Corporation for general use.

#### **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.

#### **Cash Flows and Liquidity**

There was a net cash outflow for the year of £1,736,000 (2015: inflow of £1,299,000). This was principally the result of returning £562,000 of unused capital grants and £266,000 of revenue grant, relating to previous years, to the SFA during 2015/16, together with a net placing of £749,000 into short-term investment deposit.

#### **Long Term Loans**

The College has two existing long term loans at fixed rates of interest: one with Lloyds Banking Group for £1,000,000, drawn down in July 2007 and the other with Barclays for £500,000, drawn down in July 2008. Both loans were taken out to support the major capital building improvement works programmes at the College's Crowndale Road site.

At 31 July 2016 the total loan principal outstanding was £1,105,000 (2015: £1,170,000), of which £701,000 is owed to Lloyds and £404,000 to Barclays.

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

#### **Student Numbers**

In 2015/16, total College enrolments exceeded 14,000 from approximately 5,000 learners and delivered activity that produced £4,370,000 of funding body funding (2014/15: £4,173,000). Within this, accredited enrolments increased by 35% year on year from 1,822 to 2,457 in line with the College objective to support more accredited learning activity.

#### **Student Overall Achievements**

Students continue to prosper at the College with an overall achievement rate for the year of 91.9% (2014/15: 89.9%). In responses to nationally benchmarked student surveys, learners continue to rate the College, their courses and their teachers very highly. For example, across all curriculum areas (with one notable exception in a long art course) "organisation" and "College community" consistently scored 15 – 25 percentage points above the national benchmark. College based ESOL learners rated "teaching and learning" and "assessment" 13 percentage points and 12 percentage points respectively above national benchmark and for community based ESOL learners the ratings were 20 points above the national benchmark in both categories.

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

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#### **Curriculum Developments**

The major development in the curriculum was the introduction of studio classes in some arts areas from September 2015 for learners wanting to continue to use College specialist facilities and develop their practical skills but not requiring as much direct teaching of underlying theory as would be delivered in more traditional learning classes. The courses form part of the College's Community Learning provision and apply the "pound plus" principle to fee setting.

#### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998 requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2015 to 31 July 2016, the College considers that it achieved this target for invoices where there were no disputed costs. The College incurred no interest charges in respect of late payment for this period where the invoice had been received on time by the College.

#### **Events after the End of the Reporting Period**

There are no post-balance sheet events to report.

#### **Restructuring**

The management of the learner services and Management Information System (MIS) functions was reviewed and restructured in Spring 2016 to provide a more focussed enrolment and support service to learners and to root the Additional Learner Support (ALS) provision more firmly under curriculum leadership in the College. This resulted in the deletion of three management posts and creation of two new ones.

#### **Future Developments**

The College will continue to review the curriculum it offers to ensure that it meets the needs of learners. In particular the proportion of externally accredited courses is expected to rise further as will the proportion of courses at level 3 and above.

An Open Learning Centre was planned towards the end of the year and was built during the summer of 2016. It is intended that this will provide more flexible ALS to learners at times convenient to them and also facilitate the delivery of short sessions on employability skills.

The College recognises that there will be further pressure on the adult funding budget and is pursuing a number of efficiency initiatives across the College through better procurement processes, better exploitation of software systems and the abolition of unnecessary processes and bureaucracy.

The final outcomes of the London Area Reviews are awaited and the College will consider the implications of this and how best to respond and develop to continue to exploit its unique character and reputation at a time of significant change to surrounding colleges.

## **RESOURCES**

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

Tangible resources include the main site at Crowndale Road with a book value of £6.057 million, principally related to building works completed in 2008 and 2012 in Phases 1 and 2 of the Accommodation Strategy. There is a second centre in Kentish Town which is owned by the London Borough of Camden and used by the College on a tenancy at will basis.

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Financial resources include investments and endowments totalling £4.406 million at the balance sheet date plus short term deposits and cash holdings of £1.651 million offset in part by long term debt of £1.105 million.

Human resources comprise a staff base of 102 full-time equivalents, with a headcount exceeding 200 as the College makes extensive use of subject specialists, many of whom teach part time at the College whilst also working in their specialist industry.

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

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The College has continued work during the year to develop and embed a 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 and annual improvement plans, the College Management Group (CMG) undertakes a monthly review of the risks to which the College is exposed. The members identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are implemented and internal audit work and other monitoring throughout the year helps appraise their effectiveness and progress against risk mitigation actions. The CMG will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at College level which is formally reviewed at monthly meeting by the CMG and reviewed at termly meetings of the Audit Committee. The Risk Register identifies the key risks, systems and procedures to control them, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. This is supported by a risk management training programme to raise awareness of risk throughout the College.

Outlined below is a description of the highest rated risk factors that could affect the College, as identified by the College Management Group during 2015/16. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

#### **1. Government Funding**

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2015/16, 78% of the College's income was ultimately publicly funded and this level of requirement is expected to continue although the College does have an objective of reducing dependence on state funding. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

- The implementation of the announcements in the Chancellor's autumn statement and comprehensive spending review and how these will be reflected in individual College funding allocations; and
- The extent to which learners are willing to take up "advanced learning loans" particularly following extension of the scheme to learners aged 19 plus from September 2016.

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The risk is mitigated in a number of ways:

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

#### 2. Tuition Fee Policy

Government ministers have confirmed that the fee assumption remains at 50%. In line with the majority of other colleges, WMC will seek to increase fees in accordance with the fee assumptions and also develop a range of studio and full cost courses. The risk for the College is that demand falls off as fees increase and this will impact on the growth strategy of the College.

The risk is mitigated in a number of ways:

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

#### 3. Competition from other providers

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

Mitigation actions include

- Promoting the College's niche position in terms of size, reputation and curriculum offer as a specialist designated institution.
- Innovation and development within the College's core curriculum to tap new markets.

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

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

Mitigation actions include

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

#### 5. Severe adverse publicity

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

As part of risk mitigation, the College appointed a full time Marketing Manager in 2015 and is developing new marketing strategies.

