

Croydon
College



CROYDON COLLEGE

Report and Financial Statements

for the year ended 31 July 2019



COULSDON
SIXTH FORM COLLEGE



Croydon
College



COULSDON
SIXTH FORM COLLEGE

YOUR
FUTURE
YOUR
WAY

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the Croydon College Leadership Team and were represented by the following in 2018/19:

Caireen Mitchell - Principal and CEO; Accounting Officer
Ann Christine Harland – Vice Principal Finance and Resources
Ann Monaghan – Vice Principal Curriculum and Quality (to 31 October 2018)
Ray Shilling - Interim Vice Principal Training, Skills and HE and Curriculum and Quality (from 20 August 2018 to 21 December 2018)
Fadia Clarke – Vice Principal Training, Skills and HE (from 29 October 2018)
Angela Edwards - Vice Principal Curriculum and Quality (from 7 January 2019)
Jo Bland – Director of Human Resources (to 31 October 2018)
Dawn Cowcher – Director of Human Resources (from 22 October 2018 to 28 November 2019)
Richard Beales – Principal Coulsdon College (following merger, from 12 February 2019)

Board of Governors

A full list of Governors is given on page 17-18 of these financial statements.

Fiona George acted as Clerk to the Corporation to 31 January 2019 and, following interim support from Jill Small, Natalie Watt and Sarah Hamilton-Burns, Clare Mitchell was appointed from 1 July 2019.

Professional advisers

Financial statements auditors and reporting accountants:

BDO LLP
Two Snowhill
Birmingham B4 6GA

Internal auditors:

RSM Risk Assurance Services LLP
1 London Square
Cross Lane
Guildford GU1 2UN

Bankers:

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Solicitors:

Winckworth Sherwood LLP
Minerva House
5 Montague Close
London SE1 9BB

Eversheds LLP
1 Wood Street
London EC2V 7WS

Gelbergs LLP
188 Upper Street
Islington
London N1 1RQ

DMH Stallard LLP
Griffin House,
135 High Street, Crawley

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Strategic Report

OBJECTIVES AND STRATEGY

The governing body present their annual report together with the financial statements and auditor's report for Croydon College for the year ended 31 July 2019.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Croydon College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

On 12 February 2019, under a Type B merger, Coulsdon Sixth Form College dissolved and Croydon College acquired its assets and liabilities.

We continue to brand the activities for the Coulsdon students and staff at the Coulsdon campus as Coulsdon College and refer to this throughout this report, although many of the shared Corporate Services are now provided centrally through the Croydon campus.

Mission

The Croydon College's mission, as approved by the Corporation, is:

Inspiring our community through high quality education and training, maximising students' potential to be active citizens with rewarding lives and careers.

Coulsdon Sixth Form College's mission had been

to provide high quality education in a supportive community

Following merger, staff, students and Governors from both Colleges have contributed to refresh the vision and values of the merged Croydon College from 2019/20 onwards, which was approved at the Board meeting on 4th December 2019.

Objectives

In December 2018, the Strategic Objectives for Croydon College were agreed with Croydon College Governors for the 2 year period to September 2020. This allowed the College to have clear strategic objectives to follow during the period of merger with Coulsdon College and until the subsequent development of new objectives for the merged College.

The Croydon College Operational Objectives and progress against key targets for 2018/19 were:

Objective 1 – to grow the Business

- By increasing Apprenticeship income by 10% and achieving growth in 16-18 year olds and adult learner loan provision
- Reducing reliance on subcontractors by increasing College delivered Adult Education Budget

Objective 2 – to increase financial stability

- Deliver planned budgeted surplus, before merger, with staff costs at 66% of turnover. Following merger, the consolidation of the remaining budgeted deficit for Coulsdon meant that a merged college operational deficit of £201k was planned for 2018/19, with staff costs of £13.8m, 68.5 % of turnover.
- Maintain 87 cash days in hand by July 2020 and ensuring sufficient capital expenditure to maintain/improve the estate and facilities.

Objective 3 – to achieve Good and improved outcomes for students, with outcomes above the national average for GFE's

- 16-18 student outcomes to be +2 points over national average and 19+ student outcomes to above national average for GFE's by September 2020
- Timely apprenticeship outcomes above national average

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Objective 4 – to better meet the needs of the local community and economy

- Introducing new apprenticeship standards, including degree/higher level frameworks
- Achieving growth in the areas of construction, digital technology, health care and professional services
- New Special Educational Needs ('SEN') provision and facilities on site

Objective 5 – to have excellent staff who feel valued and recognised in their role

- Increase staff diversity, aiming for BAME increase of 1%
- College sickness absence to be less than 2%
- Investing in staff to improve teaching and learning and management skills with every member of staff participating in at least one CPD engagement annually

Objective 6 – to improve customer satisfaction and experience

- Developing processes, including a new website, to improve enrolment and communication with parents and carers and providing the ability to buy some courses in line and live chat
- Reviewing the content and delivery of tutorials to improve student interest and introducing a new student survey
- Reviewing the Quality Framework in the context of the Education Inspection Framework

Objective 7 – to improve the reputation and standing of the college with residents and stakeholders

- College representation in key local partnerships and communities
- College to have good relationships with key partners, including the local authority, employers, schools and voluntary sector
- College to have a good reputation with local stakeholders

Objective 8 – to have excellent safeguarding practices

- Students know how to keep themselves safe
- CPD ensures that staff aware of student issues and feel able to support students where appropriate
- Providing more opportunities for students to be supported by external organisations to stay safe and healthy
- Compliance with legislation and reflect best practice in all processes

A series of performance indicators have been agreed to monitor the successful implementation of these objectives and the College is on target for achieving many of these targets as described below

Objectives 3, 6 and 8 - Student, staff and quality targets

The new Ofsted Review Framework for 2019/20 has been incorporated into the College's self assessment processes and the College has self-assessed its student outcomes as 'Good' at both the Croydon and Coulsdon campuses and overall for 2018/19, however the achievement rates in some areas are still below College targets, although there have been improvements in the timeliness of Apprenticeship outcomes.

Following development work in 2018/19, student and parental experiences have been improved following a more efficient data collection process at enrolment in September 2019 and the roll out of a new parent portal in October 2019.

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Student and staff welfare and safeguarding is taken very seriously at the College and additional community group interaction has been organised during 2018/19 to support our younger students and the College continues to offer the UNICEF/Citizenship qualifications.

Objectives 1, 2 and 5 – Income Growth and Financial stability

Whilst budgeted income and growth in Apprenticeships and HE was not achieved due to the timing of enrolments and the competitive HE environment, other areas for growth were achieved. In particular the College was successful in reducing its reliance on subcontractors to deliver its Adult Education Budget and this grant was achieved. The 16-18 year old numbers on both campuses exceeded funding targets, although the growth in income will not be seen until 2019/20. The year-end results excluding merger costs was a deficit of £144k and staff costs of £13.8m, 68.7% of turnover.

Objective 4 and 7 – Local community Partnerships and Reputation

The College has sought to increase its engagement with local partners and stakeholders locally, being a major partner in the Croydon Council's 100 Apprentices in 100 Days and opening up both campuses the College for local organisation events, including the Chamber of Commerce. A significant project has been the commissioning and contracting of a new, temporary, Special Educational Needs ('SEN') Centre at the Coulsdon Campus, which opened in September 2019, following on from the delivery of provision during 2018/19 at the Priory School. This joint collaboration with the Council has been well received by students and parents and will provide an excellent pathway from local schools. The College expects to be developing this area with the Council during 2019/20.

The Strategic Objectives above were for Croydon College regardless of merger. However, Croydon College's merger with Coulsdon Sixth Form College was a significant strategic development for the College, and one that particularly supports Objective 1 (financial stability) and Objective 4 (meeting the needs of the communities we serve).

The merger increased the size of the college by approximately £5 million, and while in a climate of many large mergers in the sector we continue to be a relatively small college, it does provide us with some economies of scale.

