



*The Camden College*

## **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 2017

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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 2017**

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 2017.

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

#### **Legal Status**

The Working Men's College Corporation is a 'Specialist Designated Institution' (SDI), (now known as an Institute of Adult Learning (IAL)), under the Further and Higher Education Act 1992. It is also a company limited by guarantee not having a share capital and it is a registered charity. The College is subject to the legal framework governing the Further Education sector, including the rules set from time to time by the Government departments and agencies with responsibility for the sector. During 2016/17 these were the Department for Education (DfE), the Skills Funding Agency (SFA) (until March 2017), the Education Funding Agency (EFA) (until March 2017) and, from April 2017, the Education and Skills Funding Agency (ESFA). 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, now combined into the EFSA. 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.

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#### **Public Benefit**

The College is a registered charity and following the machinery of Government changes in July 2016, is regulated by the Secretary of State for Education as Principal Regulator for all Further Education Corporations in England. The Governors of the Corporation, who are trustees of the charity, are disclosed on page 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;
- Links with employers in industry and commerce; and
- Links with Local Enterprise Partnerships.

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 2015/16 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 IALs 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.

During 2016/17 Governors commenced development of a comprehensive new accommodation strategy to support the new strategic plan and reflect the outcomes of conditions surveys, utilisation reports and options analyses. The strong, emergent priority from this work and from the Learner Voice feedback was the need to address summer overheating and winter coldness in the teaching spaces on the front elevation of the College's main Victorian, listed building in Crowndale Road. An Estates Strategy Group (ESG) was formed to progress this project and, following a competitive market tender, a firm of mechanical and electrical (m&e) engineering consultants was appointed to appraise options for addressing the problems and proposing solutions. They have reported back to the ESG since the year end and further detailed design is currently in progress.

#### **General Financial Objectives**

The College's general financial objectives were reviewed during the year and the new objectives approved by Governors in June 2017 are:

To maintain:

- Cash days of not less than 40 nor greater than 65
- An adjusted current ratio in the range of 2.0:1 – 2.5:1
- EBITDA, using ESFA education specific definition, of between 4% and 6% of income
- Borrowing as a %age of non-endowment reserves of less than 15%
- Staff costs (excluding restructuring costs) between 64% and 68% of income.
- Financial health of "Good" with a score of at least 200 points

In 2016/17, each of the 6 financial objectives was met or exceeded as follows:

<u>Objective</u>	<u>2016/17</u>	<u>Met</u>
Cash days of not less than 40 nor greater than 65	143	Exceeded
An adjusted current ratio in the range of 2.0:1 – 2.5:1	3.04	Exceeded
EBITDA, using ESFA education specific definition, of between 4% and 6% of income	12.76%	Exceeded
Borrowing as a %age of non-endowment reserves of less than 15%	10.9%	Met
Staff costs (excluding restructuring costs) between 64% and 68% of income	63.7%	Exceeded
Financial health of "Good" with a score of at least 200 points	Outstanding	Exceeded

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At 31 July 2017, the College held considerably more than 65 cash days in hand and is in the process of placing the excess in short term investment, prior to its application in the capital project outlined in the accommodation strategy section above.

#### 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 2017, the proportions of investments by type were as follows:

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

The objectives have been reviewed during the year and are considered to remain appropriate.

At 1 August 2016 the investment portfolio was valued at £4.406 million. The investment income received during the year was £128,000 which equates to 2.9% of the opening valuation. The portfolio value had risen to £4.562 million by 31 July 2017 representing growth of 3.5%. These two elements give a combined total return of 6.4% which is in line with the target of inflation plus 4%.

#### 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 2016/17 is set out below:

##### EFA Funding

Funding Category		Target (EFA contract)	Actual outturn (Final Claim)	Performance (%)
16-18 Learner- Responsive Funding	Learner Numbers	98	46	47%
	Funding Value	£ 302,000	£ 213,000	71%

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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### MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT for the year ended 31 July 2017

#### SFA Funding

Funding Category		Target (SFA contract)	Outturn (Final Claim)	Performance (%)
Adult (19+) Learner-Responsive Funding (including 19+ Apprenticeships)	Adult Education Budget	£4,033,000	£4,109,000	102%

Under SFA funding rules, the College can expect to receive the lower of the final outturn or the funding allocation in each of the above categories. However, when the final reconciliation statements were published in November 2017 the ESFA confirmed that the over-delivery in 2016/17 would, this year, be funded in full and accordingly the accounts recognise the full outturn as income

Overall the College has performed well in the year, exceeding its funding target for the Adult Education 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 five 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%
2016/17	4,585	5,767	79%

The proportion of College income derived from direct grant funding again rose slightly to 79% in 2016/17 from 78% in 2015/16 and 77% in 2014/15. This was mainly a consequence of the SFA funding the 2% of 2015/16 and 2016/17 over delivery both of which are recognised in the 2016/17 accounts. 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 a four year period. They are jointly worth approximately £250,000 in a full year.