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#### **STAKEHOLDER RELATIONSHIPS**

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

- the College's own students and staff;
- funding bodies, especially the Skills Funding Agency;
- the London Borough of Camden;
- a range of local employers;
- Local Enterprise Partnerships (LEPs)
- local community groups;
- the other SDIs, especially the three based in London;
- local FE colleges;
- the FE Commissioner; and
- trade unions and professional bodies.

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

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

The College has been implementing a successful community engagement strategy for many years; it has established provision at 28 local outreach venues and built a number of proactive partnerships and close working relationships with the voluntary and community sector in central Camden. The community provision continues to take provision to students who would not otherwise access the College. Partners include community centres, refugee organisations, primary and secondary schools, tenants' associations, a housing trust, a local hospital, health centres, Camden Adult & Community Learning, the British Museum and local employers. These working relationships help identify and target disadvantaged learners in Camden.

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

#### **Educational Links**

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

The Skills Funding Agency (SFA) remains the College's principal funder, with a small element funded by the Education Funding Agency (EFA) for 16-18 year olds.

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

There are ongoing partnerships with the Institute of Education and the University of Greenwich through which placements are provided at the College for trainee teachers supported by strong mentoring relationships with established and experienced teachers.

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The Camden Adult Learning Partnership has emerged as an important group as it has been agreed that this will be used to plan and evaluate Community Learning for Camden. WMC has been central to this development, running a successful community event and actively participating in the partnership steering group.

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

The College considers good communication with staff and students to be vital. The Corporation includes two staff members and two student members, and the Curriculum Quality and Standards Committee includes all academic managers and further student members. Staff and student bulletins and newsletters were produced during the year and the College Intranet is used to facilitate communication with staff.

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

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

#### **Equality of Opportunity**

The College is committed to promoting equality of opportunity in all aspects of its operations for all who learn or work at the College. It recognises its legal responsibilities and is committed to taking all reasonable steps to ensure there is no discrimination against any student, member of staff or the public, on the grounds of race, gender, sexual orientation, disability, religion or belief and age. Monitoring systems have been introduced and performance targets identified. The College has established an Equality & Student Involvement Steering Group to progress this work, together with a Disability Forum which specifically addresses issues relating to students and staff with disabilities and learning difficulties. The College's Equal Opportunities Policy is published on its website and it produces an annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010.

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

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion that are, as far as possible, identical to those for other employees.

#### **Disability Statement**

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

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

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

### **MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT for the year ended 31 July 2016**

The aims of the College include:

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

This statement outlines the application process which prospective students, carers and helpers should use when applying for a place at the College and explains how to find out whether the College can support specific needs.

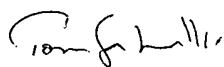
#### **Safeguarding and Prevent**

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

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

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

The members' report including the strategic report was approved by the Corporation and signed on its behalf on 14 December 2016 by:



**Tom Schuller**  
Chair

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

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

**for the year ended 31 July 2016**

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

Buzzacott LLP  
130 Wood Street  
London EC2V 6DL

#### **Internal Auditor:**

TIAA Ltd  
53-55 Gosport Business Centre  
Aerodrome Road  
Gosport PO13 0FQ

#### **Investment Managers:**

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

#### **Solicitors:**

Bates, Wells Braithwaite LLP  
Scandinavian House  
2-6 Cannon Street  
London EC4M 6YH

#### **Loan Finance:**

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

#### **Loan Finance:**

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

#### **Bankers:**

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

#### **Tax Advisors:**

Davies Mayers Barnett LLP  
Pillar House  
113-115 Bath Road  
Cheltenham, Glos. GL53 7LS

#### **Key Management Personnel**

Key management personnel are defined as members of the College's Executive Management Group. For 2015/16 the members were:

Helen Hammond - Principal  
Theresa Hoenig - Deputy Principal (to 4 January 2016)  
Judy Hallam - Interim Deputy Principal (from February 2016)  
Lisa Potter - Assistant Principal Operations  
Martin Jones - Finance Director  
Charlie Coles - MIS Director  
Joan Brunt - Head of HR (to December 2015)  
Patrick Condon - Head of HR (from February 2016)

#### **Board of Governors**

A full list of Governors is given on page 17 of the financial statements

The position of Clerk to the Corporation was held by:

Alan Conway (0.6 f.t.e.) (to 31 August 2015)  
Bill Barker (0.5 f.t.e.) (from 1 September 2015)



## WORKING MEN'S COLLEGE CORPORATION

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2016

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2015 to 31 July 2016 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English colleges ("the Code"); and
- iii. having due regard to the UK Corporate Governance Code 2014 insofar as it is applicable to the further education sector.

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

In the opinion of the Governors, the College complies with all the provisions of the Code and it has complied throughout the year ended 31 July 2016. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 15 July 2015.

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

#### Governors of the Corporation

The Governors who served on the Corporation during the year ended 31 July 2016 and up to the date of signature of this report are listed on the following page.

#### Key to committees:

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

#### Number of Meetings 2015-16

Corporation	3	Curriculum, Quality and Standards	4
Finance, Personnel & Devt	5	Search	1
Audit	3	Remuneration	1

## WORKING MEN'S COLLEGE CORPORATION

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2016

Governors (Appointed and Nominated) who served between 1 August 2015 and 14 December 2016