More significantly the merger with Coulsdon has enabled the college to better meet the needs of the communities we serve. Our ambition for the future is that:

- 1) Coulsdon Sixth Form College is a sixth form college specialising in meeting the aspirations of young people in our communities who intend to continue their academic studies to level 4, 5, 6 and beyond;
- 2) Croydon College is a General Further Education serving its communities through the provision of education, training and skills from entry level through to Higher Education.

These objectives will be integrated into our Corporate Strategy for 2019-24.

Financial objectives

The College's financial objectives are:

- to maintain a ESFA financial health rating of *Good*, however as a result of merger and the subsidies required in the short term for Coulsdon College, this grading is forecast to be *Requires Improvement* to 31 July 2021.
- to achieve a post merger operating deficit of £201k for the year (excluding FRS102(s28) pensions impact and the merger income grant and related expenses)
- to maintain a net current asset position
- to maintain liquidity at a minimum level of 45 days cash in hand
- to keep staff costs to an optimum level against income and activity
- to reduce partnership provision to less than 2% of income

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- to pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances
- to fund continued capital investment

A series of annual performance indicators have been agreed to monitor the achievement of the financial objectives. For 2018/19 all of the objectives have been achieved.

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency. The College is assessed by the Education and Skills Funding Agency and as at 31 July 2019 the anticipated rating is 'Requires Improvement' which is considered to be an acceptable outcome in the year of merger.

RESOURCES

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

Following merger and curriculum growth, the College has increased the number of people it employs from 242 in 2017/18 to 295 people (expressed as full time equivalents) of whom 183 (2017/18 - 119) are teaching staff.

Following merger, the College has 5,982 students in total. The student population includes 2,500 16-18 year old students (of which 1,495 study at the Croydon campus and 1,005 at Coulsdon). In addition, there were 265 Apprentices, 289 Higher Education students, 2,575 Adult Learners and 279 student on full cost provision, including Year 11 students.

Following merger, tangible resources now comprise 3 unsecured sites, the Croydon campus at College Road, Croydon, the Coulsdon College campus at Placehouse Lane, Old Coulsdon and a building let on a long lease to a third party in Selhurst. The proceeds from the sale of the Barclay Road site in July 2018 are still being held within cash and short term investments pending a detailed estates strategy and option review, which commenced in October 2019.

The College has £23.97 million of net assets (including £25.6 million pension liability) (2018: £17.6m) and long term debt of £7.6 million (2018: £9.0m).

Both Colleges have a good reputation locally and nationally. Maintaining distinct College brands is essential for the College's success at attracting students and external relationships.

Stakeholders

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

- Students
- Education sector funding bodies
- FE Commissioner
- Staff
- Local employers, both levy and non levy paying
- Local authorities
- Greater London Authority
- The local communities of Croydon and Coulsdon
- Other FE institutions
- Trade unions
- Professional bodies.

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

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DEVELOPMENT AND PERFORMANCE

Financial results

Croydon College generated a surplus before other gains and losses for the year, including merger income and related costs, in the year of £8,751k (2017/18 – deficit of £954k), with total comprehensive income of £6,403k (2017/18 – £6,614k). This resulted in an overall surplus before tax of £8,751k being achieved (2017/18 - £650k).

The College undertook a Type B merger with Coulsdon College and is accounting for the transaction using the Acquisition method accounting; the balance sheet at the date of merger is therefore valued and the income and expenditure for Coulsdon College is incorporated from the date of merger only with the full year figures for Croydon College. The College received £5,082k of Restructuring Facility Grant funding for the merger, comprising revenue and capital grants. The grants included amounts for the repayment of long term debt liabilities; a Lennartz mechanism triggered by the merger, subsidies for expected losses at the Coulsdon campus and merger systems costs.

The College has cash and short term investments totalling £10,663k and accumulated reserves, including revaluation reserve of £23,973k as at 31st July 2019, compared to the previous year's cash and short term investments of £10,052k and accumulated reserves of £17,570k as at 31st July 2018. The College wishes to continue to accumulate cash balances whilst it considers its options in relation to investment in its estate.

Other tangible fixed asset additions during the year amounted to £533k (2017/18 - £696k) and comprises building refurbishment of £111k (2017/18 - £141k) and equipment of £422k (2017/18 £555k), at both campuses post-merger.

Reserves

The College has accumulated positive reserves of £22,192k (2018: £10,012k) before taking into account the pension deficit. After taking into account the pension deficit the College has negative reserves of £3,403k (2018: £9,806k).

Whilst the College is striving to address this and achieve an overall positive position in terms of reserves, it is mindful that this will be greatly influenced by the performance of the Croydon Local Government Pension Scheme and continuing ESFA grants to cover the substantial increased costs of the Teachers Pension Scheme from September 2019.

The College also recognises that whilst the level of reserves is important, it is the level of cash availability and the ability to generate cash that is the most crucial factor to maintain financial stability.

Sources of Income

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2018/19 the FE funding bodies provided 75% (2017/18 – 74%) of the College's total income.

FUTURE PROSPECTS

Developments

Post merger, the College expects to subsidise the deficit costs of the Coulsdon College activities for up to 2 years and will be making efficiency savings during that period with a view to maximising the contribution from all of its activities across both sites as well as growing the 16-18 year old student body, as the local demographic increases. The College aims to reduce dependency on funding bodies and is continually seeking viable suitable opportunities to achieve this, whilst planning to finalise its strategy for the introduction of T levels.

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Financial Plan

The Croydon governors approved a financial plan in July 2019 which sets objectives for the period to 2021, which includes subsidising the deficits arising from the Coulsdon campus activities, with a view to achieving a break even budget by 2021/22 onwards.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College has a separate treasury management policy in place. Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation.

Cash flows and liquidity

Net cash flow inflows from operations including the effect of capital and revenue elements of the merger grant and fair value adjustment was £1,657k (2017/18:£188k). During the year, the College made capital repayments of loans totalling £779k (2017/18:£581k), which included repayment of its LIBOR loan as part of the merger related Restructuring Facility finance. £312k (2017/18: £326k) was incurred in interest charges for both of the College's loans. Short term investments totally £4,001k were made in the year. In total, there was an outflow of cash of £3,390k (2017/18: cash inflow of £3,932k).

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. The College reserves have £nil held as restricted reserves. As at the balance sheet date, the Income and Expenditure reserve stands at £(3,403)k, (2018:£(9,806)k). It is the Corporation's intention to maintain adequate reserves over the life of the strategic plan whilst funding the recovery of deficit operations at the Coulsdon campus to enable an operating surplus to be generated by 2021/22.

Going concern

After making 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.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

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

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. Leading up to merger a joint Corporate Services Management Team from both campuses identified and minimised operational risks, reporting to Merger Board of Governors, comprising Board members from each College. They identified 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 and merger reviews, 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, such as the new SEN centre.

A risk register is maintained at the College level which is reviewed at least termly by the Audit Committee and on an ongoing basis by the College's Senior Management Team. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College

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and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. This is supported by a risk management training programme to raise awareness of risk throughout the College.

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

1) Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and through the Office for Students (previously HEFCE). In 2018/19, 82% (2018: 74%) of the College's revenue was ultimately publicly funded and this level of requirement is expected to increase as demographic changes continue to drive the enrolment of young people. However, there can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms, having not increased in the last 6 years.

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

- The reduction of the availability of funding for new apprenticeship non-levy funded, which has created uncertainty for providers. A new scheme is being piloted to enable SME employers to draw down their own funding from April 2020, but this has not yet been confirmed or rolled out.
- The impact of the slow demographic growth in 16-18 student numbers
- The College's ability to grow Adult Education Budget delivery in the GLA following devolution in 2019 and reduced grant for local students
- The impact of Brexit on student recruitment

These issues are managed by the following actions:

- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies, and applying for growth contracts where possible
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Regular dialogue with funding bodies, including the GLA for the devolved AEB grant

2) Tuition fee policy

Ministers have confirmed that the FE fee assumption for adults remains at 50%, many of whom draw down loans, however these have not increased for some time. In line with the majority of other colleges, Croydon College will seek to increase tuition fees in accordance with the fee assumptions. The risk for the College is that demand falls off if fees increase. In addition, the Office for Students has sought to impose conditions on the College to allow registration for 2019/20 onwards. These could both impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students
- Close monitoring of the demand for courses as prices change
- The progress of HE students is monitored carefully.