Student tuition fees were almost static year on year at £699,000 in 2016/17 compared to £694,000 in the previous year. 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 and, although these have generally not proved popular with learners, they increased to £65,000 of fee income in 2016/17 compared to £32,000 recognised in 2015/16. 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 vast majority of the College's learners have enjoyed another successful year and continue to perform to high levels of overall achievement. The pass rate and overall achievement rate for non-accredited learners have improved slightly. For accredited learners, the attendance and retention have improved, but the pass rate has fallen leading to a decrease in the overall achievement rate.

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

#### Accredited Learners

Year	Retention	Pass rate	Overall Achievement	Attendance
2015/16 Actual	91.9 %	90.4 %	83.1 %	82.5 %
2016/17 Target	89.0 %	91.0 %	81.0 %	87.0 %
2016/17 Actual	94.4 %	82.3 %	77.7 %	83.5 %
Percentage point change 2016/17 over 2015/16	2.5 %	(8.1) %	(5.4) %	1.0 %

#### Non-Accredited Learners

Year	Retention	Pass rate	Overall Achievement	Attendance
2015/16 Actual	95.1 %	98.6 %	93.7 %	86.4 %
2016/17 Target	95.0 %	98.0 %	93.0 %	88.0 %
2016/17 Actual	95.0 %	98.9 %	93.9 %	87.4 %
Percentage point change 2016/17 over 2015/16	(0.1) %	0.3 %	0.2 %	1.0 %

In the last three years there has been a move to increase accreditation and to bring provision in line with standard approaches used in the sector. As this became established there was an upward trend from 2014/15 to 2015-16, whilst there was still flexibility with funding rules, allowing learners not yet ready to undertake a qualification to be funded just the same on first step non-accredited preparatory courses. In 2016/17 this flexibility was removed and many more learners with very low levels of ability or language skills were put on accredited courses resulting in a drop in overall achievement. Plans are in place for 2017/18 for learners to be able to be placed on short formula funded non-accredited courses in English, maths and bridging courses in ESOL, to enable learning at an appropriate pace and learners to be able to achieve qualifications as they acquire the necessary skills.

#### Other external performance indicators

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as overall achievement rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency (ESFA). The Finance Record produces a financial health grading. Under the ESFA's new methodology for calculating the grade, the College's rating changed from "Outstanding" to a very strong "Good".

## STRATEGIC REPORT

### FINANCIAL POSITION

#### Financial Results

The College is pleased that it has once again generated a surplus on continuing operations. The surplus of £396,000 for the year to 31 July 2017 (2016 - £82,000) is slightly better than the approved budget at the start of the year and represents 6.9% of total income of £5,767,000. 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



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### **MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT for the year ended 31 July 2017**

accumulate profit. The Governors are pleased to report that this aim continues to be achieved and the College has reported a modest annual surplus in all recent years.

The College purchased £239,000 of new tangible fixed asset additions during the year, of which £103,000 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 £6.180 million of which £5.950 million related to buildings and £230,000 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 £128,000 during the year as well as appreciating in value by £156,000. The portfolio had a market value of £4.562 million at the balance sheet date.

Total comprehensive income in 2016/17, stated after investment gains, was £552,000 (2015/16: £544,000)

#### **Reserves**

As at 31 July 2017, general income and expenditure funds totalled £7,174,000 compared to the 2016 total of £6,828,000.

The College also held restricted funds and endowments totalling £4,207,000 (2016: £4,001,000). 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 although some of the endowments are classified as expendable.

#### **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 inflow for the year of £568,000 (2016: outflow of £987,000). The 2015/16 figure 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, together with a net placing of £749,000 into short-term investment deposit in that year. The 2016/17 figure is considered more reflective of ongoing College activities.

#### **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 2017 the total loan principal outstanding was £1,036,000 (2016: £1,105,000), of which £656,000 is owed to Lloyds and £380,000 to Barclays.

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

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

##### **Student Numbers**

In 2016/17, total College enrolments exceeded 11,700 from just over 6,000 learners and delivered activity that produced £4,411,000 of funding body funding (2015/16: £4,370,000). Within this, accredited enrolments were 2,156 (18.4%) and non-accredited enrolments were 9,586 (81.6%). It should however be noted that accredited courses are typically of a longer duration than non-accredited ones.

##### **Student Overall Achievements**

Students continue to prosper at the College with overall achievement rates for the year of 93.9% for non-accredited learners and 77.7% for those on accredited courses. 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 "organisation" and "College community" consistently scored 16 – 24 percentage points above the national benchmark. Foundation Learning learners rated "teaching and learning" and "assessment" 14 percentage points and 11 percentage points respectively above national benchmark.

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.