Name	Date last Appointed/ Reappointed	Date First Appointed	Term of Office	Date Resigned	Status of Appointment	Comm- ittees	Corp'n Meetings Attended
Philip Badman	25/03/2015	14/12/2011	3 Years	05/12/2016	Appointed	A(Ch), S	2 of 3
Douglas Beattie	15/07/2015	15/07/2015	3 Years		Appointed	Q <sup>+</sup>	1 of 3
Kate Bell (Vice Chair)	25/03/2015	16/07/2008	3 Years		Appointed	A, R, S	2 of 3
Barbara Byrne	26/03/2014	11/12/2013	3 Years		Appointed	A <sup>+</sup> , Q, F <sup>+</sup> (Ch <sup>+</sup> )	3 of 3
Layne Comarasawmy	23/03/2016	25/03/2015	1 Year		Nominated Student	Q	3 of 3
Lucy de Groot (Vice Chair)	25/03/2015	28/03/2007	3 Years		Appointed	F, R, S	3 of 3
Jean Esnard	10/12/2013	10/12/2013	3 Years		Nominated Bus. Staff	Q	1 of 3
Nigel Franklin	26/03/2014	Pre-1992	3 Years		Appointed	F, Q	2 of 3
Helen Hammond	01/12/2014	01/12/2014	Ex Officio		Principal	F, Q, S	3 of 3
Safina Kavuma	25/03/2015	25/03/2015	1 Year	23/03/2016	Nominated Student	Q	0 of 1
Alexi Marmot	26/03/2014	11/12/2013	3 Years		Appointed	F <sup>+</sup> , Q	2 of 3
David Offenbach	23/03/2016	17/10/2001	3 Years		Appointed	F(Ch <sup>-</sup> ), S	3 of 3
Chris Percy	20/07/2016	20/07/2016	3 Years		Appointed	A	1 of 1
Peter Ptashko	26/03/2014	11/12/2013	3 Years	11/02/2016	Appointed	A, Q	0 of 1
Abdul Quadir	26/03/2014	17/07/2002	3 Years		Appointed	F	2 of 3
Elizabeth Rai ^	23/03/2016	23/03/2016	3 Years		Teaching Staff	Q	2 of 3
Tom Schuller (Chair)	27/03/2013	17/12/2008	3 Years		Appointed	R, S	3 of 3
Laily Thompson *	11/12/2013	11/12/2013	3 Years		Appointed	Q	1 of 1
Halima Tuli	23/03/2016	23/03/2016	1 Year		Nominated Student	Q	2 of 2
Paula Whittle	27/03/2013	15/07/2009	3 Years		Appointed	A <sup>+</sup> , F <sup>+</sup> , Q(Ch), S	2 of 3

During the year one new Appointed Governor, one new Nominated Student Governor and one new Nominated Staff Governor were appointed.

+ indicates a Governor joining a committee during the year.

- indicates a Governor leaving a committee during the year.

^ Elizabeth Rai commenced a period of maternity leave from the College in April 2016.

\* Laily Thompson was granted a period of sabbatical absence from October 2015 to May 2016 for personal reasons.

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

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2016**

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

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

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

Alan Conway was the Clerk to the Corporation and Company Secretary until his retirement on 31 August 2015. He was succeeded from that date by Bill Barker.

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

*Fellows are honorary appointments of between five and seven years, intended for former or retiring Governors, or other people who have served the College with distinction, or whose association may benefit the College. The Corporation Fellows are shown below:*

<b>Name</b>	<b>Date Appointed</b>	<b>Term of Office</b>
Selwyn Midgen	31/03/2010	6 Years
Bipin Patel	30/03/2011	6 Years
Dame Ruth Silver	31/03/2010	6 Years
Baroness Janet Whitaker	31/03/2010	6 Years

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

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

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

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

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

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

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2016**

The full Corporation meets at least termly. In addition, during 2015/16, Strategy Days were held on 17 October 2015 and 7 May 2016 when Governors considered the new College mission, the potential impact of anticipated funding cuts and discussed a new strategic plan. The other committees meet at least once each term with the exceptions of the Search Committee, which meets as required and the Remuneration Committee, which meets on at least one occasion each year.

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

- Audit Committee
- Finance, Personnel and Development Committee
- Curriculum, Quality and Standards Committee
- Remuneration Committee
- Search Committee

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

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

Minutes for Corporation and Corporation AGM meetings can be downloaded from the Governors' page of the College Website: <http://www.wmcollege.ac.uk/pages/working-mens-college-governors.aspx>

The Governors receive no remuneration for their services, but are entitled to claim out of pocket expenses. £1,074 was claimed by five Governors for the year to 31 July 2016 (£73 in 2014/15, claimed by one Governor). The Clerk to the Corporation maintains a register of financial and personal interests of the Governors and key management personnel of the College. The register is available for inspection on application to the Clerk at the above address.

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

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

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

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

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

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2016**

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

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

#### **Corporation Performance**

The Corporation's own assessment of its Corporate Governance performance has consistently been good or better. The Ofsted Inspection published in April 2013 found Effectiveness of Leadership and Management, encompassing governance, to be "outstanding". College Governors gathered evidence and reviewed their performance for 2015/16 on 31 October 2016 and considered that the Board has maintained high standards of governance during 2015/16. However, Governors will continue to keep the governance arrangements under review.

#### **Remuneration Committee**

The Remuneration Committee comprises five Governors excluding the Accounting Officer. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other designated Senior Postholders.

Details of remuneration for the year ended 31 July 2016 are set out in notes 6 and 7 to the financial statements.

#### **Audit Committee**

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

The College's internal auditors (which may be sourced from more than one provider) review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

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 statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation. The appointment of financial statements auditors is an item of business for the WMC Corporation AGM.

# **WORKING MEN'S COLLEGE CORPORATION**

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2016**

### **Internal Control**

#### *Scope of Responsibility*

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

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

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place within Working Men's College for the year ended 31 July 2016 and up to the date of approval of the Annual Report and Financial Statements.

#### *Capacity to Handle Risk*

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2016 and up to the date of approval of the Annual Report and Financial Statements. This process is reviewed at each meeting of the Audit Committee and reported to the next full Corporation meeting.

#### *The Risk and Control Framework*

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Governing Body;
- regular reviews by the Governing Body of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines; and
- the adoption of formal project management disciplines, where appropriate.

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

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2016**

Working Men's College has internal audit arrangements, which operate in accordance with the requirements of the EFA and SFA's Joint Audit Code of Practice. The work of the internal audit providers is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the College's Governing Body on the recommendation of the Audit Committee. The internal auditor providers provide the Audit Committee with a report on each internal audit activity in the College. Each report includes their independent opinion on the adequacy and effectiveness of the College's system of internal control, risk management controls and governance processes, including internal financial control insofar as it is impacted by the area being reported on.

