

NEW CITY COLLEGE

**Report and Financial Statements
for the year ended 31 July 2018**

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OPERATING AND FINANCIAL REVIEW**Nature, Objectives and Strategies**

The members present their report and the audited financial statements for the year ended 31 July 2018.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting New City College (formerly Tower Hamlets College). The College is an exempt charity for the purposes of the Charities Act 2011.

The College was incorporated as Tower Hamlets College on 1 January 1993. Following the merger with Hackney Community College on 1 August 2016 and in light of the proposed merger with Redbridge College on 1 April 2017, the Corporation applied to the Department for Education for approval to change its name to New City College, to reflect the broader range of its activities in East London. This change of name was approved with effect from 1 February 2017.

Public Benefit

The College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1 September 2013, is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 14 to 16.

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

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

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

Strategic Direction

Following the mergers noted above, the Corporation reviewed its strategy and in its meeting in July 2017 confirmed the following:

By 2022 New City College will:

- Be regarded as the first choice for young people, adults, apprentices and businesses who wish to prepare for further study, employment or improve their skills.
- Be recognised for its key specialisms across east London and beyond.
- Have created a 21st century learning environment across the college by rebuilding the Poplar campus and investing significantly in other sites.
- Have successfully implemented a new approach to staff development that is highly valued across the college and includes our own, expanded teacher training department.
- Be financially stable and debt free.
- Be a confident, dynamic influencer of skills policy across London.

This remains the strategic direction of the College.

OPERATING AND FINANCIAL REVIEW (continued)

While in the period to 31 July 2017, change was only made where necessary to complete the process and the curriculum offer continued to reflect the specific characteristics of the three colleges, from 1 August 2017 the College commenced the restructuring required to deliver the agreed strategic objectives.

The focus of activity remains the three boroughs, led by borough principals. The first phase of the curriculum reorganisation was to appoint group directors responsible for specific curriculum areas across the three boroughs in autumn 2017.

Alongside this group directors or equivalent were confirmed to lead a comprehensive review of non-curriculum activity, resulting in a restructuring of key business service teams and systems by 31 July 2018.

Performance indicators

The College is committed to observing the importance of sector measures and indicators and use the FE Choices website which looks at measures such as success rates.

The following paragraphs set out the performance against these measures and indicators.

Student achievement and progression

Overall Achievement rates have continued to improve. The New City College overall achievement rates for 16-18 funded provision rose 2.4% from 2016/17 to 82.4%, which is now above the National Average for by 1%. Over the same period adult achievement rates have risen by nearly 2% to 87.3%, on a par with the whole sector National Average.

The detail behind this improvement includes:

- Retention rates remain outstanding at over 95% and are 5% above the sector average for 16-18 provision and 2% above the 19+ Sector National Averages.
- Although still slightly below the Sector National values there has been a continued increase in Adult Pass rates have by 2% to 89.5%.

Progression continues to be strong, with more than 80% of learners with a known outcome progressing to Education or Employment.

Of those applying through UCAS, 88% were placed at University with 453 entering higher education. 12% gaining a place at Russell Group Universities.

Ofsted Inspection

All three constituent colleges were rated "Good" at their last Ofsted Inspection and the College has used the findings of the inspections of Tower Hamlets in December 2013, Hackney in October 2015 and Redbridge in December 2015 to inform continued progress during 2017/18.

Funding

The College's performance against its key funding targets for the year in respect of activity in the year was:

- The College achieved 99% of its 16-18 learner number target. It achieved 88% of its 16-18 Responsive Funding target.
- The College achieved 99.4% of its Adult Education Budget for classroom activity and therefore there is no clawback of funding.
- The College delivered 93.9% (£760,786) of its original allocation for 16-18 Apprenticeships allocation and 83.8% (£1,122,016) of its adult Apprenticeship allocation.

OPERATING AND FINANCIAL REVIEW (continued)**Student numbers**

In 2017/18 the College has delivered activity that has produced funding against the Education and Skills Funding Agency main allocations amounting to £39,450,096 (2016/17: £39,726,105), including Additional Learning Support.

The College had approximately 13,264 (2016/17: 14,210) learners funded by the ESFA and 5,279 (2016/17: 4,468) learners funded from other sources. There were 1,310 apprentices in the year compared to 1,206 in 2016/17.

Financial Objectives

The College's long-term financial objectives were approved as:

- i. financial health to remain as good to outstanding;
- ii. surpluses generated to allow the College to meet its capital investment requirements.

During the year, the focus was on the following performance indicators:

KPI	At 31 July 2018
Operating result before exceptional costs, FRS102 adjustments and the additional costs and savings arising from merger at break even or better. None of these exclusions are reflected in the budget, which represents the underlying business.	Favourable variance – surplus of £417k
Debt service cover, where the available cashflow for the period must be equal to or greater than the annual debt servicing costs.	Debt servicing costs £89k – net cash outflow for period £2,221k and cash balances of £6.8m net of the revolving credit.
Operational leverage, where the borrowings should be no more than 3.5 times the adjusted surplus for the year. Adjusted surplus is the result for the year adjusted to exclude capital grants, depreciation and amortisation, non-cash adjustments for pension costs and interest payable.	Actual net funds of £6.9m so no actual borrowings
Proportion of funding that comes from core funding from the EFA and SFA, including apprenticeship income, which will be as per the budget, 66%.	EFA/SFA income 62%
a) Proportion of staff costs to total income, which will be as per the budget at 56%.	50%
b) Proportion of staff costs and staff adjusted for agency and similar costs and subcontracting costs to total income, which will be as per the budget at 70%.	66%
Current ratio (current assets as a proportion of current liabilities) which per the budget for the end of the year is 0.84:1.	0.83:1
Cash days in hand, based on the budget profile of 59 days.	50 days

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. The current rating of Good.

The reasons for the variances have been reviewed and the Corporation is satisfied with the College's overall performance against the objectives.

OPERATING AND FINANCIAL REVIEW (continued)**Financial results**

The financial results are set out in the Consolidated Statements of Comprehensive Income. In summary, these are:

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
Operating surplus before restructuring costs, merger costs and adjustments for FRS 102 Pension Costs	417	490
Holiday Pay Accruals adjustment	(446)	(71)
Restructuring costs	(777)	(801)
(Loss)/profit on fixed assets	(732)	525
Release of capital grants on fixed asset disposal	2,591	-
Merger related costs	(143)	(137)
Surplus before adjustments for FRS 102 Pension Costs	910	6
Gain on the fair valuation of assets acquired on merger with Redbridge	-	8,649
Adjustments for FRS 102 Pension Costs	5,984	3,819
Gain on Investments	14	29
Surplus per Comprehensive Income	6,908	12,503

The surplus for the year added to reserves is £6,908,000 (2016/17: a surplus of £12,503,000).

At 31 July 2018, the Group has accumulated reserves and cash and short term investment balances of £16,198,000 and £9,363,000 (2016/17: £9,290,000 and £12,066,000 respectively).

The College has five subsidiary companies:

- TowerSkills Recruitment Services Limited, whose principal activity is a recruitment agency for permanent and temporary staff. In the current year, the company made a deficit of £15,203 (2016/17: a deficit of £28,652).
- City Edge Limited In the current year, the company made a deficit of £261,637 (2016/17: a deficit of £40,576).
- View Training Limited In the current year, the company made a surplus of £445,920 (2016/17: a deficit of £86,977).
- The Trading Company (Hackney) Limited In the current year, the company made a deficit of £6,108 (2016/17: a surplus of £26,796).
- Shoreditch Community Sports Centre Limited In the current year, the company made a deficit of £88,649 (2015/16: a deficit of £37,346).

Any taxable profits generated by the subsidiaries are transferred to the College under the Gift Aid Scheme.

Tangible fixed asset additions during the year amounted to £8,503,000. This was split between land and buildings improvements of £5,322,000 and equipment purchased of £3,181,000.

The College disposed of its lease interest at the George Green Building. The loss of disposal of £732,000 was offset by the accelerated release of capital grants of £2,591,000, giving a net gain of £1,859,000.