##### **Curriculum Developments**

The major development in the curriculum was the expansion of studio classes, initially introduced the previous year, in some arts areas 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, set out in the ESFA Community Learning guidance, 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 2016 to 31 July 2017, the College considers that it achieved this target for invoices where there were no disputed costs. The College incurred £23 (2016: £nil) in interest charges to one supplier 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 operation of the central administrative support and HR functions was reviewed in spring 2017 and resulted in a net reduction of one post and some savings in management costs, helping the new year budget with estimated recurrent savings of £44,300.

##### **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.

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An Open Learning Centre was built during the summer of 2016 and was open to learners from the start of the year. This has facilitated delivery of more flexible ALS to learners at times convenient to them. In future years it is intended that it will support 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.

Although all the Institutes of Adult Learning remained independent following the conclusion and implementation of the sector London Area Reviews, they continue to develop closer working links and collaborations.

### **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 £5.950 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.

Financial resources include investments and endowments totalling £4.562 million at the balance sheet date plus short term deposits and cash holdings of £2.219 million, offset in part by long term debt of £1.036 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 regular 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 each meeting of the CMG. The risks are assigned to the most relevant Governor committee and reviewed at termly meetings of those committees. 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.

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Outlined below is a description of the highest rated risk factors that could affect the College, as identified by the College Management Group during 2016/17. 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 2016/17, 79% 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.

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.

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#### **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 vast 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 employs a full time Marketing Manager and actively uses traditional marketing and social media to promote the College.

### **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 IALs, 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. Further information on these aspects of the College's work can be found in the Self Assessment Report available via the College website or on application to the Clerk to the Corporation.

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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 Education and Skills Funding Agency (ESFA) remains the College's principal funder.

The group of four London IALs – 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.

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.

A staff survey was conducted during the year which provided informative and constructive data and comments. Six follow-up focus group meetings were held with the Principal, an action plan drawn up and working groups with a cross section of staff representation to take them forward will be established in 2017/18.

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**

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's Equality 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.

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

### **MEMBERS' REPORT INCLUDING THE STRATEGIC REPORT for the year ended 31 July 2017**

#### **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.

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 members of the Corporation and signed on their behalf on 13 December 2017 by:



**Tom Schuller**  
Chair

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

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

for the year ended 31 July 2017

#### **Professional Advisors**

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

Buzzacott LLP  
130 Wood Street  
London EC2V 6DL

##### **Solicitors:**

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

##### **Bankers (day-to-day from Nov 2016):**

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

##### **Bankers (day-to-day to Nov 2016):**

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

##### **Loan Finance:**

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

##### **Investment Managers:**

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

#### **Key Management Personnel**

Key management personnel are defined as members of the College's Executive Management Group. For 2016/17 the members were:

Helen Hammond - Principal and CEO, Accounting Officer  
Judy Hallam - Interim Deputy Principal (to 30 June 2017) (0.8 f.t.e. appointment)  
Maria Rosenthal - Deputy Principal (from 1 July 2017)  
Martin Jones - Finance Director  
Lisa Potter - Assistant Principal Operations  
Charlie Coles - MIS Director  
Patrick Condon - Head of HR (to 30 June 2017)

#### **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 Bill Barker (0.5 f.t.e. appointment)



## WORKING MEN'S COLLEGE CORPORATION

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2017

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 2016 to 31 July 2017 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 AoC Code"); and
- iii. having due regard to the UK Corporate Governance Code 2016 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 AoC Code. However, 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 2017. 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 2017 and up to the date of signature of this report are listed on the following page.

#### Key to committees:

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

#### Number of Meetings 2016-17

Corporation	3	Curriculum, Quality and Standards	3
Finance, Personnel & Devt	5	Search	1
Audit	4	Remuneration	1
Estates Strategy Group	2		

# WORKING MEN'S COLLEGE CORPORATION

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2017

Governors (Appointed and Nominated) who served between 1 August 2016 and 13 December 2017