#### *Review of Effectiveness*

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

- the work of the internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College's financial statements auditors and the regularity auditors in their management letters and other reports.
- comments made by the College's appointed funding auditors as the College was selected for funding audit at the end of 2015/16.

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

The College's Executive Management Group (EMG) receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The EMG and the Audit Committee also receive regular reports from the internal auditors, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the EMG and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Audit Committee receives a report on Risk Management at each of its meetings. The report includes the latest extract of the College's Risk Register, as reviewed and updated by the wider College Management Group.

Thus, any new risks are identified and controls on existing identified risks are reviewed on an ongoing basis. At its December 2016 meeting the Corporation will carry out the annual assessment for the year ended 31 July 2016 by considering documentation from the EMG and internal audit providers and taking account of events since 31 July 2016.

## WORKING MEN'S COLLEGE CORPORATION

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2016

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

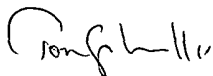
The Corporation also receives in December the Accounting Officer's Annual report on risk management which states the view that the College's practices have enabled it to effectively identify, evaluate and control risks in order to eliminate, reduce, contain or transfer them.

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

#### Going Concern

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

Approved by order of the Governors of the Corporation on 14 December 2016 and signed on its behalf by:



**Tom Schuller**  
Chair

**14 December 2016**



**Helen Hammond**  
Accounting Officer



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

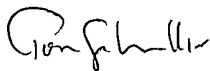
### **BOARD OF GOVERNORS' STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING for the year ended 31 July 2016**

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

We confirm, on behalf of the Corporation, that after due enquiry and to the best of our 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 Skills Funding Agency's terms and conditions of funding under the College's financial memorandum.

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

Signed



**Tom Schuller**  
Chair



**Helen Hammond**  
Accounting Officer

**14 December 2016**

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

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

**for the year ended 31 July 2016**

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

Within the terms and conditions of the Financial Memorandum agreed between the Skills Funding Agency and the Corporation of the College ("the Corporation"), the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education and with the "College Accounts Direction for 2015 to 2016" issued jointly by the Skills Funding Agency (SFA) and the Education Funding Agency (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 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; and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare a Members' Report incorporating a Strategic Report, which describes what it is trying to do and how it is going about it, including 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 and comply with the Companies Act 2006. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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


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

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

**for the year ended 31 July 2016**

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

Approved by order of the Governors of the Corporation on 14 December 2016 and signed on its behalf by:



**Tom Schuller**  
**Chair**

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

### **INDEPENDENT AUDITOR'S REPORT TO THE GOVERNORS OF THE CORPORATION OF WORKING MEN'S COLLEGE for the year ended 31 July 2016**

We have audited the financial statements of Working Men's College for the year ended 31 July 2016 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 Governors of the Corporation of Working Men's College and auditors**

As explained more fully in the Statement of Responsibilities, the Governors of the Corporation (who are also the directors of the company for the purposes of company law) are 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 Advisors.

#### **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 Governors of the Corporation; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Members' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2016 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- have been prepared in accordance with the Companies Act 2006; and
- the information given in the Members' Report including the Strategic Report is consistent with the financial statements.

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

### **INDEPENDENT AUDITOR'S REPORT TO THE GOVERNORS OF THE CORPORATION OF WORKING MEN'S COLLEGE for the year ended 31 July 2016**

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

We have nothing to report in respect of the following matters where the Joint Audit Code of Practice, issued jointly by the Skills Funding Agency and the Education Funding Agency, or the Companies Act 2006 requires us to report to you if, in our opinion:

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



**Katharine Patel, Senior Statutory Auditor**  
**for and on behalf of Buzzacott LLP, Statutory Auditor**  
130 Wood Street  
London EC2V 6DL

21 December 2016

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

### **REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GOVERNORS OF THE CORPORATION OF WORKING MEN'S COLLEGE AND THE SECRETARY OF STATE FOR BUSINESS INNOVATION AND SKILLS ACTING THROUGH THE SKILLS FUNDING AGENCY for the year ended 31 July 2016**

In accordance with the terms of our engagement letter dated 5 June 2014 and further to the requirements of the Financial Memorandum with the Skills Funding Agency, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by the Working Men's College during the period 1 August 2015 to 31 July 2016 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Joint Audit Code of Practice issued jointly by the Skills Funding Agency and the Education Funding Agency. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Skills Funding Agency has other assurance arrangements in place.

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

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

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2015 to 31 July 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Joint Audit Code of Practice issued jointly by the Skills Funding Agency and the Education Funding Agency. We performed a limited assurance engagement as defined in that framework.

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

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

### **REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GOVERNORS OF THE CORPORATION OF WORKING MEN'S COLLEGE AND THE SECRETARY OF STATE FOR BUSINESS INNOVATION AND SKILLS ACTING THROUGH THE SKILLS FUNDING AGENCY for the year ended 31 July 2016**

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

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

The work undertaken to draw our conclusion includes:

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

#### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2015 to 31 July 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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

 **December 2016**

# WORKING MEN'S COLLEGE CORPORATION

## STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 July 2016

	Note	2016	2015
			As restated
		£'000	£'000
<b>INCOME</b>			
Funding body grants	2	4,370	4,173
Tuition fees and education contracts	3	976	996
Other income	4	82	91
Endowment and investment income	5	131	152
		<b>5,559</b>	<b>5,412</b>
<b>EXPENDITURE</b>			
Cost of generating funds		19	9
Staff costs	6	3,680	3,334
Fundamental restructuring costs	6	113	35
Other operating expenses	8	1,244	1,436
Depreciation	11	358	385
Interest and other finance costs	9	63	65
		<b>5,477</b>	<b>5,264</b>
<b>Operational surplus before other gains and losses and before tax</b>		<b>82</b>	<b>148</b>
Gains on listed investments	12	462	298
Gain on investment property	13	-	80
<b>Surplus before tax</b>		<b>544</b>	<b>526</b>
Taxation	10	-	-
<b>Total Comprehensive Income for the Year</b>		<b>544</b>	<b>526</b>
<b>Represented by:</b>			
Unrestricted comprehensive income		263	289
Restricted comprehensive income		281	237
		<b>544</b>	<b>526</b>