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3) Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102. The College liaises with Croydon Council on a regular basis to ensure that contribution levels are at an appropriate level to provide members with the benefits to which they are entitled. The next triennial actuarial valuation as at 31 March 2019 is due to be published in December 2019, and may result in a significant increase in contributions effective from April 2020 being phased in over the next 3 years.

KEY PERFORMANCE INDICATORS

Post-merger, a number of key performance indicators have been agreed with the Department of Education for the period to 31 July 2021, to enable the merged College to achieve a sustainable basis from that date. The key areas for 2018/19 are:

KPI	2018/19 merged college targets	Actual 2018/19
Student numbers 16-18	2,474 funded	2,500 actual
EBITDA excl. Restructuring Grant, associated merger costs and Capital grant release	£887k	£917k
Borrowings as a % of income	38.9%	37.23%
Adjusted current ratio excluding 2017-18 proceeds from Barclay Road Sale within cash reserves and ring fenced for investment in Croydon campus	1.61	1.49
Financial health score	Requires Improvement	Requires Improvement
Ofsted rating	Good	Good

Student Achievements

Achievement in classroom based learning for all ages for both campuses decreased to 80.4% in 2018/19 from 84.0% in 2017/18. 16-18 achievement also decreased by 2.1% points to 78.9% and 19+ achievements decreased to 82.4%, which is below the provider group achievement in 2017/18.

Student Performance 2017/18 to 2018/19 – all College

Quality	17/18	18/19	17/18
Achievement Targets	Actual	Actual	Provider Group
Overall All	84.0%	80.4%	85.9%
Overall 16-18	77.6%	78.1%	82.8%
Overall 19+	89.3%	82.4%	89.1%
Apprenticeships – Overall*	60.5%	62.5%	68.7%
Apprenticeships – Timely*	55.6%	50.5%	59.6%

*The achievement rates for overall and timely apprenticeships may still increase.

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There is year on year improvement for both English and maths outcomes with high volumes of students and all enrolled onto a higher level than their previous level of attainment. In 2018/19 achievements for functional skills qualifications rose 2.5% from 65% to 67.5% for example. There is also year on year improvement for Level 2 and 3 vocational qualifications for 16-18 learners, a key objective for 2018/19.

As part of the College's annual self-assessment, areas of improvement identified are:

- **Outcomes require improvement to be good, particularly on level 1 vocational courses;** new Learning & Quality and curriculum management arrangements, plus significant support, monitoring and scrutiny in place for 2019/20.
- **Outcomes require improvement to be good on apprenticeship programmes;** overall achievements has improved slightly as the impact of improvement actions are starting to take place, but as most apprenticeship programmes are of two years or more in duration, the improvement in outcomes will materialise in 2019/20.

Curriculum developments

At Croydon, 2018/19 saw the further inclusion of exam based qualifications for vocational learners and an A level provision that was based solely on two year qualifications. There was also a very significant reduction in the qualifications delivered by subcontracted providers. There was also a significant increase in the quantity of level 1 learners with an additional 1000 enrolments at this level. The impact of these changes is to suppress achievement rates.

Alongside the main qualifications on the 16-18 Study Programmes more work placements were provided, particularly to level 3 students to enhance their studies and increase their understanding of the commercial world. A number of students undertook an extended placement, piloting the model of the T level qualifications. Students also had access to a range of Citizenship experiences including a broad range of volunteering and community action activities which were available to both adult and 16-18 learners.

The College continued its contractual agreement with the local authority to accept year 11 students in discrete groups. Most students in this cohort were new arrivals to the UK or to the Authority and many were looked after children. Three groups of students were recruited throughout the year and were quickly integrated into College life. Most students successfully graduated from the programme and are studying at the college in 2019/20 on the 16-18 Study Programme.

The College established a new contractual agreement with the local authority for a small number of learners with Special Educational Needs and Disabilities who were placed at the Priory School. Throughout 2018/19 the College worked closely with the Authority to meet the needs of these learners and to expand the provision for 2019/20. In September a new purpose built SEND Centre was opened at the Coulsdon Campus with provision for 24 learners. It is anticipated that this area of work will continue to grow.

The College has appointed a new apprenticeship sales department who has been more successful in engaging with large employers, so recruiting more levy apprentices and reducing the reliance on non levy income. A new management quality structure has been established within the apprenticeship team with the responsibility of tackling quality concerns and converting the apprenticeship provision from the old delivery of Frameworks to the new Standards.

At Coulsdon, during 2018/19, more of the vocational qualifications offered at Level 3 moved to the Reformed Qualification Framework (RQF) which include some external assessments with curriculum teams preparing to move the majority of other programmes for September 2019. The majority of leavers from Level 3 programmes continue to progress onto university degrees with an increasing number of other progressing onto Higher Apprenticeships. 2018/19 saw the last year of A Levels in French and Economics due to lack of demand. Conversely, there has been a noticeable increase in demand for Law and Psychology. The College used the Capacity Development Funds to engage employers, parents and students to ensure that the targeted 27 students were placed on an appropriate extended work placement.

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PUBLIC BENEFIT

Public Benefit

Croydon College is an exempt charity under the Part 3 of the Charities Act 2011 and from 9 November 2016 is regulated by the Secretary of State for Education 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 17 and 18.

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.

Details of the delivery of public benefit is detailed throughout the contents of the Members Report.

Equality

Croydon College is located in the heart of Croydon, a large London borough with a diverse population. Equality is integral to everything we do. We are committed to making Croydon College a place of opportunity where everyone can belong.

Croydon College welcomes and celebrates diversity. We are dedicated to promoting equality of opportunity and to eliminating unlawful discrimination. We are also committed to social cohesion and value the benefits that diversity brings to the College and the wider community. The College is committed to ensuring that learning and teaching are available and accessible to a broad and inclusive range of students (including prospective students).

We will therefore:

- undertake assessments of individual students' needs;
- ensure lessons are planned and delivered using differentiated teaching strategies in order to ensure that diverse students' needs are met; and
- identify equality gaps in achievement, retention and success data and take action to address them appropriately.

We regularly evaluate how well we're doing in implementing our equality strategy. One of the ways we do this is to measure ourselves against a wide range of indicators.

These include:

- students' participation in College life;
- whether members of our community have trust and confidence in each other and in our organisation (such as how we deal with safeguarding, discipline, bullying and harassment, complaints and grievances);
- analysis of data such as students' ethnic background, disability, need for learning support, gender;
- analysis of students' attendance and retention, improvement against learning objectives, success rates and progression to other education or employment; and
- views of students through student parliament and other representative groups.

The College's Equalities Statement is published on its website. The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010.

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Job applicants with a disability who meet the essential criteria of a post are guaranteed an interview. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion irrespective of an individual's protected characteristic. All staff receive training on equality and diversity with training for new starters and refresher training carried out on an ongoing basis.

Disability statement

The College, at all campuses, seeks to achieve the objectives set down in the Equality Act 2010:

- As part of its accommodation strategy the College regularly updates its access audit. Experts in this field are used as and when required.
- The College uses external advisors as and when required to provide information, advice and guidance to enable the College to arrange appropriate support for students with disabilities.
- There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
- There is an admissions policy for all students with an appeals process.
- The College uses specialist lecturers and support staff to support students with learning difficulties and/or disabilities and other support for learning. There is a 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.
Information on access to counselling and welfare services is provided to students together with the Compliments and Complaints and Disciplinary Procedure leaflets at induction.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college as follows:

Numbers of employees who were relevant period	FTE employee number
3	2+1 part time

Percentage of time	Number of employees
0%	-
1-50%	3
51-99%	-
100%	-
Total cost of facility time	£6k
Total pay bill	£11,510k
Percentage of total bill spent on facility time	0.5%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
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CROYDON COLLEGE MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2019

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2018 to 31 July 2019, the College paid 88% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Events after the end of the reporting period

The College has submitted an appeal against Croydon Council's public consultation on the Fairfield Homes plans allowing for up to 426 dwellings in close proximity to the Eastern side of the Croydon campus site at College Green.

Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are 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 11th December 2019 and signed on its behalf by:



Gordon Smith
Chair

CROYDON COLLEGE

MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2019

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. This statement covers the period from 1st August 2018 to 31st July 2019 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

In the opinion of the Governors, the College complies with all the provisions of the AOC Code, and it has complied throughout the year ended 31 July 2019. 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. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 1 December 2015. The amendments to the Code of Good Governance that relate to Senior Post Holders Remuneration and the Senior Post Holders Remuneration Code were considered by the Remuneration Committee in November 2019 and a recommendation as to whether these changes were adopted and made to the Board on the 4 December 2019.

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.

Public Value Statement:

Croydon College is ambitious for its community and seeks to provide outstanding education and training opportunities for all. We strive to raise aspirations and change the lives of the people living, working and learning around us. Our focus is on actively working in partnership to invest, grow and shape the services within our community, supporting economic growth through delivering skills for employment and enterprise.

**CROYDON COLLEGE
MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2019**

The Corporation

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

Name	Date of appointment/ reappointment	Term of office	Date of resignation	Category to which appointed	Committees/ Working Groups served	Attendance at meetings in year ended 31 July 2019 (Board & committees)
Jean Cook	1 Sep 2015	4 yrs		Governor	Learning & Quality Croydon (Chair from June 2016) Audit (on a temporary basis) Search & Governance (on a temporary basis) Remuneration	100%
Gordon Smith (Chair of Governors)	1 Sep 2015	4 yrs		Governor	Search & Governance Finance & Resources Learning & Quality Croydon Remuneration	87%
Caireen Mitchell	16 April 2018	n/a		Principal	Finance & Resources Search & Governance Learning & Quality Croydon Learning & Quality Coulson	94%
Piers White	24 Mar 2014	4 yrs	31 Aug 2018	Governor	Finance & Resources Search & Governance (Chair of both)	-
Trevor Morgan	1 Sep 2013	4 yrs	3 Oct 2018	Governor	Finance & Resources Search & Governance	-
Jackie Wilding	26 Mar 2014	4 yrs	2 Aug 2018	Governor	Finance & Resources	-
Christine Gasson	3 Oct 2017	4 yrs	19 Apr 2019	Staff Governor	Learning & Quality	100%
Kim Meyler- Vincent	3 Oct 2017	4 yrs	20 June 2019	Staff Governor	Audit	33%
Mark Wilson	5 July 2017	4 yrs	16 October 2019	Governor	Audit Committee (Chair from 1 February 2018)	88%
Jeff Boothe	13 March 2018	4 yrs	6 Dec 2018	Governor	Audit Committee	0%
Rosaleen Laird	13 March 2018	4 yrs		Governor	Finances & Resources (Chair) from 1 September 2018. Audit Committee (Chair) from 16 October 2019	91%
Varsha Mehta	11 July 2017	4 yrs		Governor	Finances & Resources	91%
Tom Hesmondhalgh	3 Oct 2017	4 yrs		Governor	Learning & Quality Croydon Learning and Quality Coulson (Chair from April 2019) Search & Governance (Chair from June 2019) Audit	93%

**CROYDON COLLEGE
MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2019**

Nigel Dias	13 Mar 2018	4 yrs		Governor	Learning & Quality Croydon Audit Remuneration	88%
Miriam Parker	5 December 2018	1 yr	31 August 2019	HE Student Governor	-	75%
Christopher Wright	20 March 2019	4 yrs		Governor	Finance & Resources Search & Governance Remuneration (Chair from 16 October 2019)	50%
Andrew Booth	20 March 2019	4 yrs		Governor	Learning and Quality Coulsdon	25%
Yvonne White	20 March 2019	1 yr		Staff Governor	Learning and Quality Coulsdon	75%
Penny Wycherley	1 August 2019	4 yrs		Governor	Learning and Quality Croydon	-
Rahel Haque	1 August 2019	4 yrs		Governor	Audit	-
Andrew Lowe	1 August 2019	4 yrs		Governor	Finance & Resources	-

Christopher Wright, Andrew Booth and Yvonne White were formally appointed as members of the Croydon College Corporation on 20 March 2019 following the merger with Coulsdon College on 12 February 2019, having previously been members of the Board of Governors of Coulsdon College.

Penny Wycherley, Rahel Haque and Andrew Lowe were all appointed to the Board on 1 August 2019 after all formal meetings in the 2018/19 academic year had taken place.

The Learning and Quality Committee for Coulsdon held its first meeting in April 2019.

The Remuneration Committee did not meet in 2018-19 and so is not included in the attendance figures. The Remuneration Committee met on 13 November 2019 and the current members are identified in the table above.

Fiona George acted as Clerk to the Corporation to 31 January 2019 and, following interim arrangements when the substantive post of Clerk was vacant, Clare Mitchell was appointed as Director of Governance and Clerk to the Corporation from 1 July 2019.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. From May 2018 to the date of merger, a Project Governance Board was set up comprising governors from both Coulsdon College and Croydon College and a representative from the ESFA. With responsibility for oversight of the planned merger, this group reported into each Corporation meeting on a regular basis. Following merger, a Learning and Quality Board was set up specifically for Coulsdon College.

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, Human Resources and related matters such as health and safety and environmental issues. The Corporation meets each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and Resources, Remuneration, Search and Governance, Audit and Learning and Quality (Croydon and Coulsdon). Full minutes of meetings, except those deemed to be confidential by the Corporation, are available on the College website or from the Clerk to the Corporation at:

Croydon College
College Road
Croydon
Surrey
CR9 1DX

CROYDON COLLEGE MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2019

The Clerk to the Corporation 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 Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are 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 Chair and Accounting Officer are separate

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, which is responsible for the selection and nomination of any new member for the Corporation's consideration. In 2018/19 the Search and Governance Committee consisted of five members of the Corporation including the Principal. In 2018/19, the Search and Governance Committee recommended the appointment of three new external governors, who were appointed by the Board with effect from 1 August 2019. The new Governors bring expertise in strategy, finance, accountancy and further education, which complement the existing skills on the Board. Comprehensive induction and training has been provided to all new Governors.

The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office not exceeding four years.

The Corporation's membership policy is to have within its membership where possible the following:

1. A balance of gender and ethnic origin according to the local population
2. Some representation from the under 40 age group
3. Some representation from the disadvantaged community
4. Representation from business / service industry
5. A successful business person employing a significant number of staff
6. Representation from local community groups e.g. schools
7. Expertise in education, human resources, finance, law, business development, marketing and organisational development.

Corporation performance

Good governance principles require that FE Boards should self-assess their activities and performance at least every three years in terms of effectiveness, operational efficiency and compliance.

For 2018/19

During 2018/19 the College was awarded a grant from the Strategic College Improvement Fund, to work in partnership with Leeds City College to improve the College's performance in a number of areas. £15k of funding was allocated to improving the effectiveness of the Board and how it works with the Executive. As part of this work a Board development programme was commissioned. This is being led by an external consultant specialising in Governance, and includes an external assessment of the Board's current performance. The development programme covers the following areas:

CROYDON COLLEGE MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2019

- A review of governance structures, processes and behaviours, including information presented to the Board, to ensure that Governors are receiving the right information at the right time in order to enable them to challenge the Executive effectively;
- Succession planning for a new Chair;
- A skills audit to identify the skills of existing Governors, to ensure they are used to best effect and to identify any gaps to inform the recruitment of future Governors

This work will be completed by 31 December 2019, and the outputs of this work will be as follows:

- A development programme for the Board as a whole
- Identification of any skill gaps to inform future recruitment of Governors
- Identification of individual Governors training and development needs
- An outline succession plan for the new Chair

The Search and Governance Committee will monitor the delivery of the above and agree the Board self-assessment mechanism to be used in 2019/20.