Name	Date last Appointed/ Reappointed	Date First Appointed	Term of Office	Date Resigned	Status of Appointment	Comm- ittees	Full Corp'n Meetings Attended
Ahsan Akbar	12/07/2017	12/07/2017	3 Years		Appointed	F	0 of 1
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	31/05/2017	Appointed	Q	0 of 2
Kate Bell (Vice Chair)	25/03/2015	16/07/2008	3 Years		Appointed	A(Ch), R, S	2 of 3
Barbara Byrne	22/03/2017	11/12/2013	3 Years		Appointed	E <sup>+</sup> , F(Ch), Q, R	3 of 3
Layne Comarasawm	03/07/2017	25/03/2015	1 Year		Nominated Student	Q	2 of 3
Lucy de Groot (Vice Chair)	25/03/2015	28/03/2007	3 Years	31/03/2017	Appointed	F, R, S	2 of 2
Jean Esnard	22/03/2017	10/12/2013	3 Years		Nominated Bus. Staff	Q	2 of 2
Nigel Franklin	22/03/2017	Pre-1992	3 Years	12/07/2017	Appointed	F, Q	3 of 3
Helen Hammond	01/12/2014	01/12/2014	Ex Officio		Principal	F, Q, S	3 of 3
June Jarrett	12/07/2017	12/07/2017	3 Years		Appointed	E <sup>+</sup>	1 of 1
Alexi Marmot	22/03/2017	11/12/2013	3 Years		Appointed	E <sup>+</sup> (Ch), F, Q	3 of 3
Gerry Munnelly	03/07/2017	03/07/2017	1 Year		Nominated Student	Q	1 of 1
David Offenbach	23/03/2016	17/10/2001	3 Years		Appointed	F, S	3 of 3
Chris Percy	20/07/2016	20/07/2016	3 Years		Appointed	A, E <sup>+</sup>	2 of 3
Abdul Quadir	22/03/2017	17/07/2002	3 Years	12/07/2017	Appointed	F	3 of 3
Elizabeth Rai <sup>^</sup>	23/03/2016	23/03/2016	3 Years		Teaching Staff	Q	0 of 3
Tom Schuller (Chair)	23/03/2016	17/12/2008	3 Years		Appointed	R, S	3 of 3
Paul Smith	12/07/2017	12/07/2017	3 Years		Appointed	A	1 of 1
Laily Thompson *	14/12/2016	11/12/2013	3 Years	18/02/2017	Appointed	Q	0 of 1
Halima Tuli	23/03/2016	23/03/2016	1 Year	25/03/2017	Nominated Student	Q	1 of 3
Paula Whittle	25/03/2016	15/07/2009	3 Years		Appointed	A-, Q(Ch), S	2 of 3

+ indicates a Governor joining a committee during the year.

- indicates a Governor leaving a committee during the year.

<sup>^</sup> Elizabeth Rai was on a period of maternity leave from the College from April 2016 to May 2017.

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

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2017**

During the year three new Appointed Governors and one new Nominated Student Governor joined the Board. Two existing Appointed Governors, one new Nominated Staff Governor and one Nominated Student Governor were re-appointed for a further term.

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.

Bill Barker was the Clerk to the Corporation and Company Secretary throughout the period.

#### **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 Board reconsidered the role of "Fellows" at the July 2017 meeting. There was agreement to continue the role, but to re-define it and to approach former fellows and recently retired long-serving governors for their availability for a further or first term of office. Previous Corporation Fellows whose term has recently expired and are eligible for a further term 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.

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

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2017**

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.

The full Corporation meets at least termly. In addition, during 2016/17, Strategy Days were held in autumn 2016 and spring 2017 when Governors considered, amongst other matters, alternative governance structures, changes to the funding methodology for IALs and its impact on College fee structures. 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
- Curriculum, Quality and Standards Committee
- Estates Strategy Group (a sub-committee of FPDC)
- Finance, Personnel and Development Committee (FPDC)
- 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 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. £540 was claimed by four Governors for the year to 31 July 2017 (£1,074 in 2015/16, claimed by five Governors). 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.

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

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2017**

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.

#### **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 initially reviewed their performance for 2016/17 on 18 October 2017. They later determined that the Board has maintained high standards of governance during 2016/17 and should be graded "Good" on the Ofsted scale. Nevertheless, 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 2017 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) and a co-opted finance and audit specialist. 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 at least 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 Education and Skills Funding Agency as they affect the College's business.

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

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2017**

During 2016/17 the College used specialist firms in IT, financial practices and student services to 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 annual item of business for the full Board of Corporation.

#### **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 2017 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 2017 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.

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

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2017**

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 has internal audit arrangements, which operate in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit providers used during the year 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. Internal audit services provide the Audit Committee with reports on each internal audit activity in the College. Where appropriate, 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 audit providers;
- 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.

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 audit providers 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 audit providers, 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.

## WORKING MEN'S COLLEGE CORPORATION

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2017

Thus, any new risks are identified and controls on existing identified risks are reviewed on an ongoing basis. The Corporation reviews and approves the Risk Register annually and delegates monitoring of the risks listed to the most appropriate committee who consider them at each meeting. At its December 2017 meeting the Corporation will carry out the annual assessment for the year ended 31 July 2017 by considering documentation from the EMG, Audit Committee and internal audit providers and taking account of events since 31 July 2017.

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 ESFA as applicable.

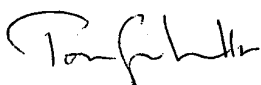
The Corporation also receives in December the Accounting Officer's Annual report on risk management which states the view that the College's practices have enabled it to effectively identify, evaluate and control risks in order to eliminate, reduce, contain or transfer them.