The College has significant reliance on the ESFA for its principal funding source, largely from recurrent grants. In 2017/18 these bodies provided 62% (2016/17: 65%) of the College's total income.

OPERATING AND FINANCIAL REVIEW (continued)**Treasury policies and objectives**

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

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows

The outflow of £2,715,000 (2016/17: inflow of £7,886,000).

Liquidity

The College had no net borrowing as at 31 July 2018 or 2017, with cash balances and short term investments of £9,363,000 and long term debt of £2,916,000 (2016/17: £12,066,000 and £3,316,000 respectively).

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. In the interests of operational efficiency it is the College's practice to pay suppliers invoices by BACS transmission twice per month. The College incurred no interest charges in respect of late payment for this period.

Current and Future Development and Performance**Curriculum Developments for 2017/18**

A key objective is continue to reduce dependency on ESFA core funding and to use the combined expertise to develop opportunities to diversify income sources.

At the start of year, the College started to restructure the management of the curriculum. While the three borough principals retain responsibility for the curriculum at their campuses, group curriculum directors were appointed to lead the development of curriculum across the three colleges, so that best practice and efficiencies could be shared. This also provided opportunities to consolidate provision in more specialist areas and ensure that there were clear progression routes to higher level courses.

For apprenticeships, delivery has been by the relevant curriculum area, but with a central compliance and quality function.

The expansion in HE provided by the Redbridge partner provided opportunities to develop more shared delivery and scope to diversify the offer.

At the start of 2017/18 the College had increased its total of high needs learners to approximately 400, with more activity at Redbridge. This allowed the College to meet the local requirement more effectively.

Direct entry for 14-16 year olds at Tower Hamlets has continued to thrive, with some 86 such learners enrolled.

OPERATING AND FINANCIAL REVIEW (continued)**Curriculum Developments for 2017/18 (continued)**

The College had extensive discussions with the agents working with the Language School about the potential to expand the offer by running courses in London and providing clear progression pathways on to vocational courses in London. Although activity in this area, on a fee-paying basis, was limited during 2017/18, there are indications that the discussions will result in more international activity including possible exchange trips to China during 2018/19.

The merged College has had the following income confirmed by the SFA and EFA for 2017/18:

16 – 18 Funding	£23,361,000
Adult Skills	£13,968,000

Curriculum Developments in 2018/19

The College continues to seek to reduce dependency on ESFA core funding and to use the combined expertise to develop opportunities to diversify income sources.

The emphasis will be on building on the progress made during 2017/18 following the restructuring of curriculum management to develop a consistent, high quality approach across the College.

This will include incorporating the curriculum delivered at Epping Forest College following the merger on 1 August 2018. This will be supported by an allocation from the ESFA from the Strategic College Improvement Fund.

For apprenticeships, the College is focusing on a limited number of frameworks/standards where the underlying curriculum quality is good and there is clear demand. This should enable this activity to develop.

There remains limited direct delivery of HE, but there is growing collaboration between the College the main HE private provider partner, which should make this activity sustainable for the immediate future.

At the start of 2018/19 the College had increased its total of high needs learners to approximately 425, including the learners at Epping Forest College. This is now a significant specialism of the College.

The College has received a Capacity and Development Fund allocation to support the develop of T-level qualifications and work will continue through 2018/19 on this.

The merged College has had the following income confirmed by the ESFA for 2018/19:

16 – 18 Funding	£30,764,000
Adult Skills	£14,724,000

Future developments

The restructuring of the College during 2017/18 provides a foundation for further development and growth. The benefits of merger in terms of a more complete offer to learners and cost efficiencies have emerged, as evidenced by the underlying operating result for the year and the intention through 2018/19 is to seek to build on this to improve the overall financial position.

OPERATING AND FINANCIAL REVIEW (continued)**Post balance sheet events**

The College was approached in March 2018 as the preferred merger partner for Epping Forest College. After completing due process, Epping Forest College merged with the College on 1 August 2018, with its assets and liabilities and staff transferring to the College and the Epping Forest College corporation being dissolved. Given the nature of the merger this will be accounted for in the year ending 31 July 2019 using acquisition accounting. The financial impact is shown in note 23.

On 1 October 2018, the College entered into a federation with Havering College of Further & Higher Education and Havering Sixth Form College, as a precursor to possible merger. The target date for this is 1 April 2019, assuming of the necessary steps are completed.

Resources

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

Tangible Resources

Tangible resources include the principal College Campuses for:

- Tower Hamlets, freehold sites at Poplar High Street and Arbour Square,
- Hackney a freehold site at Shoreditch
- Redbridge, a freehold site at Chadwell Heath
- A freehold site in Bournemouth

together with lease expiring in December 2020 for premises in Ilford.

Financial

As at 31 July 2018, the College had £45.4 million of net assets (excluding £29.2 million pension liability) and long term debt of £2.9 million.

People

During the year ended 31 July 2018, the College employed 730 people (expressed as full time equivalents), of whom 354 are teaching staff. In terms of headcount this is 1,050.

Reputation

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

Principal Risks and Uncertainties

The system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation, continues to be developed.

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

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

OPERATING AND FINANCIAL REVIEW (continued)

The significant risks are reviewed by the Audit Committee at each of their meetings and the full risk register at least once a year.

With the approval of the new strategic objectives to 2022, the existing risk register was reviewed and updated, to ensure that risks relevant to the new strategic objectives were properly identified and described.

The operating environment is one of rapid change which is reflected in the nature of the principal risk factors that may affect the College, with or without merger or collaboration, and these are described below. This environment requires the Corporation, management and staff to be informed of the changes, aware of the opportunities and able to adapt. Not all the risk factors are within the College's control.

Other factors besides those listed below may also adversely affect the College.

The significant risks are related to the College's key strategic objectives.

1. Be regarded as the first choice for young people, adults, apprentices and businesses who wish to prepare for further study, employment or improve their skills.

The College needs to provide a high quality learning experience, delivering success rates to required national standards, in order to remain able to recruit learners in a competitive environment. The key risks are identified as:

- maintain, if not improve on, the Ofsted "Good" grade through outstanding teaching and learning;
- have clear progression routes for all of the curriculum

The College manages these risks through a number of actions including:

- the quality improvement plan and a specific post-inspection action plan, which are regularly monitored by Senior Management and the Corporation;
- detailed monitoring of curriculum delivery, including externally-led reviews of curriculum areas and robust self-assessment;
- tracking of student performance, with appropriate intervention as necessary;
- weekly monitoring of student attendance and retention, taking action where issues are emerging;
- consideration of emerging quality issues, for example from Ofsted inspections of other colleges;
- robust lesson observation policy and training for curriculum managers, focused staff development for teaching staff on effective teaching, and targeted support for teachers whose lesson observation is not up to standard;
- clear progression pathways for all courses;
- positive responses from employers in regular satisfaction surveys;
- planning guided by: quality; success; recruitment; funding and viability; government and community priorities.

2. Be recognised for its key specialisms across east London and beyond.

The College's reputation with its communities and key employers is an essential element of its long-term sustainability. The significant risks are:

- promote ourselves as the provider of choice for the local community and specified industry sectors
- have strong links with a range of employers to meet their needs for training and skills. In particular develop a strategy to respond to the Apprenticeship Levy and the consequent changes in funding and demand

OPERATING AND FINANCIAL REVIEW (continued)

The College manages these risks through a number of actions including:

- the use of current students as ambassadors to promote the positive messages about the quality of teaching and learning;
- collation and promotion of accurate relevant data about academic performance;
- marketing campaigns to promote academic performance and positive benchmarking using relevant national and local comparators, through the web-site, social media and more traditional channels;
- communication of College's competitive advantage to differentiate it from immediate competitors - related to quality, student safety, progression to HE and employment, vocational specialisms and pathways, location, industry expertise;
- optimising the positive messages from the Ofsted inspection, with the positive Ofsted outcome reducing the probability of the risk crystallising;
- using positive links with Job Centre Plus and employers to demonstrate opportunities for existing and prospective students;
- maintaining positive PR image and reputation in community and through local media.