During 2018/19 the Board activities have also comprised the following:

- Additional Project Governance Board meetings alongside members of the Coulsdon College Board to oversee planning, due diligence and governance matters for the proposed merger with Coulsdon College
- Approval of the merger with Coulsdon College on 12 February 2019
- Review of Committee membership and terms of reference following the merger
- Self-assessment by most committees of their effectiveness against the Terms of Reference
- Continued one to one meetings of members with the Chair to ensure their development as effective Governors through assessment of performance and contribution

Remuneration Committee

The membership of the Remuneration Committee in 2018/19 mirrored the membership of the Search and Governance Committee, with the exception of the Principal who is not a member of the Remuneration Committee. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel. The Remuneration Committee did not meet in 2018/19 as both Senior Post Holders were within their probationary period and no decision on their remuneration was required, and the substantive role of Clerk was vacant. The membership of the Remuneration Committee in 2019/20 is stated in the membership table above.

Details of remuneration for the year ended 31 July 2019 are set out in note 6 to the financial statements.

Audit Committee

The Audit Committee is comprised of a minimum of 3 members of the Corporation (excluding the Accounting Officer and Chair) during 2018/19 and was chaired by a member who was a Chartered Accountant. Membership of the Committee changed over the year as the Staff Governor member left the Committee, in line with Department of Education guidance that staff governors should not be members of the Audit Committee, and one of the external governors resigned. The Committee operates in accordance with written terms of reference approved by the Corporation.

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

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

CROYDON COLLEGE MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2019

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

The Audit Committee also advises the Corporation on the appointment of internal auditors, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

Finance and Resources Committee

The Finance and Resources Committee has a membership of 5 governors, including the Accounting Officer and Chair of the Corporation. The remit of this committee is to contribute to those aspects of the College Strategic Plan which affect the deployment of financial, human, property or other capital resources and to ensure that resources are used effectively and efficiently. The Committee met six times in 2018/19, rather than the usual termly meeting, because of the additional scrutiny required for the merger.

Internal Control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Croydon College for the year ended 31 July 2019 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 year ending 31 July 2019 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:

CROYDON COLLEGE MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2019

- 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.

Croydon College has an internal audit service, which operates in accordance with the requirements of the ESFA'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. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

The Audit Committee was provided with regular reports on this assurance activity in the College.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Her 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 reporting accountant for regularity assurance, the appointed funding auditors in their management letters and other reports.

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the 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 2019 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2019 by considering documentation from the senior management team and internal audit, committee self-assessments and the Governing Body's self-assessment against the 10 Characteristics of Effective Colleges identified by Sir David Collins, and taking account of events since 31 July 2019.

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

Going concern

The College has prepared a detailed budget for the year to 31 July 2019 and an indicative forecast for the year to 31 July 2020. This assumes that the funding levels advised by the ESFA will be made available to the College and that the majority of these funds will be utilised. A monthly cash flow

**CROYDON COLLEGE
MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2019**

forecast has been prepared for the financial year to 31 July 2019 and beyond through to 31 December 2019 which indicates that the College will have sufficient funds to meet its liabilities. 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 11 December 2019 and signed on its behalf by:



**Caireen Mitchell
Accounting Officer**



**Gordon Smith
Chair of Governors**

CROYDON COLLEGE
MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2019

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 ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the corporation's grant funding agreements and contracts with ESFA. As part of our consideration we have had due regard to the requirements of grant funding agreements and contracts with ESFA.

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

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 ESFA.



Caireen Mitchell
Accounting Officer
11 December 2019



Gordon Smith
Chair of Governors
11 December 2019

CROYDON COLLEGE

MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2019

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 grant funding agreements and contracts with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the *2015 Statement of Recommended Practice – Accounting for Further and Higher Education*, ESFA's *College Accounts Direction* and the UK's Generally Accepted Accounting Practice, 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

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

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

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

Members of the 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 ESFA's grant funding agreements and contracts 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 11 December 2019 and signed on its behalf by:



Gordon Smith
Chair of Governors

CROYDON COLLEGE
MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2019

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF CROYDON COLLEGE

Opinion

We have audited the financial statements of Croydon College ("the College") for the year ended 31 July 2019 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2019 and of the College's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and relevant legislation.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Members of the Corporation are responsible for the other information. Other information comprises the information included in the Members' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Strategic report, Statement of Corporate Governance and Internal Controls and the Governing body's statement on the College's regularity, propriety and propriety compliance with the funding body terms and conditions of funding and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

**CROYDON COLLEGE
MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2019**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

Responsibilities of the Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 25, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Corporation of the College, as a body, in accordance with the Further & Higher Education Act 1992. Our audit work has been undertaken so that we might state to the Corporation of the College 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, as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham

Date: 19 December 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CROYDON COLLEGE

MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2019

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

To: The Corporation of Croydon College and Secretary of State for Education, acting through the Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 10 May 2016 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Croydon College ("the College") during the period 1 August 2018 to 31 July 2019 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 ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which ESFA has other assurance arrangements in place.

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

Respective responsibilities of Croydon College and the reporting accountant

The Corporation of Croydon 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, are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by ESFA. We performed a limited assurance engagement as defined in that framework.

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

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

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

Reporting accountant's assurance report on regularity (continued)

The work undertaken to draw to our conclusion includes:

- Documentation and walkthrough of relevant controls on significant transaction streams to assess the adequacy of design of relevant controls and whether they appear to have been implemented;
- Review of the books and records of the Corporation, along with associated minutes and registers as appropriate for matters relevant to the regularity requirements;
- Review of the Corporation's completed Self-Assessment Questionnaire (Annex C of the Post-16 Audit Code of Practice) for the Corporation's responses and supporting evidence to each of the regularity requirements;
- Testing of material income streams for matters relevant to the regularity requirements;
- Testing of specific areas required to provide a limited assurance opinion, including but not limited to, expenditure and payroll amendments.

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 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

BDO LLP
BDO LLP
Chartered Accountants
Birmingham

Date: *19 December 2019*

BDO LLP is a Limited Liability Partnership registered in England and Wales (with registered number OC305127)

Croydon College

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31st July 2019 £'000	Year ended 31st July 2018 £'000
INCOME			
Funding body grants	2	21,527	14,250
Tuition fees and education contracts	3	3,993	3,870
Other income	4	872	784
Investment income	5	78	28
Donation on acquisition	23	5,232	-
Total income		31,702	18,932
EXPENDITURE			
Staff costs	6	14,301	11,891
Other operating expenses	7	5,857	5,604
Depreciation	9	1,898	1,424
Interest and other finance costs	8	895	967
Total expenditure		22,951	19,886
Surplus/(deficit) before other gains		8,751	(954)
Profit on disposal of fixed assets		-	1,604
Surplus before tax		8,751	650
Taxation		-	-
Surplus for the year		8,751	650
Increase in value of investment property		-	1,328
Actuarial (loss)/gain in respect of pensions schemes	18	(2,348)	4,636
Total Comprehensive Income for the year		6,403	6,614

The notes on pages 34-51 form part of these financial statements.