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

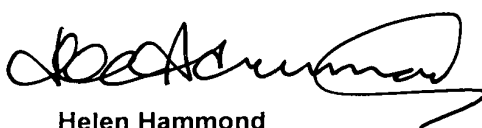
After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the Governors of the Corporation on 13 December 2017 and signed on its behalf



**Tom Schuller**  
Chair

**13 December 2017**



**Helen Hammond**  
Accounting Officer



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

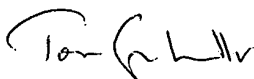
### **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE for the year ended 31 July 2017**

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

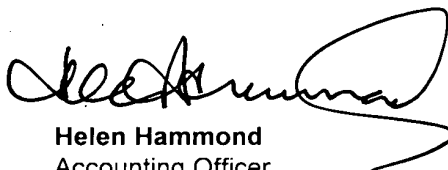
We confirm, on behalf of the Corporation, that after due enquiry and to the best of our knowledge, the Corporation believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's financial 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 Education and Skills Funding Agency.

Signed



**Tom Schuller**  
Chair



**Helen Hammond**  
Accounting Officer

**13 December 2017**

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

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

**for the year ended 31 July 2017**

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

Within the terms and conditions of the College's Financial Memorandum with the Education and Skills Funding Agency, 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 2016 to 2017" issued by the Education and Skills Funding Agency (ESFA) 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.

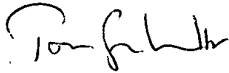
Governors of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA are used only in accordance with the Financial Memorandum with the ESFA and any other conditions that the ESFA 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 ESFA are not put at risk.

**WORKING MEN'S COLLEGE CORPORATION**

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

**for the year ended 31 July 2017**

Approved by order of the Governors of the Corporation on 13 December 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Tom Schuller', written in a cursive style.

**Tom Schuller**  
**Chair**

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

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKING MEN'S COLLEGE for the year ended 31 July 2017**

#### **Opinion**

We have audited the financial statements of Working Men's College (the 'College') for the year ended 31 July 2017 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Corporation, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Corporation's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2017 and of its surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKING MEN'S COLLEGE (continued) for the year ended 31 July 2017**

#### **Other information**

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

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' report including the strategic report has been prepared in accordance with applicable legal requirements

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

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKING MEN'S COLLEGE (continued) for the year ended 31 July 2017**

#### **Responsibilities of Governors**

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

In preparing the financial statements, the Governors are responsible for assessing the college's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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



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

**18 December 2017**

## **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 EDUCATION ACTING THROUGH THE DEPARTMENT FOR EDUCATION**

**for the year ended 31 July 2017**

In accordance with the terms of our engagement letter dated 10 August 2017 and further to the requirements of the Financial Memorandum with the Education and 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 2016 to 31 July 2017 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("The Code") issued by the Department for Education ("The Department"). 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 Department has other assurance arrangements in place.

This report is made solely to the Corporation of Working Men's College and the Department 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 Department 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 Department, 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 Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Code issued by the Department. 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 EDUCATION ACTING THROUGH THE DEPARTMENT FOR EDUCATION**

**for the year ended 31 July 2017**

*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 2016 to 31 July 2017 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

18 December 2017



# WORKING MEN'S COLLEGE CORPORATION

## STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 July 2017

	Note	2017 £'000	2016 £'000
<b>INCOME</b>			
Funding body grants	2	4,585	4,370
Tuition fees and education contracts	3	957	976
Other income	4	92	82
Endowment and investment income	5	133	131
<b>Total income</b>		<b>5,767</b>	<b>5,559</b>
<b>EXPENDITURE</b>			
Cost of generating funds	6	19	
Staff costs	6	3,613	3,680
Fundamental restructuring costs	6	37	113
Other operating expenses	8	1,288	1,244
Depreciation	11	368	358
Interest and other finance costs	9	59	63
<b>Total expenditure</b>		<b>5,371</b>	<b>5,477</b>
<b>Operational surplus before other gains and losses and before tax</b>		<b>396</b>	<b>82</b>
Gains on listed investments	12	156	462
Gain on investment property	13	-	-
<b>Surplus before tax</b>		<b>552</b>	<b>544</b>
Taxation	10	-	-
<b>Total Comprehensive Income for the Year</b>		<b>552</b>	<b>544</b>
Represented by:			
Restricted comprehensive income		144	281
Unrestricted comprehensive income		408	263
		<b>552</b>	<b>544</b>

The statement of comprehensive income is in respect of continuing activities.

# WORKING MEN'S COLLEGE CORPORATION

## STATEMENT OF CHANGES IN RESERVES

for the year ended 31 July 2017

	Income and Expenditure reserve		Restricted reserves		Endowments		Total reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 August 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		-		-	
Total comprehensive income for the year		85		281		178		544
<b>Balance at 31 July 2016</b>		6,828		2,242		1,759		10,829
Surplus from the income and expenditure account	411		79		62		552	
Transfers between restricted and income and expenditure reserves	(65)		65		-		-	
Total comprehensive income for the year		346		144		62		552
<b>Balance at 31 July 2017</b>		7,174		2,386		1,821		11,381

Included within restricted reserves at the balance sheet date is an amount of £146,919 which relates to 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.