3. Have created a 21st century learning environment across the college by rebuilding the Poplar campus and investing significantly in other sites.

The College needs the appropriate facilities to achieve the objectives above. The key risks are:

- develop a comprehensive property strategy consistent with the overall business strategy
- operate a robust project process including specification, planning, monitoring and reporting, for the possible redevelopment of Poplar and other similar substantial projects.

The College manages these risks through a number of actions including:

- identifying business needs through comprehensive strategy;
- engaging professional advisers – property consultants, architects, designers, lawyers etc – to develop the appropriate strategy;
- regularly reconfirming analysis of learner numbers, curriculum and space requirements as provision changes (more apprenticeships means fewer on site taught hours);
- establishing a Property sub-committee;
- comprehensive, separate project management process, including a full risk register, for each major project;
- clear identification of key decision points and decisions only taken after full evaluation of evidence.

4. Have successfully implemented a new approach to staff development that is highly valued across the college and includes our own, expanded teacher training department.

As well physical resources the College needs high quality staff. The principal risk is:

- recruiting and retaining the right staff, who can be encouraged to innovate, and support staff in implementing innovation, while ensuring requirements for English and maths, Safeguarding and Equality and Diversity are retained

The College manages these risks through a number of actions including:

- communication of College's competitive advantage to differentiate it from immediate competitors - related to quality, progression to HE and employment, vocational specialisms and pathways, location, industry expertise.
- optimising the positive messages from the Ofsted inspection, with the positive Ofsted outcome reducing the probability of the risk crystallising.

OPERATING AND FINANCIAL REVIEW (continued)

5. Be financially stable and debt free.

- reduce our dependency on ESFA income
- comply with the various financial regulatory frameworks – accounting, funding, taxation, etc

The College manages these risks through a number of actions including:

- budget setting process, with greater clarity and ownership of income targets and contribution at departmental level before the start of the year;
- authority limits to restrict ability for investment;
- strategic curriculum review and assessment finalised and agreed with Corporation Board annually which informs new strategic plan;
- effective curriculum planning;
- centralised timetabling and curriculum managers monitoring programme delivery against GLH requirements;
- review of employer strategy and introduction of new areas and partners (employers JCP etc) and new ESF projects;
- developing opportunities through the Language School;
- an effective partnership for the provision of HE courses;
- approval of funding claims submission by a senior manager, to confirm completeness and accuracy;
- governor approval for major investment at concept and final decision stage and monitoring of progress against strategic plan through KPIs;
- robust project management procedures (including a designated manager for each project, a schedule for claims for each project and a checklist to ensure evidence is collated as the project progresses);
- Internal audit review.

6. Be a confident, dynamic influencer of skills policy across London.

This will be a consequence of progress on the five objectives above and there are no specific significant risks not covered above.

Stakeholder Relationships

In line with other colleges, New City College has many stakeholders. These include:

- Students;
- Funding Bodies, primarily the ESFA and HEFCE;
- Staff;
- Local employers;
- Local authorities;
- Government Offices and Local Enterprise Partnerships;
- The local community;
- Other FE institutions;
- Higher education institutions;
- Trade unions;
- Professional bodies.

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

OPERATING AND FINANCIAL REVIEW (continued)**Equal opportunities and employment of disabled persons**

New City College is committed to providing a high quality educational experience and to promoting, maintaining and supporting equality and diversity in all aspects of its work.

The College will actively seek to ensure that students and staff experience equality of opportunity and are free from harassment, discrimination or victimisation of any kind, regardless of age, sex (gender), disability, learning difficulty, sexual orientation, gender reassignment and gender recognition, religious or political belief, race, ethnicity, nationality, national origins, family or marital status, social isolation, social status and deprivation, homelessness, unemployment, asylum and refugee status or membership of a trade union, or for any other identifiable cause protected by law.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010 and associated legislation. This has been summarised in the College's Single Equality Scheme, published on the College website, and includes the following:

- The College has Group Curriculum Director for Foundation Learning who provides information, advice and arranges support where necessary for students with disabilities;
- There is a list of specialist equipment, which the College can make available for use by students, held by the IT department, learning technologies team and the additional learning support team. There is also a range of assistive technology equipment/resources available in the library learning centres at each main site;
- The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy;
- The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format;
- Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Disclosure of information to auditor

The members 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 member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 13 December 2018 and signed on its behalf by:



M Chavda
Chair

Professional advisers**Financial statement and
Regularity auditor:**

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STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

The College endeavours to conduct 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); and
- ii. having due regard to the English College's Code of Good Governance (the Code), as adopted by the college in 2015.

The College is committed to exhibiting best practice in all aspects of corporate governance and does so by self-assessing its Board on an annual basis, against best governance practice and the Code. In the opinion of the governors, the College complies with the Code for the year 31 July 2018. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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

The Corporation

The Chair of the Corporation for the academic year 2017-18 was Meena Chavda and the Vice Chairs were Sue Williams and Gunner Burkhart.

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in Table 1.

Table 1: Governors serving on the College Board during 2017/18

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served
Mohammed Mahmud	Dec-17	1 year		Student	CQ&S
Karina Sangha	Dec-17	1 year		Student	CQ&S
Steve Hedges	Dec-14	4 years x2		Staff	CQ&S
Bobbi Ehsan	Dec-16	4 years x2		Staff	CQ&S
Rachael Halliday	Oct-10	4 years x2		Independent	CQ&S
Gareth Wall	Oct-13	4 years x2		Independent	Audit, Property

Statement of Corporate Governance and Internal Control (Continued)

Table 1: continued

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served
Gunner Burkhart	Dec-10	4 years x2		Independent	F&GP, Remuneration, Search
Meena Chavda	Feb-10 Re-app Feb-18	4 years x2 6 months		Independent	F&GP, Remuneration, Search, Property (Corporation Chair from Oct-17)
Anne Canning	Feb-11	4 years x2		Independent	CQ&S
Win Harris	Jul-10	4 years x 2		Independent	CQ&S, Search
Babu Bhattacharjee	Jul-14	4 years x2	Jul-18	Independent	Property, Audit, F&GP (after leaving Audit cttee)
Nikki Makinwa	Sep-14	4 years x2		Independent	CQ&S
Vivien Bailey	Oct-14	4 years x2		Independent	CQ&S, Search
Matthew Patten	Apr-18	4 years x2	Jul-18	Independent	Audit
Sue Williams	Sep-11	4 years x 2		Independent	Audit, Property
Lutfey Siddiqi	Apr-18	4 years x2		Independent	F&GP
Gerry McDonald	Apr-13	Ex-officio		CEO	F&GP, Search, CQ&S, Property
John Joughin	Jul-15	4 years x2	March-18	Independent	CQ&S
Lucy de Groot	August-16	4 years x2	Oct-17	Independent	Search (Corporation Chair to Oct-17)

Overall attendance (at Corporation and Committee meetings) was 91%.

Statement of Corporate Governance and Internal Control (Continued)

The non-governors who were co-opted to serve on Committees during the year and up to the date of signature of this report were:

Name	Committees Served	Date of Departure
Paul Winrow	Audit	
Richard Ward	Audit (Staff)	Jul-18
Ioannis Anagnostopoulos	CQ&S (Staff)	Jul-18
Edmond Harbour	Property	Apr-18
Neal Hunt	Property	
Cormac MacCrann	Property	

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

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

The Corporation conducts its business through the Corporation Board and its Committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and General Purposes, Remuneration, Search, Curriculum Quality & Students, Audit and Property. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Director of Governance at:

New City College
112 Poplar High Street
Poplar
London
E14 0AF

The Clerk to the Corporation was Judith Nelson until 9 February 2018. Fiona Chalk was appointed Interim Clerk to the Corporation from 9 February 2018 to 25 April 2018 and appointed as Director of Governance from 25 April 2018 on a permanent basis.

The Director of Governance maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

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

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

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

There is a clear division of responsibility in that the roles of the Chairman of the Corporation and Chief Executive Officer (CEO) of the College are separate.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)**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, consisting of five members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

The Corporation has determined that the maximum number of consecutive terms for which a member may hold office is two x 4 years.