The statement of comprehensive income is in respect of continuing activities

Croydon College

STATEMENT OF CHANGES IN RESERVES

	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
Balance at 1st August 2017	(16,420)	27,376	10,956
Surplus from the statement of comprehensive income	1,978	-	1,978
Actuarial gain in respect of pension schemes	4,636	-	4,636
Balance at 31st July 2018	(9,806)	27,376	17,570
Surplus from the statement of comprehensive income	8,751	-	8,751
Actuarial (loss) in respect of pension schemes	(2,348)	-	(2,348)
Balance at 31st July 2019	(3,403)	27,376	23,973

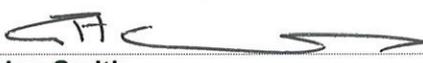
Croydon College

BALANCE SHEET AS AT 31 JULY 2019

	Notes	As at 31 July 2019 £'000	As at 31 July 2018 £'000
Non-current assets			
Tangible assets	9	98,399	65,840
		<u>98,399</u>	<u>65,840</u>
Current assets			
Trade and other receivables	10	1,512	1,014
Short term investments		7,057	3,056
Cash and cash equivalents		<u>3,606</u>	<u>6,996</u>
		12,175	11,066
Less: Creditors – amounts falling due within one year	11	<u>(6,142)</u>	<u>(4,190)</u>
Net current assets		<u>6,033</u>	<u>6,876</u>
Total assets less current liabilities			
		104,432	72,716
Creditors – amounts falling due after more than one year	12	(52,775)	(33,263)
Provisions			
Defined benefit obligations	18	(25,595)	(19,818)
Other provisions		<u>(2,089)</u>	<u>(2,065)</u>
Total net assets		<u>23,973</u>	<u>17,570</u>
Unrestricted Reserves			
Income and expenditure account		(3,403)	(9,806)
Revaluation reserve		<u>27,376</u>	<u>27,376</u>
Total unrestricted reserves		<u>23,973</u>	<u>17,570</u>

The financial statements on pages 30 to 51 were approved by the Corporation and authorised for issue on 11th December 2019 and were signed on its behalf on that date by:


Caireen Mitchell
 Principal and CEO Croydon College


Gordon Smith
 Chair, Croydon College

Croydon College

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2019

	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
Cash flow from operating activities		
Surplus for the year	8,751	650
Adjustment for non-cash items		
Depreciation	1,898	1,424
Merger grant		
Total grant	(5,082)	-
Cash items-, revenue and capital grants	1,316	-
Fair Value adjustment excluding cash (note 23)	(4,703)	-
(Increase) in debtors	(314)	(272)
Increase(decrease) in creditors due within one year	216	(206)
(Decrease) in creditors due after one year	(1,462)	(749)
Increase/(decrease) in provisions	24	(147)
Pensions costs less contributions payable	196	154
Adjustment for investing or financing activities		
Investment income	(78)	(28)
Interest payable	895	967
Surplus on sale of assets	-	(1,604)
Net cash flow from operating activities	1,657	188
Cash flows from investing activities		
Proceeds from sale of fixed assets	-	5,185
Capital Grant received	181	83
Investment income	78	28
Increase in short term investments	(4,001)	(162)
Restructuring facilities grant received - Lennartz	1,164	-
Settlement of Lennartz liability – capitalised (note 23)	(1,164)	-
Cash balances received due to merger (note 23)	529	-
Payment made to acquire fixed assets	(743)	(483)
	(3,956)	4,651
Cash flows from financing activities		
Interest paid	(312)	(326)
Repayments of borrowings	(779)	(581)
	(1,091)	(907)
Increase in cash and cash equivalents in the year	(3,390)	3,932
Cash and cash equivalents at beginning of the year	6,996	3,064
Cash and cash equivalents at end of the year	3,606	6,996
	(3,390)	3,932

STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

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

BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2018 to 2019 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS102 requires the use of certain 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 historic cost convention as modified by the revaluation of certain fixed assets. The merger with Coulsdon College has been incorporated within these financial statements in accordance with Acquisition Accounting methodology whereby the assets and liabilities, valued as at 12th February 2019, were included in the Balance Sheet at that date and the income and expenses from 12th February 2019 have been included within the Statement of Comprehensive Income.

GOING CONCERN

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

The College currently has £7.558m of loans outstanding with Barclays Bank on terms negotiated in 2007 and 2010 with repayment due by 2030 and 2029. Neither of these loans is subject to a charge on the assets of the College. The College had closing cash balances and short term deposits of £10.659m as at 31 July 2019 and at present does not require, nor has in place, any overdraft facility. The College’s forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

RECOGNITION OF INCOME

REVENUE GRANT FUNDING

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body 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.

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

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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

RESTATEMENT OF PRIOR YEAR

The income and expenditure relating to the payments in 2017/18 to students in receipt of Free School Meals and Adult Education Budget Discretionary Learner Support have previously been disclosed net following earlier assumptions that the College was acting as an Agent for the dispersal of these funds. In line with the ESFA accounting guidance, these have now been restated as gross income within Education and Skills Funding Agency 16-18 and adult, within Note 2 and Teaching costs expenditure in Note 7 for 2017/18. Cash deposits held for over 90 days have been restated as short term deposits as at the 31 July 2018.

CAPITAL GRANT FUNDING

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

FEE INCOME

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

INVESTMENT INCOME

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

AGENCY ARRANGEMENT

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

OTHER INCOME

Other income is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

ACCOUNTING FOR POST-EMPLOYMENT 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 and contracted out of the State Second Pension.

TEACHERS' PENSION SCHEME (TPS)

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

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

benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/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 interest and other finance costs.

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.

ENHANCED PENSIONS

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

NON-CURRENT ASSETS -TANGIBLE FIXED ASSETS

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

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

2% pa – 50 years

Freehold land at both campuses is not depreciated as it is considered to have an infinite useful life. The values included in the balance sheet for the Croydon campus are based on a valuation as at 31 July 2015 with a policy to revalue in the future. Freehold land at the Coulsdon campus has been valued as at merger date, 12 February 2019.

Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years. The Croydon campus buildings were revalued in 2013 and it has been decided not to adopt a policy of revaluations of these properties in the future. The Coulsdon campus buildings were valued as at 12th February 2019 at depreciated replacement cost. The investment property, which is leased on a long lease to the Brit School, is revalued regularly to ensure that its carrying value has not been impaired, last undertaken in July 2018.

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.

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.

Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

Plant	-	10 years
Motor vehicles	-	5 years
Computer equipment	-	4 years
General equipment	-	5 years
Fixtures and fittings	-	5 years

BORROWING COSTS

Borrowing costs are recognised as expenditure in the period in which they are incurred.

LEASED ASSETS

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

OTHER INVESTMENTS

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits which have a maturity of less than three months and overdrafts.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

FINANCIAL LIABILITIES AND EQUITY

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

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 sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minimal amount of the 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.

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.

JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the College'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 19, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 to value the pensions liability at 31 July 2019. 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.

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

2 Funding body grants

	Year ended 31st July 2019	Year ended 31st July 2018
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency -16-18	10,782	8,166
Education and Skills Funding Agency -adults	4,197	4,306
Education and Skills Funding Agency -apprenticeships	242	769
Education and Skills Funding Agency -prior year	12	(2)
Office for students	126	204
Specific grants	-	-
Transition grant	-	50
Restructuring Facility Grant	5,082	-
Releases of government capital grants	1,086	757
Total	21,527	14,250

The Education and Skills Funding Agency 16-18 and adult grant income for 2017/18 has been restated by £153k and £528k respectively to reflect the change in accounting policy for income recognition for Free School Meals and Adult Learner Discretionary Support. Other operating expenditure has been increased by the same amount to reflect the amounts disbursed to students.

3 Tuition fees and education contracts

	Year ended 31st July 2019	Year ended 31st July 2018
	£'000	£'000
Apprenticeship fees (incl Levy contracts)	199	16
Fees for FE loan supported courses	1,332	1,350
Fees for HE loan supported courses	1,494	2,116
International students fees	6	23
Total tuition fees	3,031	3,504
Education contracts (incl Non Levy Apprenticeship contract)	962	366
Total	3,993	3,870

4 Other income

	Year ended 31st July 2019	Year ended 31st July 2018
	£'000	£'000
Catering income	216	135
Rental income	325	284
Student related income	90	164
Other income	241	201
Total	872	784

5 Investment income

	Year ended 31st July 2019	Year ended 31st July 2018
	£'000	£'000
Other interest receivable	78	28
Total	78	28

6 Staff costs

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

	Year ended 31st July 2019	Year ended 31st July 2018
	No.	No.
Teaching staff	183	119
Non-teaching staff	112	123
	295	242
	Year ended 31st July 2019	Year ended 31st July 2018
	£'000	£'000
	No.	No.
Staff costs for the above persons:		
Wages and salaries	9,358	8,359
Social security costs	859	782
Other pension cost	2,512	1,826
Payroll sub total	12,729	10,967
Contracted out staffing services	1,387	774
	14,116	11,741
Re-organisation costs		
Non Contractual	31	16
Contractual	154	134
	185	150
Total staff costs	14,301	11,891

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 Leadership Team which comprises the Principal & CEO, Vice Principals, Principal of Coulsdon College and Director of HR, as noted on Page 2.