# WORKING MEN'S COLLEGE CORPORATION

## BALANCE SHEET

as at 31 July 2017

	Note	£'000	2017 £'000	£'000	2016 £'000
<b>NON-CURRENT ASSETS</b>					
Tangible fixed assets	11		6,180		6,309
Listed Investments	12		4,562		4,406
Investment Property	13		1,780		1,780
			<u>12,522</u>		<u>12,495</u>
<b>CURRENT ASSETS</b>					
Trade and other receivables	14	290		323	
Cash and cash equivalents		<u>2,219</u>		<u>1,651</u>	
		2,509		1,974	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>					
	15	<u>(995)</u>		<u>(819)</u>	
<b>NET CURRENT ASSETS</b>			<u>1,514</u>		<u>1,155</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>14,036</u>		<u>13,650</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>					
	16		<u>(2,655)</u>		<u>(2,821)</u>
<b>TOTAL NET ASSETS</b>			<u><u>11,381</u></u>		<u><u>10,829</u></u>
<b>ENDOWMENTS</b>					
Permanent	18	240		232	
Expendable	18	<u>1,581</u>		<u>1,527</u>	
			1,821		1,759
<b>RESTRICTED RESERVES</b>					
Restricted reserve			2,386		2,242
<b>UNRESTRICTED RESERVES</b>					
Income and expenditure account			<u>7,174</u>		<u>6,828</u>
<b>TOTAL RESERVES</b>			<u><u>11,381</u></u>		<u><u>10,829</u></u>

The financial statements on pages 32 to 50 were approved and authorised for issue by the Corporation on 13 December 2017 and were signed on its behalf on that date by:



Tom Schuller  
Chair



Helen Hammond  
Accounting Officer

# WORKING MEN'S COLLEGE CORPORATION

## STATEMENT OF CASHFLOWS

for the year ended 31 July 2017

	Note	£'000	2017 £'000	£'000	2016 £'000
<b>Cash inflow from operating activities</b>					
Surplus for the year			552		544
<u>Adjustment for non-cash items</u>					
Gains on investments			(156)		(462)
Depreciation	11		368		358
Decrease/(Increase) in debtors	14		33		(31)
Increase/(Decrease) in creditors due within one year			172		(1,066)
Decrease in creditors due after one year	16		(93)		(28)
<u>Adjustments for investing or financing activities</u>					
Investment income receivable	5		(128)		(123)
Interest receivable	5		(5)		(8)
Interest payable	9		59		63
<b>Net cashflow from operating activities</b>			<b>802</b>		<b>(753)</b>
<b>Cashflows from investing activities</b>					
Income from investments and endowments	5	128		123	
Other interest received	5	5		8	
Payments to acquire tangible fixed assets	11	(239)		(237)	
			(106)		(106)
<b>Cashflows from financing activities</b>					
Interest payable	9	(59)		(63)	
Capital element of bank loan repayments	17	(69)		(65)	
			(128)		(128)
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>			<b>568</b>		<b>(987)</b>
Cash and cash equivalents at 1 August			1,651		2,638
Cash and cash equivalents at 31 July			2,219		1,651

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 2017**

### **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 College Accounts Direction for 2016-17 and in accordance with Financial Reporting Standard 102: - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

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

#### **Basis of accounting**

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

#### **Going concern**

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

The College currently has £1.04 million of loans outstanding with bankers on terms negotiated in 2007. The terms of the existing agreement are for up to another 11 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.

# **WORKING MEN'S COLLEGE CORPORATION**

## **NOTES TO THE ACCOUNTS**

**for the year ended 31 July 2017**

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

#### **Recognition of income (continued)**

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

Where part of a non-recurrent government grant from the ESFA or other body is deferred and amortised in line with depreciation over the life of the associated assets funded, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS102. Other, non-governmental, capital grants are recognised in income when the College is entitled to the funds, subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

#### **Post-employment Benefits**

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

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

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.

#### **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

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

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2017

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

#### 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.

Freehold land is not depreciated as it is considered to have an infinite useful life.

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

Freehold buildings	-	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.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of comprehensive income.

# **WORKING MEN'S COLLEGE CORPORATION**

## **NOTES TO THE ACCOUNTS**

for the year ended 31 July 2017

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

#### **Leased assets**

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

#### **Cash and Cash Equivalents**

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

#### **Financial Liabilities and Equity**

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

All loans, investments and short term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost. However the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

#### **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.



# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2017

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

#### **Provisions and Contingent Liabilities**

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

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

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

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the accounts.

#### **Agency Arrangements**

The College acts as an agent in the collection and payment of certain discretionary support funds from the ESFA or Department for Education. Related payments received from the funding bodies and subsequent disbursements to learners are excluded from the income and expenditure of the College where the College is exposed to minimum risk or enjoys minimal economic benefit related to the transaction.