Audit Committee

The Audit Committee comprises of six members, including co-optees (a majority of which must be members of the Corporation) and excludes the CEO and Chair. The committee operates in accordance with written terms of reference approved by the Corporation and in accordance with the Post 16 Audit Code of Practice.

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

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

Management are 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, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

Finance & General Purposes committee (F&GP)

The F&GP committee normally comprises of 6 members. It operates in accordance with written terms of reference approved by the Corporation, advising on appropriate financial policies and procedures subject at all times to the requirements of the Financial Memorandum between the Corporation and the Education and Skills Funding Agency and the Articles of Government.

Meeting four times a year, the Committee oversees the financial affairs of the Corporation, monitors staffing issues and considers and advises the Corporation on matters relating to estates and buildings, health and safety, along with determining such other matters that may be delegated to it.

Remuneration committee

The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders. The Committee met twice during the year.

Details of remuneration for the year ended 31 July 2018 are set out in the notes to the financial statements.

Statement of Corporate Governance and Internal Control (Continued)**Curriculum, Quality & Students committee (CQ&S)**

The CQ&S committee comprises of a minimum of eight members and includes two student governor members and two staff members. It operates in accordance with written terms of reference approved by the Corporation and meets on four occasions each academic year.

It advises on the procedures in place for the continuous review of the curriculum offered by the college, along with the effectiveness of strategies used by managers to improve quality and the academic standard of provision for students, including HE and sub-contracted provision. In addition, it has responsibility for reviewing and monitoring the arrangements for the promotion of equality, diversity and safeguarding.

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 Group Principal & CEO, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between New City College and the funding bodies. He 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 in New City College for the year ended 31 July 2018 and up to the date of approval of the annual report and accounts.

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 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

Statement of Corporate Governance and Internal Control (Continued)

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

New City College has an internal audit service, which operates in accordance with the requirements of the Skills Funding Agency's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee.

Annually, the Chair of the Audit Committee and the Director of Governance provide the governing body with a report on audit activity in the College. Further the internal audit provider submits an annual report to the Audit Committee and thence the governing body. The report includes the independent internal audit providers' opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

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

The Group Principal & CEO has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the audit committee, which oversees the work of the internal auditor and the Risk Management Group, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Group Principal & CEO and senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The CEO and senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control.

The Corporation's reporting format ensures the consideration of risk and control and receives specific reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

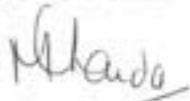
At its December 2018 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2018 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2018.

Based on the advice of the Audit Committee and the CEO, 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".

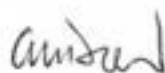
Statement of Corporate Governance and Internal Control (Continued)**Going concern**

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 members of the Corporation on 13 December 2018 and signed on its behalf by:



M Chavda
Chair



Gerry McDonald
Accounting Officer

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's Financial Memorandum with the ESFA, 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 2017 to 2018* issued by the 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
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


The Corporation is also required to prepare an Operating and Financial Review which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

The Corporation is responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 College website is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Approved by order of the members of the Corporation on 13 December 2018 and signed on its behalf by:


M Chavda
Chair

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

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with Education and Skills Funding Agency terms and conditions of funding, under the financial memorandum in place between the College and the Education and Skills Funding Agency. As part of our consideration we have 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, we are not able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Education and Skills Funding Agency's terms and conditions of funding under the College's financial memorandum.

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



Gerry McDonald
Accounting Officer
13 December 2018



M Chavda
Chair of Governors
13 December 2018

INDEPENDENT AUDITOR'S REPORT TO CORPORATION OF NEW CITY COLLEGE**Opinion**

We have audited the financial statements of New City College ("the College") for the year ended 31 July 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and College Statement of Changes in Reserves, Balance Sheets at 31 July 2018, Consolidated Cash Flow and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2018, and of the Group's and the College's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The Corporation is responsible for the other information, which comprises the Operating and Financial Review and Statement of Corporate Governance and Internal Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Post-16 Audit Code of Practice 2017 to 2018 (March 2018) issued by the Education and Skills Funding Agency we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent College; or
- the parent College's financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Corporation's responsibilities

As explained more fully in their statement set out on page 21, the Corporation is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 it either intends to liquidate the group or the parent College or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Corporation, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation for our audit work, for this report, or for the opinions we have formed.



Michael Rowley
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

21 December 2018

Reporting Accountant's Report on Regularity to the Corporation of New City College and the Secretary of State for Education acting through the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 4 September 2017 and further to the requirements of the funding agreement with 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 New City College during the period 1 August 2017 to 31 July 2018 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 issued by the Education and Skills Funding Agency. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Education and Skills Funding Agency has other assurance arrangements in place.

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

Respective responsibilities of New City College and the reporting accountant

The corporation of New College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received 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 to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Post-16 Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2017 to 31 July 2018 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 Post-16 Audit Code of Practice issued by the Education and Skills Funding Agency. We performed a limited assurance engagement as defined in that framework.

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

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 included:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Post-16 Audit Code of Practice.

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 2017 to 31 July 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Michael Rowley
for and on behalf of KPMG LLP, Reporting Accountant
Chartered Accountants
15 Canada Square
London E14 5GL

21 December 2018

Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 July 2018		Year ended 31 July 2017	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	43,730	43,730	37,354	37,354
Tuition fees and education contracts	3	21,834	21,834	14,488	14,094
Other grants and contracts	4	142	142	203	203
Other income	5	4,734	4,372	5,030	4,893
Investment income	6	17	17	23	23
Total income		70,457	70,095	57,098	56,567
EXPENDITURE					
Staff costs	7	35,387	34,850	31,957	29,275
Restructuring costs	7	777	777	801	801
Other operating expenses	8	29,392	29,639	20,458	22,293
Depreciation and amortisation	10,12	4,493	4,457	4,705	4,651
Interest and other finance costs	9	1,148	1,148	1,148	1,148
Total expenditure		71,197	70,871	59,069	58,168
Deficit before other gains and losses		(740)	(776)	(1,971)	(1,601)
Profit/(loss) on disposal of fixed assets		(732)	(732)	525	525
Gain on investments		14	14	29	29
Deficit before tax		(1,458)	(1,494)	(1,417)	(1,047)
Taxation		-	-	-	-
Deficit for the year		(1,458)	(1,494)	(1,417)	(1,047)
Gain on the fair valuation of assets and liabilities acquired on the merger with Redbridge College		-	-	8,649	8,649
Actuarial gain/(loss) in respect of pensions schemes	22	8,366	8,366	5,271	5,271
Total Comprehensive Income and Expenditure for the year		6,908	6,872	12,503	12,873
Represented by:					
Endowment comprehensive income		14	14	29	29
Unrestricted comprehensive income		6,894	6,858	12,474	12,844
		6,908	6,872	12,503	12,873


Consolidated and College Statement of Changes in Reserves

	Consolidated Statements of Comprehensive Income	Revaluation reserve	Endowment Reserve	Total
	£'000	£'000	£'000	£'000
Group				
Balance at 1st August 2016	(17,144)	13,453	478	(3,213)
Deficit from the income and expenditure account	(1,446)	-	29	(1,417)
Other comprehensive income	13,920	-	-	13,920
Transfers between revaluation and income and expenditure reserves	1,122	(1,122)	-	-
Total Comprehensive Income and Expenditure for the year	13,596	(1,122)	29	12,503
Balance at 31st July 2017	(3,548)	12,331	507	9,290
Surplus from the income and expenditure account	(1,472)	-	14	(1,458)
Other comprehensive income	8,366	-	-	8,366
Transfers between revaluation and income and expenditure reserves	399	(399)	-	-
Total Comprehensive Income and Expenditure for the year	7,293	(399)	14	6,908
Balance at 31st July 2018	3,745	11,932	521	16,198
College				
Balance at 1st August 2016	(17,799)	13,453	478	(3,868)
Deficit from the income and expenditure account	(1,076)	-	29	(1,047)
Other comprehensive income	13,920	-	-	13,920
Transfers between revaluation and income and expenditure reserves	1,122	(1,122)	-	-
	13,966	(1,122)	29	12,873
Balance at 31st July 2017	(3,833)	12,331	507	9,005
Surplus from the income and expenditure account	(1,508)	-	14	(1,494)
Other comprehensive income	8,366	-	-	8,366
Transfers between revaluation and income and expenditure reserves	399	(399)	-	-
Total Comprehensive Income and Expenditure for the year	7,257	(399)	14	6,872
Balance at 31st July 2018	3,424	11,932	521	15,877