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

	2019	2018
	No.	No.
The number of key management personnel including the Accounting Officer was:	9	9

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:

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

	Key management personnel		Other staff	
	Year ended 31 July 2019	Year ended 31 July 2018	Year ended 31 July 2019	Year ended 31 July 2018
	No.	No.	No.	No.
£15,001 to £20,000 p.a.	1	-	-	-
£20,001 to £25,000 p.a.	-	1	-	-
£25,001 to £30,000 p.a.	1	-	-	-
£35,001 to £40,000 p.a.	1	1	-	-
£40,001 to £45,000 p.a.	-	1	-	-
£50,001 to £55,000 p.a.	1	-	-	-
£55,001 to £60,000 p.a.	1	1	-	-
£60,001 to £65,000 p.a.	-	-	4	5
£65,001 to £70,000 p.a.	1	1	1	1
£70,001 to £75,000 p.a.	1	-	1	-
£75,001 to £80,000 p.a.	-	1	-	-
£85,001 to £90,000 p.a.	-	1	-	-
£95,001 to £100,000 p.a.	1	-	-	-
£125,001 to £130,000 p.a.	-	1	-	-
£130,001 to £135,000 p.a.	-	1	-	-
£140,001 to £145,000 p.a.	1	-	-	-
	9	9	6	6

Key management personnel emoluments are made up as follows:

	Year ended 31st July 2019 £'000	Year ended 31st July 2018 £'000
Salaries	563	590
Employers National Insurance	70	74
Benefit in kind	1	7
	<u>634</u>	<u>671</u>
Pension contributions	92	94
Total emoluments	<u>726</u>	<u>765</u>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place. Compensation for loss of office of £6,000 was paid in the year to one staff earning over £60,000.

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer). This position was held by Caireen Mitchell from 15 April 2018 and by Frances Wadsworth to 1 April 2018.

	Year ended 31st July 2019 £'000 C Mitchell	Year ended 31st July 2018 £'000 C Mitchell	Year ended 31st July 2018 £'000 F Wadsworth
Salaries	143	41	121
Benefit in kind	1	0	5
	<u>144</u>	<u>41</u>	<u>126</u>
Pension contributions	25	7	19
Total emoluments	<u>169</u>	<u>48</u>	<u>145</u>

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

	Year ended 31st July 2019	Year ended 31st July 2018
Multiple based on basic salary	5.26	5.72
Multiple based on total remuneration	5.96	6.64

Agency staff have been excluded from the total remuneration because the College does not record amounts paid to agencies for agency staff in a manner which allows the inclusion of individual agency staff in the calculation of pay ratios. In addition, casual staff have been excluded due to the difficulty in assigning a full-time equivalent value to these flexible employees. The remuneration paid to the Accounting officer is based on performance objectives set by the Board and has been benchmarked against similar posts with the further education sector.

7 Other operating expenses

	Year ended 31st July 2019	Year ended 31st July 2018
	£'000	£'000
Teaching costs	1,662	2,310
Non- teaching costs	2,631	1,932
Premises costs	1,564	1,362
Total	5,857	5,604

Other operating expenses include:

	Year ended 31st July 2019	Year ended 31st July 2018
	£'000	£'000
Auditors' remuneration		
Financial statements audit	35	29
Internal audit	51	23
Other	15	-
Payment to Sub-contractors	189	1,093
Hire of assets under operating leases	55	50

The Education and Skills Funding Agency 16-18 and adult grant income for 2017/18 has been restated by £153k and £528k respectively to reflect the change in accounting policy for income recognition for Free School Meals and Adult Learner Discretionary Support. Other operating expenditure has been increased by the same amount to reflect the amounts disbursed to students.

8 Interest payable

	Year ended 31st July 2019	Year ended 31st July 2018
	£'000	£'000
On bank loans repayable within 5 years, by instalments	312	326
Pension finance costs (note 18)	583	641
Total	895	967

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

9 Tangible fixed assets

	Investments £'000	Land £'000	Buildings £'000	Equipment £'000	Total £'000
Cost or Valuation					
At 1st August 2018	5,730	18,996	45,589	10,880	81,195
Transfer			(52)	52	-
Assets transferred on merger (note 23)	-	6,220	27,268	435	33,923
Additions	-	-	111	422	533
At 31 July 2019	5,730	25,216	72,916	11,789	115,651
Depreciation					
At 1st August 2018	-	-	(5,301)	(10,055)	(15,356)
Charge for the year	-	-	(1,424)	(474)	(1,898)
Elimination in respect of disposals	-	-	-	-	-
At 31 July 2019	-	-	(6,725)	(10,529)	(17,254)
Net book value at 31 July 2019	5,730	25,216	66,191	1,260	98,399
Net book value at 31st July 2018	5,730	18,996	40,288	825	65,840

Croydon campus buildings were revalued by GVA Grimley Ltd, international property consultants as at 31 July 2013 and the College has taken the decision not to revalue these in future. Land at the Croydon campus was revalued by GVA Grimley Ltd in July 2015 and will be revalued on an ongoing basis. Coulsdon campus land and buildings were valued by Gerald Eve at depreciated replacement cost as at 12 February 2019. The college considers that there has been no material change in land values for other locations and hence no adjustments have been made to the 31 July 2015 valuations.

The part of the Selhurst site which remains in the Corporation's ownership as an investment property was revalued in July 2018 at a value of £1,327,620. If inherited buildings had not been re-valued, they would have been included at the following amounts: Cost £Nil, aggregate depreciation based on cost £Nil, net book value based on cost £Nil.

Land and buildings with a net book value of £58.25m at the Croydon campus and £30.19m at the Coulsdon campus have been partly financed by exchequer funds, through the receipt of capital grant. Should these assets be sold, the College may be liable, under the terms of the agreements with the relevant funding bodies to surrender the proceeds. Investment property is included at valuation with an original cost of £5.7m (2018: £4.4m).

10 Debtors

	Year ended 31st July 2019 £'000	Year ended 31st July 2018 £'000
Amounts falling due within one year:		
Trade receivables	865	382
Other debtors	13	18
Prepayments and accrued income	634	530
Amounts owed by the Education and Skills Funding Agency	-	83
Total	1,512	1,014

11 Creditors: amounts falling due within one year

	Year ended 31st July 2019 £'000	Year ended 31st July 2018 £'000
Bank loans due in one year or less	610	596
Trade creditors	720	646
Payments received in advance	884	422
Other creditors	459	278
Other taxation and social security	265	214
Accruals and deferred income	898	879
Holiday pay accruals	612	309
Deferred income – government capital grants	1,462	749
Amounts owed to the Education and Skills Funding Agency	232	99
Total	6,142	4,190

12 Creditors: amounts falling due after one year

	Year ended 31st July 2019 £'000	Year ended 31st July 2018 £'000
Bank loans	6,948	8,454
Deferred income - government capital grants	45,827	24,810
Total	52,775	33,264

13 Maturity of debt

	Year ended 31st July 2019 £'000	Year ended 31st July 2018 £'000
Bank loans are repayable as follows:		
In one year or less	610	596
Between one and two years	628	610
Between two and five years	1,994	1,936
In five years or more	4,327	5,907
Total	7,559	9,049

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

Bank borrowing consists of a £7,000,000 unsecured loan at 5.68% repayable by instalments falling due between 28 August 2007 and 28 November 2030, plus an additional £8,000,000 loan at a variable interest rate repayable by instalments falling due between 31 October 2013 and 30 January 2029.