#### **Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty**

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

- Determined whether leases entered into by the College either as lessor or lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee, on a lease by lease basis.
- Determined whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

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

- **Tangible fixed assets**

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

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2017

### 2 FUNDING COUNCIL GRANTS

	2017 £'000	2016 £'000
<b>Recurrent grants</b>		
Education and Skills Funding Agency - adult	4,188	3,949
Education and Skills Funding Agency - 16-18	302	316
<b>Specific grants</b>		
Education and Skills Funding Agency	1	11
Release of government capital grants	94	94
	<u>4,585</u>	<u>4,370</u>

### 3 TUITION FEES AND EDUCATION CONTRACTS

	2017 £'000	2016 £'000
Adult education fees	634	662
Fees for FE loan supported courses	65	32
<b>Total tuition fees</b>	<u>699</u>	<u>694</u>
Education contracts	258	282
	<u>957</u>	<u>976</u>

### 4 OTHER INCOME

	2017 £'000	2016 £'000
Property rental income	52	44
Other income	40	38
	<u>92</u>	<u>82</u>

### 5 ENDOWMENT AND INVESTMENT INCOME

	2017 £'000	2016 £'000
Income from restricted asset investments	65	59
Income from endowment and unrestricted investments	63	64
Other interest receivable	5	8
	<u>133</u>	<u>131</u>

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2017

### 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:

	2017 No.	2016 No.
Teaching staff	58	61
Non-teaching staff	44	41
	<u>102</u>	<u>102</u>

The total staff costs for the above persons were:

	2017 £'000	2016 £'000
Wages and salaries	2,917	3,005
Social security costs	218	220
Other pension costs (note 19)	333	313
<b>Payroll sub total</b>	<u>3,468</u>	<u>3,538</u>
Contracted out staffing services	145	142
	<u>3,613</u>	<u>3,680</u>
Fundamental restructuring costs - contractual	26	106
non-contractual	11	7
<b>Total staff costs</b>	<u>3,650</u>	<u>3,793</u>

### Fundamental Restructuring Costs

The 2016 and 2017 staff restructuring costs relate to the implementation of the College's continual reorganisation programme which ensures 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 and employer's national insurance contributions, but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	2017 No.	2016 No.	2017 No.	2016 No.
£ 1 to £ 10,000	1	-	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	1	-	n/a	n/a
£ 50,001 to £ 60,000	1	2	n/a	n/a
£ 60,001 to £ 70,000	2	2	-	-
£ 90,001 to £ 100,000	1	1	-	-
£100,001 to £ 110,000	1	-	-	-
	<u>7</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 2017

### 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.

	2017 No.	2016 No.
The number of key management personnel including the Accounting Officer was:	7	8

Key management personnel compensation is made up as follows:

	2017 £'000	2016 £'000
Salaries	437	410
Employer's national Insurance	43	40
Benefits-in-kind	2	1
	482	451
Pension contributions	33	36
Total key management personnel compensation	515	487

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

The above compensation includes amounts payable to the Accounting Officer (who was also the highest paid senior postholder) of:

	2017 £'000	2016 £'000
Salaries	102	95
Benefits-in-kind	2	1
	104	96
Pension contributions	17	15

The pension contributions for the Accounting Officer and one 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

	2017 £'000	2016 £'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 2017

### 8 OTHER OPERATING EXPENSES

	2017 £'000	2016 £'000
Teaching costs	227	121
Non-teaching costs	576	674
Premises costs	485	449
	<u>1,288</u>	<u>1,244</u>

Included in the total of other operating expenses are:

	2017 £'000	2016 £'000
Auditors' remuneration:		
Financial Statements and Regularity audit	20	21
Internal audit	10	9
Other services provided by the Financial Statements Auditor for Teachers' Pension audit and submission of Corporation Tax Return	2	1
Hire of assets under operating leases	<u>3</u>	<u>13</u>

### 9 INTEREST AND OTHER FINANCE COSTS

	2017 £'000	2016 £'000
Interest payable on bank loans repayable wholly or partly in more than five years	<u>59</u>	<u>63</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 current and preceding years fell within qualifying categories and no Corporation Tax arises. Accordingly no provision for corporation tax is made in the accounts in either year.