Balance sheets as at 31 July

	Notes	Group	College	Group	College
		2018	2018	2017	2017
		£'000	£'000	£'000	£'000
Non current assets					
Tangible fixed assets	10	86,167	86,133	81,729	81,660
Investments	11	521	581	507	567
Goodwill	12	820	820	921	921
		87,508	87,534	83,157	83,148
Current assets					
Stock		4	-	4	-
Assets held for resale	10	-	-	3,496	3,496
Trade and other receivables	13	5,367	5,576	4,474	4,171
Investments	14	1,075	1,075	1,063	1,063
Cash and cash equivalents	19	8,288	7,671	11,003	10,721
		14,734	14,322	20,040	19,451
Less: Creditors – amounts falling due within one year	15	(17,819)	(17,754)	(18,168)	(17,869)
Net current assets/(liabilities)		(3,085)	(3,432)	1,872	1,582
Total assets less current liabilities		84,423	84,102	85,029	84,730
Creditors – amounts falling due after more than one year	16	(37,678)	(37,678)	(39,009)	(38,995)
Provisions					
Defined benefit obligations	22	(29,232)	(29,232)	(35,216)	(35,216)
Other provisions	17	(1,315)	(1,315)	(1,514)	(1,514)
Total net assets		16,198	15,877	9,290	9,005
Restricted Reserves					
Income and expenditure reserve - endowment reserve		521	521	507	507
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		3,745	3,424	(3,548)	(3,833)
Revaluation reserve		11,932	11,932	12,331	12,331
Total Reserves		16,198	15,877	9,290	9,005

The financial statements on pages 27 to 54 were approved and authorised for issue by the Corporation on 13 December 2018 and were signed on its behalf on that date by:


M Chavda
Chair


Gerry McDonald
Accounting Officer

Consolidated Statement of Cash Flows

	Notes	2018 £'000	2017 £'000
Cash flow from operating activities			
Deficit for the year		(1,458)	(1,417)
Adjustment for non-cash items			
Depreciation and amortisation	10,12	4,493	4,705
Decrease in stocks		-	9
(Increase) in debtors	13	(893)	(2,374)
(Decrease)/increase in creditors due within one year	15	(232)	9,047
(Decrease) in creditors due after one year and other provisions	16, 17	(1,114)	(1,258)
Pensions costs less contributions payable	22	1,375	684
Taxation			
Adjustment for investing or financing activities			
Investment income	6,11	(31)	(52)
Interest payable	9	1,148	1,148
Loss/(profit) on sale of fixed assets		732	(525)
Net cash flow from operating activities		<u>4,020</u>	<u>9,967</u>
Cash flows from investing activities			
Investment income	6	17	23
Interest paid		(141)	(380)
(Increase) of deposits	14	(12)	(12)
Finance leases repaid		-	(99)
New loans		-	2,500
Loans repaid		(400)	(385)
Proceeds from sale of fixed assets		2,724	9,891
Payments made to acquire fixed assets		(8,923)	(2,746)
Payments to acquire goodwill	12	-	(1,015)
Net assets, excluding net current assets and before fair value adjustment, transferred from Redbridge College on merger		-	(9,858)
Cash flows from financing activities		<u>(6,735)</u>	<u>(2,081)</u>
		<u>(2,715)</u>	<u>7,886</u>
(Decrease)/increase in cash and cash equivalents		<u>(2,715)</u>	<u>7,886</u>
Cash and cash equivalents at beginning of the year	19	11,003	3,117
Cash and cash equivalents at end of the year	19	8,288	11,003

Notes to the Financial Statements**1. Accounting policies****Statement of accounting policies**

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2016 (the 2016 FE HE SORP), the College Accounts Direction for 2017 to 2018 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Going concern

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

The College's forecasts and financial projections indicate that it will be able to operate within its existing finances 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.

Basis of consolidation

In preparing these financial statements the College has reviewed the appropriate treatment for business combinations in line with FRS 102.

Where the business combination is of entities with comparable income levels, asset bases and the complexity of operations, it is accounted for using merger accounting, with the prior year amounts being restated accordingly to reflect the merged position.

Otherwise, business combinations are accounted for by applying the acquisition method and the assets and liabilities acquired are adjusted to fair values, using external professional advisers where appropriate.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

Notes to the Financial Statements (continued)**1. Accounting Policies (continued)**

The consolidated financial statements include the College and its subsidiary companies, TowerSkills Recruitment Services Limited, View Training Limited, City Edge Limited, The Trading Company (Hackney) Limited and the Shoreditch Community Sports Centre Limited, all controlled by the Group. Intra-group transactions are eliminated fully on consolidation. In accordance with FRS 2, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2018.

Recognition of income

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

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

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

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

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

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

Post-retirement Benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded. In addition, the College provides defined contribution schemes to a small number of employees.

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

The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Notes to the Financial Statements (continued)**1. Accounting Policies (continued)****Post-retirement Benefits (continued)**

The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Non-current Assets - Tangible fixed assets*Land and Buildings*

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

Land and buildings acquired through merger but dealt with using acquisition accounting, are revalued to fair value, based on independent professional advice.

Building improvements made since incorporation are included in the balance sheet at cost.

Freehold land is not depreciated.

Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. The College has a policy of depreciating major adaptations (in excess of £1,000,000) to buildings over the remaining period of their useful economic life of 50 years. Other adaptations (less than £1,000,000) to buildings are depreciated over the period of their useful economic life of up to 15 years.

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

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

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

Notes to the Financial Statements (continued)**1. Accounting policies (continued)****Non-current Assets - Tangible fixed assets (continued)**

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

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

Equipment

Equipment costing less than £500 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the College of between one and five years from incorporation and is now fully depreciated. All other equipment is depreciated over its useful economic life as follows:

- motor vehicles – 5 years on a straight-line basis
- general equipment – 3, 5 & 10 years on a straight line basis
- computer equipment – 4 years on a straight-line basis
- Software – 5 & 10 years on a straight-line basis
- furniture, fixtures and fittings – 10 years on a straight-line basis.

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 government capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic

lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

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

Notes to the Financial Statements (continued)**1. Accounting policies (continued)****Investments and endowment assets**

Listed investments held as fixed assets or endowment assets are stated at market value. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

Goodwill

Goodwill is recognised as an asset at the date that control is acquired. Goodwill is measured as the excess of the sum of the consideration paid, and the fair value of the net assets transferred. Goodwill is amortised over a 10 year period.

Foreign currency translation

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature. The College's subsidiary company is subject to corporation tax and VAT in the same way as any commercial organisation.

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-tax 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 financial statements.

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks, building societies and government securities and can be readily converted to cash within three months.