# WORKING MEN'S COLLEGE CORPORATION

## STATEMENT OF CHANGES IN RESERVES

for the year ended 31 July 2016

	Income and Expenditure and Designated reserves		Restricted reserves		Endowments		Total reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Restated balance at 1 August 2014</b>		6,555		1,724		1,480		9,759
Surplus from the income and expenditure account	258		167		101		526	
Transfers between restricted and income and expenditure reserves	(70)		70		-		-	
<b>Total comprehensive income for the year</b>		188		237		101		526
<b>Balance at 31 July 2015</b>		6,743		1,961		1,581		10,285
Surplus from the income and expenditure account	144		222		178		544	
Transfers between restricted and income and expenditure reserves	(59)		59		-		-	
<b>Total comprehensive income for the year</b>		85		281		178		544
<b>Balance at 31 July 2016</b>		6,828		2,242		1,759		10,829

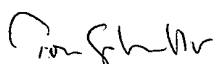
# WORKING MEN'S COLLEGE CORPORATION

## BALANCE SHEET

as at 31 July 2016

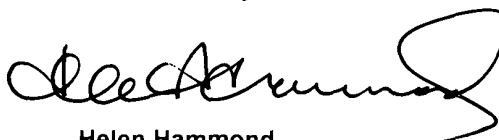
	Note	2016	2015
		£'000	As restated £'000
<b>FIXED ASSETS</b>			
Tangible fixed assets	11	6,309	6,430
Listed Investments	12	4,406	3,944
Investment Property	13	1,780	1,780
		<u>12,495</u>	<u>12,154</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	14	323	292
Short term deposits	15	1,544	795
Cash and cash equivalents		107	1,843
		<u>1,974</u>	<u>2,930</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	16	(819)	(1,881)
<b>NET CURRENT ASSETS</b>		<u>1,155</u>	<u>1,049</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>13,650</u>	<u>13,203</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	17	(2,821)	(2,918)
<b>NET ASSETS</b>		<u><u>10,829</u></u>	<u><u>10,285</u></u>
<b>ENDOWMENTS</b>			
Permanent	19	232	209
Expendable	19	1,527	1,372
		<u>1,759</u>	<u>1,581</u>
<b>RESERVES</b>			
Income and expenditure account	20	6,828	6,743
Restricted reserve	21	2,242	1,961
		<u>9,070</u>	<u>8,704</u>
		<u><u>10,829</u></u>	<u><u>10,285</u></u>

The financial statements on pages 31 to 50 were approved and authorised for issue by the Corporation on 14 December 2016 and were signed on its behalf on that date by:



Tom Schuller

Chair



Helen Hammond

Accounting Officer

Companies House registration number: 8894

# WORKING MEN'S COLLEGE CORPORATION

## STATEMENT OF CASHFLOWS

for the year ended 31 July 2016

	Note	2016	2015
			As restated
		£'000	£'000
<b>Cash inflow from operating activities</b>			
Surplus for the year		544	526
<u>Adjustment for non-cash items</u>			
Gains on investments		(462)	(378)
Depreciation	11	358	385
(Increase)/Decrease in debtors	13	(31)	482
(Decrease)/Increase in creditors due within one year		(1,066)	720
(Decrease)/Increase in creditors due after one year	17	(28)	20
<u>Adjustments for investing or financing activities</u>			
Investment income receivable	5	(123)	(147)
Interest receivable	5	(8)	(5)
Interest payable	9	63	65
<b>Net cashflow from operating activities</b>		<b>(753)</b>	<b>1,668</b>
 <b>Cashflows from investing activities</b>			
Income from investments and endowments	5	123	147
Other interest received	5	8	5
Placing of deposits		(749)	(11)
Payments to acquire tangible fixed assets	11	(237)	(383)
		<b>(855)</b>	<b>(242)</b>
 <b>Cashflows from financing activities</b>			
Interest payable	9	(63)	(65)
Capital element of bank loan repayments	18	(65)	(62)
		<b>(128)</b>	<b>(127)</b>
 <b>(Decrease)/Increase in cash and cash equivalents in the year</b>		<b>(1,736)</b>	<b>1,299</b>
 Cash and cash equivalents at 1 August		<b>1,843</b>	<b>544</b>
Cash and cash equivalents at 31 July		<b>107</b>	<b>1,843</b>

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

# **WORKING MEN'S COLLEGE CORPORATION**

## **NOTES TO THE ACCOUNTS**

**for the year ended 31 July 2016**

### **1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES**

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

#### **Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the SORP), the Accounts Direction for 2015-16 and in accordance with applicable Accounting Standards.

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

#### **Transition to the 2015 FE HE SORP**

The College is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the College has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. The Governors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 30.

The 2015 FE HE SORP requires colleges to prepare a single Statement of Comprehensive Income and not the alternative presentation of a separate income statement and a statement of other comprehensive income. This represents a change in accounting policy from the previous period where separate statements for the Income and Expenditure Account and for the Statement of Total Recognised Gains and Losses were presented.

The application of first time adoption allows certain exemptions from the full requirements of the FRS 102 and the 2015 FE HE SORP in the transition period. The following exemption has been taken in these financial statements:

Revaluation as deemed cost – at 1 August 2014, the College has retained the carrying values of freehold properties as being deemed cost and measured at fair value.

#### **Basis of accounting**

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

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2016

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

#### Going concern

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

The College currently has £1.11 million of loans outstanding with bankers on terms negotiated in 2007. The terms of the existing agreement are for up to another 12 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

#### Recognition of income

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

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

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the SFA 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.