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2017

### 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 2016	6,711	989	991	588	9,279
Additions	-	103	76	60	239
Disposals	-	(27)	(40)	(127)	(194)
At 31 July 2017	6,711	1,065	1,027	521	9,324
<b>Depreciation</b>					
At 1 August 2016	1,148	495	879	448	2,970
Charge for the year	130	80	103	55	368
Disposals	-	(27)	(40)	(127)	(194)
At 31 July 2017	1,278	548	942	376	3,144
<b>Net book value</b>					
At 31 July 2017	5,433	517	85	145	6,180
At 31 July 2016	5,563	494	112	140	6,309

### 12 LISTED INVESTMENTS

	Unrestricted Assets £'000	Endowment Assets £'000	Total £'000
<b>Market value of listed investments</b>			
At 1 August 2016	2,647	1,759	4,406
Appreciation of investments	94	62	156
<b>Total portfolio value at 31 July 2017</b>	2,741	1,821	4,562
Cost of listed investments at 31 July 2017	2,219	1,437	3,656
Total net unrealised gains at 31 July 2017 included above	522	384	906
<b>Analysis of total portfolio value</b>			
Pooled investment vehicles			4,562

At 31 July 2017 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	4,562	100%

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2017

### 13 INVESTMENT PROPERTY

	2017 £'000	2016 £'000
At 1 August 2016	1,780	1,780
Appreciation of investment property	-	-
At 31 July 2017	<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

	2017 £'000	2016 £'000
<b>Amounts falling due within one year</b>		
Trade receivables	41	177
Prepayments and accrued income	164	126
Other debtors	9	20
Amounts owed by funding bodies	76	-
	<u>290</u>	<u>323</u>

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

	2017 £'000	2016 £'000
Bank loans (note 17)	73	69
Payments received in advance	142	115
Trade payables	171	121
Other taxation and social security	66	72
Accruals and deferred income	195	162
Deferred income - government capital grants	93	93
Amounts owed to funding bodies	199	125
Other creditors	56	62
	<u>995</u>	<u>819</u>

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2017

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

	2017 £'000	2016 £'000
Bank loans (note 17)	963	1,036
Deferred income - government capital grants	1,692	1,785
	<u>2,655</u>	<u>2,821</u>

### 17 MATURITY OF DEBT

	2017 £'000	2016 £'000
Bank loans are repayable as follows:		
In one year or less	73	69
Between one and two years	77	73
Between two and five years	311	294
In five years or more	575	669
	<u>1,036</u>	<u>1,105</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.

### 18 ENDOWMENTS

	Permanent £'000	Expendable £'000	Total £'000
At 1 August 2016	232	1,527	1,759
Appreciation of endowment asset investments	8	54	62
At 31 July 2017	<u>240</u>	<u>1,581</u>	<u>1,821</u>
Representing:			
Prize funds	80	-	80
Library funds	125	-	125
Other funds	35	1,581	1,616
	<u>240</u>	<u>1,581</u>	<u>1,821</u>
	Permanent £'000	Expendable £'000	Total £'000
At 1 August 2015	209	1,372	1,581
Appreciation of endowment asset investments	23	155	178
At 31 July 2016	<u>232</u>	<u>1,527</u>	<u>1,759</u>
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>



## WORKING MEN'S COLLEGE CORPORATION

### NOTES TO THE ACCOUNTS

for the year ended 31 July 2017

#### 19 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.

The total pension cost for the year was:

	2017 £'000	2016 £'000
Teachers' pension scheme - contributions paid	277	264
Group personal pension scheme - contributions paid	56	49
Total pension cost for the year (note 6)	333	313

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 £ 40,000 (2016 - £ 37,000) for the TPS and £ 5,000 (2016 - £ 12,000 ) 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. Retirement and other pension benefits are paid by public funds provided by Parliament.

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 (pensions currently in payment and the estimated costs of future benefits) 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.

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2017

### 19 DEFINED BENEFIT OBLIGATIONS (continued)

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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>

#### 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.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

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.

Regulations giving effect to a Reformed teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £277,000 (2016: £264,000)

#### FRS 102 (28)

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

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

### 20 FINANCIAL COMMITMENTS

	2017 £'000	2016 £'000
<b>Capital commitments</b>		
Contracted for but not provided at 31 July	10	49
Authorised but not yet contracted for at 31 July	46	50

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 2017

### 21 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.

### 22 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 £540 relating to four governors (2016 - £1,074 relating to five governors). 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.

### 23 DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The College has purchased directors' and officers' liability insurance. The insurance premium paid by the College for the year ended 31 July 2017 was £1,933 (2016 - £1,887) and provides cover of up to a maximum of £1 million for all claims during a year.

### 24 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.

### 25 AMOUNTS DISBURSED AS AGENT

	2017 £'000	2017 £'000	2016 £'000
Unspent balance at 1 August		92	112
Repaid to EFSA in year		(47)	(74)
ESFA grants - Discretionary Learner Support		-	141
ESFA student financial support		1	11
Loans bursary fund		58	54
		<u>104</u>	<u>244</u>
Disbursed to Students	(1)		(138)
Administration costs incurred by the College	-		(7)
Area uplift re 24+ advanced learning loans	(12)		(7)
		<u>(13)</u>	<u>(152)</u>
Balance unspent at 31 July included in creditors		<u>91</u>	<u>92</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.