Notes to the Financial Statements (continued)**1. Accounting policies (continued)****Agency arrangements**

The College acts as an agent in the collection and payment of discretionary support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 22, except for charges made for placing students at the College crèches, certain fees and charges and the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff (on a full-time equivalent basis) dedicated to the administration of Learner Support Fund applications and payments.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- *Impairment of the carrying value of tangible fixed assets and goodwill*
A review has been undertaken to determine whether there are indicators of impairment of the group's tangible assets, including goodwill. 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 re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- *Local Government Pension Scheme*
The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Financial Statements (continued)

2 Funding body grants

	2018		2017	
	Group £'000	College £'000	Group £'000	College £'000
Recurrent grants				
Education and Skills Funding Agency - adult	12,540	12,540	13,016	13,016
Education and Skills Funding Agency – 16 -18	23,710	23,710	20,364	20,364
Education and Skills Funding Agency - apprenticeships	1,936	1,936	2,221	2,221
Higher Education Funding Council	1,843	1,843	135	135
Specific grants				
ESFA Non recurrent grants	139	139	625	625
Releases of government capital grants	3,562	3,562	993	993
Total	43,730	43,730	37,354	37,354

3 Tuition fees and education contracts

	2018		2017	
	Group £'000	College £'000	Group £'000	College £'000
Adult education fees	1,038	1,038	972	964
Apprenticeship fees and contracts	0	0	5	5
Fees for FE loan supported courses	1,213	1,213	1,366	1,366
Fees for HE loan supported courses	10,627	10,627	5,001	5,001
International students fees	687	687	1,212	1,212
Total tuition fees	13,565	13,565	8,556	8,548
Education contracts*	8,269	8,269	5,932	5,263
Total	21,834	21,834	14,488	13,811

*Education contracts for 2018 includes £1,377,000 to account for the Tower Hamlets Campus High Needs Funding previously accounted for in Note 5 Other Grant Income (2017 - £1,153,000)

4 Other Grants and Contracts

	2018		2017	
	Group £'000	College £'000	Group £'000	College £'000
Erasmus	52	52	65	65
Other grants and contracts	90	90	138	138
Total	142	142	203	203

Notes to the Financial Statements (continued)

5 Other income

	2018		2017	
	Group £'000	College £'000	Group £'000	College £'000
Catering and residences	140	23	669	7
Other income generating activities*	2,438	2,206	827	446
Other grant income*	0	0	1,324	1,324
Non government capital grants	316	303	569	556
Property Income	1,676	1,676	1,521	1,521
Miscellaneous income	164	164	120	1,039
Total	4,734	4,372	5,030	4,893

*Other income generating activities for 2018 includes £170,000 Nursery Income previously accounted for within Other grant income (2017 - £171,000). *Other grant Income relating to the High Needs Funding for 2018 (£1,377,000) is now accounted for in Note 3 - Education Contracts (2017 - £1,153,000).

6 Endowment and investment income

Other interest receivable	17	17	23	23
Total	17	17	23	23

7 Staff costs

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

	2018 Group No.	2017 Group No.
Teaching staff	354	498
Non-teaching staff	376	403
	730	901

Staff costs for the above persons

	2018 Group £'000	2017 Group £'000
Wages and salaries	28,137	24,420
Social security costs	2,258	2,348
Other pension costs	4,992	4,108
Payroll sub total	35,387	30,876
Contracted out staffing services*	-	1,081
Staff costs before restructuring costs	35,387	31,957
Restructuring costs		
- Contractual	777	759
- Non-contractual	-	42
	36,164	32,758

Notes to the Financial Statements (continued)

7 Staff costs (continued)

*Contracted out staffing services for 2018 is included in Note 8 - Other Operating Expenses (£1,942,000) to align with the group accounting for contracted staff (2017 - £1,081,000).

Key management personnel - College and Group

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 College Senior Management Team which comprises the Group Principal and Chief Executive Officer, the Deputy CEO, the three borough principals, and five directors with cross-college responsibility. Staff costs include compensation paid to key management personnel for loss of office.

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

	2018	2017
	No.	No.
The number of key management personnel including the Accounting Officer was:	12	10

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

	Key Management		Other staff	
	2018	2017	2018	2017
	No.	No.	No.	No.
£40,001 to £50,000	2	-	-	-
£50,001 to £60,000	1	-	4	-
£60,001 to £70,000	1	5	13	6
£70,001 to £80,000	3	1	-	-
£80,001 to £90,000	1	-	-	-
£90,001 to £100,000	2	2	-	-
£100,001 to £110,000	1	1	-	-
£120,001 to £130,000	-	-	-	-
£130,001 to £140,000	-	-	-	-
£180,001 to £190,000	1	1	-	-
	12	10	17	6

Key management personnel emoluments is made up as follows:

	2018	2017
	£'000	£'000
Salaries	983	888
Employer's National Insurance	124	111
Benefits in kind	-	1
	1,107	1,000
Pension contributions	148	142
Total emoluments	1,255	1,142

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

Notes to the Financial Statements (continued)**7 Staff costs (continued)**

The above key management personnel includes three post holders and five other staff post holders who were not in post for a full year and the remuneration for these employee was less than £60,000. This includes two post holders within the £90,001 to £100,000 banding, four in the £70,001 to £80,000 banding, one post holder within the £60,001 to £70,000 banding and one post holder within the £50,001 to £60,000 banding.

The above emoluments includes amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2018 £'000	2017 £'000
Salaries	187	185
Benefits in kind	-	-
	<u>187</u>	<u>185</u>
Pension contributions	<u>31</u>	<u>30</u>

8 Other operating expenses

	2018		2017	
	Group £'000	College £'000	Group £'000	College £'000
Teaching costs	19,303	19,727	12,518	10,938
Non-teaching costs	4,470	4,345	4,279	6,871
Premises costs	5,619	5,567	3,661	4,484
Total	<u>29,392</u>	<u>29,639</u>	<u>20,458</u>	<u>22,293</u>

Other operating expenses include:

	2018 Group £'000	2017 Group £'000
Auditors' remuneration:		
Financial statements audit 17/18	60	64
Financial statements audit 16/17	25	-
Internal audit	26	48
Other services provided by the financial statements auditors*	20	17
Hire of assets under operating leases	279	69
Hire of Land & Buildings	<u>338</u>	<u>188</u>

*includes £3,000 in respect to TPA Certification and £16,984 in respect of Corporate Taxation advice for the subsidiary company

9 Interest payable – Group and College

	2018 £'000	2017 £'000
On bank loans, overdrafts and other loans:	89	280
On finance leases	-	53
Enhanced pension	52	47
Pension finance costs (note 22)	1,007	768
	<u>1,148</u>	<u>1,148</u>

Notes to the Financial Statements (continued)

10 Tangible fixed assets

	Group		
	Land and buildings	Equipment, fixtures and fittings	Total
	Freehold		
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2017	114,682	7,296	121,978
Additions	5,742	3,181	8,923
Reclassification	(570)	570	-
Disposals	-	(724)	(724)
At 31 July 2018	119,854	10,323	130,177
Depreciation			
At 1 August 2017	35,816	4,433	40,249
Charge for the year	2,897	1,495	4,392
Reclassification	(184)	184	-
Eliminated on disposals	-	(631)	(631)
At 31 July 2018	38,529	5,481	44,010
Net book value at 31 July 2018	81,325	4,842	86,167
Net book value at 31 July 2017	78,866	2,863	81,729
	College		
	Land and buildings	Equipment, fixtures and fittings	Total
	Freehold		
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2017	114,422	7,030	121,452
Additions	5,742	3,181	8,923
Reclassification	(570)	570	-
Disposals	-	(724)	(724)
At 31 July 2018	119,594	10,058	129,652
Depreciation			
At 1 August 2017	35,637	4,155	39,792
Charge for the year	2,871	1,485	4,356
Reclassification	(184)	184	-
Eliminated on disposals	-	(631)	(631)
At 31 July 2018	38,324	5,195	43,519
Net book value at 31 July 2018	81,270	4,863	86,133
Net book value at 31 July 2017	78,785	2,875	81,660

Notes to the Financial Statements (continued)

Other than as noted below, land and buildings were valued in 1993 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice.

Tangible fixed assets transferred on merger from Redbridge College were adjusted to fair value. For leasehold property, fixtures fittings and equipment and recently constructed freehold buildings, fair value was considered to be the net book value immediately prior to merger. Other freehold buildings were revalued to depreciated replacement cost. The freehold land held for resale and sold in May 2017 was valued at the agreed selling price, while the remaining land was valued on an existing use basis. The valuation of the older buildings and the retained land was undertaken by a firm of independent chartered surveyors. The gain on the adjustment to fair value of these assets was £9,932,000 which is included in the Consolidated Statements of Comprehensive Income.

The College disposed of its long-term lease for the George Green Building on 16th March 2018 for £2,750,000.