#### Post-Retirement Benefits

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

Contributions to the TPS, which is a final salary scheme, are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying 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.

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

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2016

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

#### Endowments and reserves

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

Restricted reserves comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Designated reserves comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

#### Tangible fixed assets

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

Individual items of equipment costing greater than £500 and with an expected useful life exceeding one year are capitalised at cost.

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

Freehold buildings	-	2% per year for new buildings,
	-	5% per year for existing buildings
Building improvements	-	10% per year
Technical equipment	-	25% per year
Computer hardware	-	33 $\frac{1}{3}$ % per year
Computer software	-	33 $\frac{1}{3}$ % per year
Furniture, fixtures and fittings	-	16 $\frac{2}{3}$ % per year

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

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

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

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

# **WORKING MEN'S COLLEGE CORPORATION**

## **NOTES TO THE ACCOUNTS**

for the year ended 31 July 2016

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

#### **Leased assets**

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

#### **Short term deposits**

Short term deposits comprise monies held in bank deposit accounts.

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

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

#### **Investment Property**

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

#### **Maintenance of premises**

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

#### **Taxation**

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

Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

#### **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.

#### **Discretionary Learner Support**

The Discretionary Learner Support grant from the SFA is 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, 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 does not employ a member of staff dedicated to the administration of Learner Support Fund applications and payments, though staff from the Central Services, MIS and Finance teams work closely to ensure compliance with the guidance for the use and disbursement of these funds.

Contributions from other bodies towards the learner financial support are treated in the same way as the grant from the SFA, except that the percentage of administration costs available to the College varies according to each funder's conditions.

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2016

### 2 FUNDING COUNCIL GRANTS

	2016 £'000	2015 £'000
<b>Recurrent grants</b>		
Skills Funding Agency	3,949	3,734
Education Funding Agency	316	332
<b>Specific grants</b>		
Skills Funding Agency	11	23
Release of government capital grants	94	84
	<u>4,370</u>	<u>4,173</u>

### 3 TUITION FEES AND EDUCATION CONTRACTS

	2016 £'000	2015 As restated £'000
Adult education fees	662	695
Fees for FE loan supported students	32	64
Education contracts	282	237
	<u>976</u>	<u>996</u>

### 4 OTHER INCOME

	2016 £'000	2015 As restated £'000
Property rental income	44	49
Other income	38	42
	<u>82</u>	<u>91</u>

### 5 ENDOWMENT AND INVESTMENT INCOME

	2016 £'000	2015 £'000
Income from restricted asset investments	59	70
Income from endowment and unrestricted investments	64	77
Other interest receivable	8	5
	<u>131</u>	<u>152</u>



# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2016

### 6 STAFF COSTS

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

	2016 No.	2015 No.
Teaching staff	61	59
Non-teaching staff	41	40
	<u>102</u>	<u>99</u>

The total staff costs for the above persons were:

	2016 £'000	2015 £'000
Wages and salaries	3,005	2,823
Social security costs	220	194
Other pension costs	313	230
<b>Payroll sub total</b>	<u>3,538</u>	<u>3,247</u>
Contracted out staffing services	142	87
	<u>3,680</u>	<u>3,334</u>
Fundamental restructuring costs - contractual	106	35
non-contractual	7	-
<b>Total staff costs</b>	<u>3,793</u>	<u>3,369</u>

### Fundamental Restructuring Costs

The 2015 and 2016 staff restructuring costs relate to the implementation of the College's reorganisation programme which ensured the College staffing structure remains fit for purpose, responsive to changes in funding priorities and achieves efficiencies necessary for continued financial viability. The restructuring budget was approved by the Corporation.

The number of key management personnel and other staff who received total emoluments, excluding pension contributions but including benefits in kind, in the following ranges was

	Key management personnel		Other staff	
	2016 No.	2015 No.	2016 No.	2015 No.
£ 1 to £ 10,000	-	4	n/a	n/a
£ 10,001 to £ 20,000	1	-	n/a	n/a
£ 20,001 to £ 30,000	1	-	n/a	n/a
£ 30,001 to £ 40,000	1	-	n/a	n/a
£ 40,001 to £ 50,000	2	1	n/a	n/a
£ 50,001 to £ 60,000	2	1	-	-
£ 60,001 to £ 70,000	-	1	-	-
£ 70,001 to £ 80,000	-	1	-	-
£ 80,001 to £ 90,000	1	1	-	-
	<u>8</u>	<u>8</u>	<u>-</u>	<u>-</u>

Names of the key management personnel, their periods of employment and their fractional appointments are set out on page 15.

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2016

### 7 EMOLUMENTS OF KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Executive Management Group which comprises the 6 posts of Principal, Deputy Principal, Assistant Principal - Operations, Finance Director, MIS Director and Head of HR. The number of personnel disclosed below is greater than 6 as a result of resignations and appointments to the posts during the year. Staff costs include compensation paid to key management personnel for loss of office.

	2016 No.	2015 No.
The number of key management personnel including the Accounting Officer was:	8	8

Key management personnel compensation is made up as follows:

	2016 £'000	2015 £'000
Salaries	410	315
Benefits-in-kind	1	3
Pension contributions	36	30
Total emoluments	447	348

The above compensation includes amounts payable to the Accounting Officers (who were also the highest paid senior postholders) of:

	2016 Total £'000	Accounting Officer Aug - Dec 14 £'000	Accounting Officer Dec 14 - July 15 £'000	2015 Total £'000
Salaries	95	53	64	117
Benefits-in-kind	1	1	1	2
	96	54	65	119
Pension contributions	15	7	9	16

Satnam Gill OBE retired from the post of Principal (Accounting Officer) on 2 January 2015 and was replaced in the role by Helen Hammond who started employment at the College on 1 December 2014.

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

#### Compensation for loss of office paid to former key management personnel

	2016 £'000	2015 £'000
Compensation paid to former post holder - contractual	21	-

The payment was approved by the College's Finance, Personnel and Development Committee.