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost of nil with depreciation and net book value of nil.

An impairment review of assets was conducted during the year. A number of assets were identified as no longer in use for the business including some items that had not yet reached the end of their expected useful lives. These are all treated as disposals in these accounts.

11 Non-current investments

	Group 2018	2017
Endowment assets:		
Balance at 1 August 2017	507	478
Appreciation of endowment asset investment	14	29
Expenditure	-	-
Balance at 31 July 2018	521	507
	College 2018	2017
Endowment assets:		
Balance at 1 August 2017	507	478
Appreciation of endowment asset investment	14	29
Expenditure	-	-
Balance at 31 July 2018	521	507
Investment in subsidiary companies	109	109
Less provision for impairment	(49)	(49)
	60	60
Total	581	567
Endowment assets are represented by:		
Charities Aid Foundation IM CAF Fixed Interest Fund and UK Equity Fund, Accumulation units.	415	401
Cash balances	106	106
	521	507

Notes to the Financial Statements (continued)**11 Non-current investments (continued)**

The College has 100 per cent of the issued ordinary £1 shares of the following companies all incorporated in England and Wales:

- TowerSkills Recruitment Services Limited. Its principal activity is temporary and permanent recruitment services.
- The Trading Company (Hackney) Limited. Its principal activity is providing specialist training, and it operates one of the College's training restaurants.
- Shoreditch Community Sports Centre Limited. Its principal business activity is the operational management of the sports centre.
- View Training Limited. Its principal activity is providing training and assessment services to business and employers.
- City Edge Limited. Its principal activity is the provision of facilities management services to the Hackney campus and managing lettings on that site.

12 Goodwill

This arises from the acquisition of the assets and undertaking of Westbourne Academy

	£'000
Fair value on acquisition	<u>1,015</u>
Released to income and expenditure account	
At 1 August 2017	(94)
Release for the year	<u>(101)</u>
At 31 July 2018	<u>(195)</u>
Net book value	
At 31 July 2018	<u>820</u>
At 1 August 2017	<u>921</u>

13 Debtors

	2018 Group £'000	2018 College £'000	2017 Group £'000	2017 College £'000
Amounts falling due within one year:				
Trade receivables	1,918	1,859	1,568	1,264
Prepayments and accrued income	3,084	3,034	2,026	1,970
Amount owed by group undertakings:				
subsidiary undertakings	-	319	-	57
Amounts owed by the ESFA	364	364	137	137
Other Debtors	-	-	743	743
Total	<u>5,366</u>	<u>5,576</u>	<u>4,474</u>	<u>4,171</u>

14 Current investments

	2018 Group £'000	2018 College £'000	2017 Group £'000	2017 College £'000
Short term deposits	<u>1,075</u>	<u>1,075</u>	<u>1,063</u>	<u>1,063</u>

Notes to the Financial Statements (continued)

14 Current investments

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

15 Creditors: amounts falling due within one year

	2018 Group £'000	2018 College £'000	2017 Group £'000	2017 College £'000
Bank loans and overdrafts	416	416	400	400
Obligations under finance leases			-	-
Trade payables	680	625	2,073	1,917
Amount owed to subsidiary undertakings:				
Subsidiary undertakings	-	-	-	1,024
Other taxation and social security	1,355	1,361	852	803
Accruals and deferred income	13,327	13,324	8,959	7,804
Deferred capital grants	1,287	1,274	4,202	4,189
Amounts owed to ESFA	449	449	518	518
Other creditors	305	305	1,164	1,214
Total	17,819	17,754	18,168	17,869

16 Creditors: amounts falling due after one year

	2018 Group £'000	2018 College £'000	2017 Group £'000	2017 College £'000
Bank loans	2,500	2,500	2,916	2,916
Deferred income - government capital grants	32,450	32,450	33,187	33,173
Other Creditors	2,728	2,728	2,906	2,906
	37,678	37,678	39,009	38,995

Maturity of debt

a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

In one year or less	416	416	400	400
Between one and two years	2,500	2,500	2,916	2,916
Between two and five years	-	-	-	-
	2,916	2,916	3,316	3,316

Notes to the Financial Statements (continued)

Bank Loans at 5.08 per cent are repayable by instalments falling due between 1 August 2015 and 30 April 2019, and are secured on a portion of the freehold land and buildings of the College. On 10 August 2016 £2,500k of the Bank Loans were transferred to a revolving loan on a floating rate basis, with a margin of 1.85% per annum, repayable in November 2019.

b) Finance leases

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

In one year or less

- - - -

17 Provisions

	Group and College		
	Defined benefit Obligations £'000	Enhanced pensions £'000	Total £'000
At 1 August 2017	35,216	1,514	36,730
Net cost in the period	(5,984)	(154)	(6138)
Transferred from income and expenditure account	-	(45)	(45)
At 31 July 2018	29,232	1,315	30,547

18 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Permanent Restricted £'000	Permanent Unrestricted £'000	Total Permanent £'000	Expendable Restricted £'000	Total 2018 £'000	Total 2017 £'000
At 1 August 2017	401	42	443	64	507	478
Gains in market value	14	-	14	-	14	29
At 31 July 2018	415	42	457	64	521	507
Consists of:						
Capital	300	42	342	64	406	406
Accumulated income	115	-	115	-	115	101
	415	42	457	64	521	507
Analysis by type of purpose:						
Student Hardship	415	42	457	64	521	507

Notes to the Financial Statements (continued)

19 Cash and cash equivalents

	At 1 August 2017 £'000	Cash flows £'000	At 31 July 2018 £'000
Cash and cash equivalents	11,003	(2,715)	8,288
Overdraft	-	-	-
Total	11,003	(2,715)	8,288

20 Capital commitments

	2018 £'000	2017 £'000
Commitments contracted for at 31 July	2,644	2,060

21 Lease Obligations

	2018 £'000	2017 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	278	69
Later than one year and not later than five years	385	249
later than five years	-	5,034
	<u>663</u>	<u>5,352</u>
Other		
Not later than one year	172	77
Later than one year and not later than five years	73	186
later than five years	-	-
	<u>245</u>	<u>263</u>
Total lease payments due	908	5,615

Notes to the Financial Statements (continued)

22 Defined Pension Obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the London Pension Fund Authority (LGPS) for non-teaching staff, which is managed by London Pension Partnership. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

	2018		2017	
	£'000	£'000	£'000	£'000
Total pension cost for the year				
Teachers' Pension Scheme: contributions paid		2,190		1,953
Local Government Pension Scheme:				
Contributions paid	1,524		1,431	
FRS 102 (28) charge	<u>1,375</u>		<u>684</u>	
Charge to the Statement of Comprehensive Income		2,899		2,115
Enhanced pension charge to Statement of Comprehensive Income		(97)		40
Total Pension Cost for Year		<u>4,992</u>		<u>4,108</u>

At 31 July 2018, contributions amounting to £471,827 (2017: £454,214) were payable to the schemes and are included in creditors.

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 teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, 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 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' 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.

Notes to the Financial Statements (continued)**22 Defined Pension Obligations (continued)****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 are:

- employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 3.0% 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 will be implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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 of 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 £2,190,000 (2017: £1,953,000)

Notes to the Financial Statements (continued)**22 Defined Pension Obligations (continued)****FRS 102 (28)**

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by London Pension Fund Authority. The total contributions made for the year ended 31 July 2018 were £2,048,000, of which employer's contributions totalled £1,524,000 and employees' contributions totalled £524,000. The agreed contribution rates for future years are 13.8% for employers and range from 2.9% to 11.4% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2018 by a qualified independent actuary.

	At 31 July 2018	At 31 July 2017
Rate of increase in salaries	3.85%	4.20%
Future pensions increases	2.35%	2.70%
Discount rate for scheme liabilities	2.65%	2.70%
Inflation assumption (CPI)	2.35%	2.70%
Commutation of pensions to lump sums	0%	0%

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

	At 31 July 2018	At 31 July 2017
	years	years
<i>Retiring today</i>		
Males	21.3	21.1
Females	24.0	23.9
<i>Retiring in 20 years</i>		
Males	23.7	23.4
Females	26.3	26.2

Notes to the Financial Statements (continued)

22 Defined Pension Obligations (continued)

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

	Long-term rate of return expected at 31 July 2018	Fair Value at 31 July 2018 £'000	Long-term rate of return expected at 31 July 2017	Fair Value at 31 July 2017 £'000
Equity instruments	-	38,109	-	35,605
Debt instruments	-	17,040	-	14,664
Property	-	4,825	-	3,782
Cash	-	2,883	-	4,026
Total fair value of plan assets		62,857		58,077
Weighted average expected long term rate of return	2.65%		2.70%	
Actual return on plan assets		1,961		4,961

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

	2018 £'000	2017 £'000
Fair value of plan assets	62,857	58,077
Present value of plan liabilities	(91,916)	(93,112)
Present value of unfunded liabilities	(173)	(181)
Net pensions liability	(29,232)	(35,216)

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

	2018 £'000	2017 £'000
Amounts included in staff costs		
Current service cost	(2,899)	(2,115)
Past service cost	-	-
Total	(2,899)	(2,115)
Amounts included in interest payable		
Net interest charge	(1,007)	(768)
	(1,007)	(768)

Notes to the Financial Statements (continued)

22 Defined Pension Obligations (continued)

Amount recognised in Other Comprehensive Income

	2018 £'000	2017 £'000
Return on pension plan assets	1,961	4,961
Experience losses arising on defined benefit obligations	583	(139)
Changes in assumptions underlying the present value of plan liabilities	5,822	449
Amount recognised in Other Comprehensive	8,366	5,271

Movement in net defined benefit (liability)/asset during year

	2018 £'000	2017 £'000
Net defined benefit (liability)/asset in scheme at 1 August	(35,216)	(34,638)
Movement in year:		
Current service cost	(2,899)	(2,115)
Employer contributions	1,524	1,431
Past service cost	-	-
Net interest on the defined (liability)/asset	(1,007)	(768)
Liability taken on with merger of Redbridge College	-	(4,397)
Actuarial gain or loss	8,366	5,271
Net defined benefit (liability)/asset at 31 July	(29,232)	(35,216)

Asset and Liability Reconciliation

	2018 £'000	2017 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	93,293	73,559
Current service cost	2,899	2,115
Interest cost	2,509	1,820
Contributions by Scheme participants	524	446
Experience gains and losses on defined benefit obligations	-	-
Changes in financial assumptions	(5,822)	6,086
Estimated benefits paid	(1,314)	(1,662)
Change in demographic assumptions	-	(1,290)
Experience (gain) on defined benefit obligation	-	(5,245)
Liabilities assumed / (extinguished) on settlements	-	17,464
Past Service cost	-	-
Defined benefit obligations at end of period	92,089	93,293

Notes to the Financial Statements (continued)

22 Defined Pension Obligations (continued)

Changes in fair value of plan assets

	2018	2017
	£'000	£'000
Fair value of plan assets at start of period	58,077	38,921
Interest on plan assets	1,578	1,103
Return on plan assets	1,885	4,910
Employer contributions	1,524	1,431
Contributions by Scheme participants	524	446
Estimated benefits paid	(1,314)	(1,662)
Other actuarial (losses)	583	(139)
Settlement prices received	-	13,067
Fair value of plan assets at end of period	62,857	58,077

23 Post Balance Sheet Events

Epping Forest College

In 1 August 2018, the College merged with Epping Forest College. Given the relative size of the two colleges, this will be accounted for using acquisition accounting. The valuations required for the fair value adjustments have yet to be determined.

The net assets as at 31 July 2018 were as follows:

	Book value at 31 July
	2018
	£'000
Tangible Fixed Assets	32,389
Current Assets	
Assets held for resale	19,925
Trade and other receivables	306
Short term investments	44
Cash and cash equivalents	231
Creditors falling due within one year	(8,058)
Net Current Assets	12,448
Total assets less current liabilities	44,837
Creditors falling due after more than one year	(4,418)
Provisions	
Defined benefit obligations	(3,265)
Total net assets	37,154
Reserves	
Income and expenditure accounts	18,386
Revaluation reserve	18,768
Total unrestricted reserves	37,154

Notes to the Financial Statements (continued)**24 Related Party Transactions**

Due to the nature of the College's operations and the composition of the board of governors 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 board of governors 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.

Only the details below concerning the College's subsidiary companies and four members of the Board of Governors were identified which should be disclosed under Financial Reporting Standard 8 Related Party Disclosures.

TowerSkills Recruitment Services Ltd, a subsidiary of the college

Purchase transactions in the year amounted to £64,000 (2017 - £125,000) relating to staff agency fees less management expenses. The balance due to the College outstanding at the year end amounted to £112,000 (2017 - £90,000).

View Training Limited, a subsidiary of the college

Purchase transactions in the year amounted to NIL (2017 - £3,468,000) relating to delivery of ESFA contract. The balance due from the College outstanding at the year end amounted to NIL (2017 - £1,024,000).

City Edge Limited, a subsidiary of the college

Purchase transactions in the year amounted to NIL (2017 - £1,272,000) relating to property management and related services less management expenses. The balance due to the College outstanding at the year end amounted to £544,000 (2017 - £219,000).

The Trading Company (Hackney) Limited, a subsidiary of the college

There were no trading transactions in the year. The balance due to the College outstanding at the year end amounted to £316,000 (2017 - £258,000).

Shoreditch Community Sports Centre Limited, a subsidiary of the college

Purchase transactions in the year amounted to NIL (2017 - £101,000) relating to the use of the Sports centre for staff and academic use. The balance due to the outstanding at the year end amounted to NIL (2017 - £57,000).

Poplar HARCA - a company in which Babu Bhattacharjee is a Director of Communities and Neighbourhoods

Purchase transactions in the year amounted to £30,880 (2017 £37,295) relating to childcare fees for ESOL learners funded through the learner support fund and photocopying charges relating to our ESOL outreach delivery. Sales transactions in the year amounted to £2,750,840 (2017 £2,880) relating to the sale of the lease interest for the George Green Building (£2.75m) and hire of the workhouse pitches. The debtor balance outstanding at the year end amounted to NIL (2017 - £420) and the creditor balance amounted to £9,630 (2017 £37,295).

Notes to the Financial Statements (continued)**24 Related Party Transactions (continued)**

Tower Hamlets Education Business Partnership – a company in which Gerry McDonald is a Board member

Purchase transactions in the year amounted to NIL (2017 £1,733). There were no balances outstanding at the year end (2017 – NIL).

Association of Colleges – a company in which Gerry McDonald is a Board member

Purchase transactions in the year amounted to £74,607 (2017 £37,599) relating to the college's annual subscription and conference fees. The balance outstanding at the year end amounted to £2,744 (2017 – NIL).

Homerton Hospital – an organisation where Rachel Halliday is employed

The trust has a lease for part of the College's campus, and paid £196,536 (2017 - £398,000) in respect of rent and related services. Purchase transactions in the year amounted to £34,247 (2017 - £22,000) relating to the supply of Speech and language therapy services. There were no balances outstanding at the year-end (2017 - NIL).

Learning Trust Hackney – an organisation where Anne Canning is employed

Purchase transactions in the year amounted to £522 (2017 £12,581). Sales transactions in the year amounted to £1,334,811 (2017 £1,654,568) relating to education contracts, such as High Needs funding and the Adult Community Learning Provision. The debtor balance outstanding at the year end amounted to £1,175,973 (2016 - £89,050). There were no creditor balances outstanding at the year end (2017 NIL).

25 Amounts disbursed as agent**Learner support funds**

	2018 £'000	2017 £'000
Funding body grants – discretionary learner support	1,429	1,336
Disbursed to students	(494)	(860)
Administration costs	(68)	(57)
Amount consolidated in financial statements	(867)	(327)
Balance unspent as at 31 July, included in creditors	-	92

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure account. The income and expenditure consolidated in the College's financial statements relates to the payment of Crèche charges and other fees.