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

## WORKING MEN'S COLLEGE CORPORATION

### NOTES TO THE ACCOUNTS

for the year ended 31 July 2016

#### 8 OTHER OPERATING EXPENSES

	2016 £'000	2015 £'000
Teaching costs	121	169
Non-teaching costs	674	815
Premises costs	449	452
	<u>1,244</u>	<u>1,436</u>

Included in the total of other operating expenses are:

	2016 £'000	2015 £'000
Auditors' remuneration:		
Financial Statements and Regularity audit	21	19
Internal audit	9	13
Other services provided by the Financial Statements Auditor	1	1
Hire of assets under operating leases	<u>13</u>	<u>8</u>

#### 9 INTEREST AND OTHER FINANCE COSTS

	2016 £'000	2015 £'000
Interest payable on bank loans repayable wholly or partly in more than five years	<u>63</u>	<u>65</u>

#### 10 TAXATION

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

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2016

### 11 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £'000	Building Improve- ments £'000	Computer Equipment £'000	Furniture Fixtures and Fittings £'000	Total £'000
<b>Cost or valuation</b>					
At 1 August 2015	6,711	872	909	550	9,042
Additions	-	117	82	38	237
At 31 July 2016	6,711	989	991	588	9,279
<b>Depreciation</b>					
At 1 August 2015	1,017	427	766	402	2,612
Charge for the year	131	68	113	46	358
At 31 July 2016	1,148	495	879	448	2,970
<b>Net book value</b>					
At 31 July 2016	5,563	494	112	140	6,309
At 31 July 2015	5,694	445	143	148	6,430

### 12 LISTED INVESTMENTS

	Unrestricted Assets £'000	Endowment Assets £'000	Total £'000
<b>Market value of listed investments</b>			
At 1 August 2015	2,363	1,581	3,944
Appreciation of investments	284	178	462
<b>Total portfolio value at 31 July 2016</b>	2,647	1,759	4,406
Cost of listed investments at 31 July 2016	2,219	1,437	3,656
Total net unrealised gains at 31 July 2016 included above	428	322	750
<b>Analysis of total portfolio value</b>			
Pooled investment vehicles			4,406

At 31 July 2016 listed investments included the following holding deemed material when compared with the overall portfolio valuation as at that date:

	Market value £'000	% of portfolio value
Newton Growth and Income Fund for charities	4,406	100%

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2016

### 13 INVESTMENT PROPERTY

	2016	2015
	£'000	As restated £'000
At 1 August 2015	1,780	1,700
Appreciation of investment property	-	80
At 31 July 2016	<u>1,780</u>	<u>1,780</u>

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

In accordance with the requirements of FRS102 and the FE HE SORP, the property is treated as an investment property and carried at its estimated market value at the balance sheet date.

### 14 TRADE AND OTHER RECEIVABLES

	2016	2015
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade receivables	177	42
Prepayments and accrued income	126	232
Other debtors	20	18
	<u>323</u>	<u>292</u>

### 15 CURRENT INVESTMENTS

	2016	2015
	£'000	£'000
Short term deposits	<u>1,544</u>	<u>795</u>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with one month or more maturity at the balance sheet date. The interest for these deposits is linked to the Bank of England base rate.

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

	2016	2015
	£'000	As restated £'000
Bank loans (note 18)	69	65
Payments received in advance	115	116
Trade payables	121	342
Other taxation and social security	72	70
Accruals and deferred income	162	177
Deferred income - government capital grants	93	93
Amounts owed to funding bodies	125	966
Other creditors	62	52
	<u>819</u>	<u>1,881</u>

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2016

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

	2016 £'000	2015 As restated £'000
Bank loans (note 18)	1,036	1,105
Deferred income - government capital grants	1,785	1,813
	<u>2,821</u>	<u>2,918</u>

### 18 MATURITY OF DEBT

	2016 £'000	2015 £'000
Bank loans are repayable as follows:		
In one year or less	69	65
Between one and two years	73	69
Between two and five years	294	231
In five years or more	669	805
	<u>1,105</u>	<u>1,170</u>

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

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

### 19 ENDOWMENTS

	Permanent £'000	Expendable £'000	Total £'000
At 1 August 2015	209	1,372	1,581
Appreciation of endowment asset investments	23	155	178
	<u>232</u>	<u>1,527</u>	<u>1,759</u>
At 31 July 2016			
Representing:			
Prize funds	77	-	77
Library funds	121	-	121
Other funds	34	1,527	1,561
	<u>232</u>	<u>1,527</u>	<u>1,759</u>
	Permanent £'000	Expendable £'000	Total £'000
At 1 August 2014	196	1,284	1,480
Appreciation of endowment asset investments	13	88	101
	<u>209</u>	<u>1,372</u>	<u>1,581</u>
At 31 July 2015			
Representing:			
Prize funds	69	-	69
Library funds	108	-	108
Other funds	32	1,372	1,404
	<u>209</u>	<u>1,372</u>	<u>1,581</u>

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2016

### 20 INCOME AND EXPENDITURE ACCOUNT

	2016	2015
	£'000	As restated £'000
At 1 August 2015	6,743	6,470
Appreciation of unrestricted investments	62	21
Appreciation of investment property	-	80
Surplus on continuing operations retained within general reserves	23	78
Transfer from Designated Reserve	-	94
At 31 July 2016	<u>6,828</u>	<u>6,743</u>

### 21 RESTRICTED RESERVE

	2016	2015
	£'000	£'000
At 1 August 2015	1,961	1,724
Appreciation of restricted investments	222	167
Net income for the year	59	70
At 31 July 2016	<u>2,242</u>	<u>1,961</u>

Included within restricted reserve at the balance sheet date is an amount of £139,000 which are the assets of the Francis Martin College Charitable Foundation. The Working Men's College Corporation is the sole trustee of the Francis Martin College charity (registered charity number 312802) and looks after the assets on its behalf. The assets are invested in the Newton Growth and Income Fund for Charities alongside the investments of the Working Men's College Corporation.

### 22 DESIGNATED RESERVE

	2016	2015
	£'000	£'000
At 1 August 2015	-	85
Appreciation of investments	-	9
Transfer to Income and Expenditure Account	-	(94)
At 31 July 2016	<u>-</u>	<u>-</u>

The designated reserve represented the proceeds from the College's 150th anniversary appeal and was designated by the Governors to be used for building improvements to the Crowndale Road property. The substantial upgrades to the building have now been completed and paid in full and Governors consider that the designated reserves have therefore been applied to their intended purpose.

### 23 DEFINED BENEFIT OBLIGATIONS

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

## WORKING MEN'S COLLEGE CORPORATION

### NOTES TO THE ACCOUNTS

for the year ended 31 July 2016

#### 23 DEFINED BENEFIT OBLIGATIONS (continued)

The total pension cost for the year was:

	2016 £'000	2015 £'000
Teachers' pension scheme - contributions paid	264	203
Group personal pension scheme - contributions paid	49	27
Total pension cost for the year (note 6)	313	230

The TPS pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012.

Contributions amounting to £ 37,000 (2015 - £ 33,000) for the TPS and £ 12,000 (2015 - £ 7,000 ) for the group personal pension scheme were payable to the scheme at 31 July and are included in creditors. The liabilities were paid to the relevant schemes in the new financial year.

#### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

#### The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

#### Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation and the subsequent consultation are:

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

The new employer contribution rate for the TPS was implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>



# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2016

### 23 DEFINED BENEFIT OBLIGATIONS (continued)

#### Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside the 10 year protection.

The pension costs paid to TPS in the year amounted to £264,000 (2015: £203,000)

#### FRS 102 (28)

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

Accordingly, the College has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

### 24 FINANCIAL COMMITMENTS

	2016 £'000	2015 £'000
<b>Capital commitments</b>		
Contracted for but not provided at 31 July	49	112
Authorised but not yet contracted for at 31 July	50	21

### 25 EVENTS AFTER THE REPORTING PERIOD

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

### 26 RELATED PARTY TRANSACTIONS

Due to the nature of the College's operations and the composition of the Corporation, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Corporation may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified during the year which should be disclosed.

The total expenses paid to or on behalf of the Corporation members during the year were £1,074 relating to five governors (2015 - £ 73 relating to one governor). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings or Governor training events.

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

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2016

### 27 DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The College has purchased directors' and officers' liability insurance. The insurance premium paid by the College for the year ended 31 July 2016 was £1,887 (2015 - £1,758) and provides cover of up to a maximum of £1 million for all claims during a year.

### 28 MEMBERS' LIABILITY

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

### 29 AMOUNTS DISBURSED AS AGENT

	2016 £'000	2016 £'000	2015 £'000
Unspent balance at 1 August		112	27
Skills Funding Agency - Discretionary Learner Support		141	177
Education Funding Agency student financial support		11	12
Loans bursary fund		54	54
		<u>318</u>	<u>270</u>
Disbursed to Students	(138)		(135)
Administration costs incurred by the College	(7)		(9)
Amount consolidated in financial statements	-		-
Area uplift re 24+ advanced learning loans	(7)		(14)
		<u>(152)</u>	<u>(158)</u>
Balance unspent at 31 July included in creditors		<u>166</u>	<u>112</u>

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

### 30 TRANSITION TO FRS 102 AND THE 2015 FE HE SORP

The year ended 31 July 2016 is the first year that the College has presented its financial statements under FRS 102 and the 2015 FE HE SORP. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 July 2015 and the date of transition to FRS 102 and the 2015 FE HE SORP was therefore 1 August 2014. As a consequence of adopting the 2015 FE HE SORP, a number of accounting policies have changed to comply with those standards.

An explanation of how the transition to FRS 102 and the 2015 FE HE SORP has affected the College's financial position, financial performance and cash flows is set out below

	1 August 2014		31 July 2015	
	£'000	£'000	£'000	£'000
<b>Financial Position</b>				
Total reserves under previous SORP		8,125		8,577
Employee leave accrual	(76)		(76)	
Release of non-government capital grants	10		4	
Introduction of investment property	1,700		1,780	
	<u></u>		<u></u>	
Total effect of transition to FRS 102 and 2015 FE HE SORP		1,634		1,708
		<u>9,759</u>		<u>10,285</u>
<b>Total reserves under 2015 FE HE SORP</b>		<u>9,759</u>		<u>10,285</u>

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2016

### 30 TRANSITION TO FRS 102 AND THE 2015 FE HE SORP (continued)

	Year ended 31 July 2015	
	£'000	£'000
<b>Financial Performance</b>		
Surplus for the year after tax under previous SORP		154
Reversal of capital grants amortisation	(6)	
Appreciation of investment property	80	
	<hr/>	
Total effect of transition to FRS 102 and 2015 FE HE SORP		74
<b>Total comprehensive income for the year under 2015 FE HE SORP</b>		<hr/> <b>228</b> <hr/>

#### Recognition of short term employment benefits

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31 August each year for both teaching and non-teaching staff meaning that, at the reporting date, there was an average of 15 days unused leave for teaching staff and 10 days unused leave for non-teaching staff. In addition, certain non-teaching employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the end of the holiday year. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £76,000 was recognised at 1 August 2014 and at 31 July 2015. Following a re-measurement exercise in 2015/16, the movement on this provision is not material and no further charge has been made to Comprehensive Income in the year ended 31 July 2016.

#### Non-government grants accounted for under performance model

The College has previously been in receipt of certain capital grants from sources other than those classified as "government" under FRS 102 and the 2015 FE HE SORP. Under the previous UK GAAP and 2007 SORP, these were able to be capitalised and amortised over the remaining useful economic life of the relevant fixed assets. This accounting treatment is no longer available for non-government grants and the grants have therefore been accounted for under the performance model and treated as if they had been credited to Comprehensive Income immediately that the performance conditions had been met. A corresponding adjustment has been made to the income recognised in the 2015 results that related to the annual amortisation of the capital grants involved.