14 Provisions

	Defined benefit obligations £'000	Enhanced pensions £'000	Other £'000	Total £'000
At 1 August 2018	19,818	1,874	191	21,883
Obligation transferred at merger	2,650	-	-	2,650
Expenditure in the period	779	(150)	(39)	590
Actuarial adjustment at year end	2,348	213	-	2,561
At 31 July 2019	25,595	1,937	152	27,684

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 18.

Other provisions mainly relate to a potential obligation to pay additional Teachers Pension contributions.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

15 Capital and other commitments

	Year ended 31st July 2019 £'000	Year ended 31st July 2018 £'000
	153	269
Commitments contracted as at 31 July	153	269

16 Lease obligations

	Year ended 31st July 2019 £'000	Year ended 31st July 2018 £'000
Amounts payable as Lessee		
Other:	-	-
Not later than one year	55	50
Later than one year and not later than five	50	67
Later than five years	-	-
Total	105	117

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

Amounts receivable as Lessor

At 31 July the College had minimum lease payments due under non-cancellable operating leases as follows:

Land and Buildings		
Not later than one year	256	256
Later than one year and not later than five	1,025	1,025
Later than five years	3,119	3,375
Total	4,400	4,656

17 Financial Instruments

	Year ended 31st July 2019 £'000	Year ended 31st July 2018 £'000
Financial assets measured at amortised cost		
Prepayments and accrued income	634	530
Other debtor	878	484
Total	1,512	1,014

Financial liabilities measured at amortised cost

Trade creditors	720	646
Other creditors	459	278
Holiday pay accruals	612	309
Amounts due to ESFA	232	99
Accruals	898	879
Total	2,921	2,211

18 Pension and similar 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 Croydon Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Croydon. Both are multi-employer defined-benefit plans.

	Year ended 31st July 2019 £'000	Year ended 31st July 2018 £'000
Total pension cost for the year		
Teachers' Pension Scheme: contributions paid	749	686
Local Government Pension Scheme:		
Contributions paid	1,441	1,076
FRS 102 (28) charge	196	154
Charge to the Statement of Comprehensive Income	212	(90)
Total pension cost for the year within staff costs	2,598	1,826

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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 2016 and of the LGPS 31 March 2016. There were outstanding contributions due to TPS of £118,189 (2018 £90,881) and LGPS of £155,018 (2018 £115,556) as at 31 July 2019. These amounts are included within creditors.

Teachers' Pension Scheme

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

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

Under the definitions set out in FRS102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return. The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department of Education ('the Department') in April 2019, which reported:

- New employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% of pensionable pay during 2018/19 and 2017/18). The Department has agreed to pay a teacher pension employer contribution grant to cover the additional costs for the 2019/20 academic year and up to 31 March 2021 ;
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion;

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website. <https://www.teacherspensions.co.uk>

The pension costs paid to TPS in the year amounted to £749,000 (2018: £686,000)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Croydon Local Authority. From the merger date, staff from Coulsdon College, who were also in the Croydon Local Authority scheme, transferred into the Croydon College scheme. The total contributions made for the year ended 31 July 2019 were £868,000, of which employer's contributions totalled £636,000 and employees' contributions totalled £232,000. An additional annual premium of £805,000 is also made. The agreed employer contribution rates for Croydon College up to 31st March 2019 was 17.1% and for Coulsdon campus staff up to 31 March 2019 was 18.3%. As a result of merger, from 1 April 2019, the employer rate for all employees increased to 17.7%. The contribution rates for employees range from 5.5% to 7.5% depending on salary.

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2017 by a qualified independent actuary.

	Year ended 31st July 2019	Year ended 31st July 2018
Pension Increase Rate	2.4%	2.4%
Salary Increase Rate	2.9%	2.9%
Discount Rate for scheme liabilities	2.1%	2.8%
Inflation assumption (CPI)		2.5%
Commutation of pensions to lump sums		
Pre - April 2008 service	50%	50%
Post - April 2008 service	75%	75%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post 2008 service.

The current mortality assumptions include an allowance for smoothing of recent mortality experience and long-term rates of 1.25% for males and females. The assumed life expectations on retirement are:

	Year ended 31st July 2019 years	Year ended 31st July 2018 years
<i>Current Pensioners</i>		
Males	21.3	22.3
Females	23.4	24.4
<i>Future Pensioners*</i>		
Males	22.3	24.0
Females	24.8	26.2

* Figures assume members aged 45 as at the last formal valuation date.

	Long-term rate of return expected at 31 July	Fair Value at 31st July 2019 £'000	Long- term rate of return expected at 31 July	Fair Value at 31st July 2018 £'000
Equities	63.0%	29,272	71.0%	25,818
Bonds	22.0%	10,222	16.0%	5,818
Property	14.0%	6,505	12.0%	4,364
Cash	1.0%	465	1.0%	364
Total fair value of plan assets		46,464		36,364
Actual return on plan assets				2,362
Long term discount rate		2.8%		2.8%

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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

	Year ended 31st July 2019 £'000	Year ended 31 July 2018 £'000
Fair value of plan assets	46,464	36,363
Present value of plan liabilities	(71,958)	(56,081)
Present value of unfunded liabilities	(101)	(100)
Net pensions liability	(25,595)	(19,818)

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

Amount included in staff costs

Current service cost	1,526	1,233
Past service cost	153	15
Total	1,679	1,248

Amount included in investment income

Net interest cost	583	641
	583	641

Amount recognised in other comprehensive income

Return on pension plan assets	3,615	2,362
Experience losses arising on defined benefit obligations	(3)	(1)
Changes in assumptions underlying the present value of plan	(5,960)	2,275
Total	(2,348)	4,636

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

	£'000	£'000
Net defined benefit liability in scheme at 1st August	(19,818)	(23,664)
Movement in year:		
Current service cost	(1,526)	(1,233)
Employer contributions	1,483	1,099
Past service cost	(153)	(15)
Net interest on the defined liability	(583)	(641)
Actuarial gain or loss	(2,348)	4,636
Effect of business combination	(2,650)	-
Net defined benefit liability at 31 July	(25,595)	(19,818)

Changes in the present value of defined benefit obligations

Defined benefit obligations at start of period	56,181	56,785
Current service cost	1,526	1,233
Interest cost	1,671	1,534
Contributions by Scheme participants	258	199
Experience gains and losses on defined benefit obligations	(1,335)	(1,311)
Changes in financial assumptions	10,168	(2,274)
Changes in demographic assumptions	(3,700)	-

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

Past service cost	153	15
Effect of business combination	7,137	-
	72,059	56,181

Changes in fair value of plan assets

Fair value of plan assets at 1st August	36,363	33,121
Interest on plan assets	1,088	893
Return on plan assets	3,615	2,362
Employer contributions	1,483	1,099
Contributions by Scheme participants	258	199
Estimated benefits paid	(1,335)	(1,311)
Effect of business combination	4,992	-
Fair value of plan assets at 11th February	46,464	36,363

19 Related party transactions

Owing 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.

Ms Rosaleen Liard was a Croydon College Governor during the year and was Chief Executive Officer of Chequers Group, which provides cleaning services to Coulsdon College under a fixed term contract to December 2019. Since merger date of 12th February 2019, a sum of £73,788 was paid to Chequers the period ending 31 July 2019.

The total expenses paid on behalf of the Governors during the year was £164 - 1 Governor (2018: £779 - 2 Governors)

20 Amount disbursed as agent

	As at 31 July 2019 £'000	As at 31 July 2018 £'000
Balance brought forward	195	209
EFA funding body grants –16-18 bursary support	346	172
	541	381
Disbursed to students	367	172
Administration cost	18	14
Balance unspent as at 31 July, included in creditors	156	195

The Education and Skills Funding Agency 16-18 and adult grant income for 2017/18 has been restated by £153k and £528k respectively to reflect the change in accounting policy for income recognition for Free School Meals and Adult Learner Discretionary Support. Other operating expenditure has been increased by the same amount to reflect the amounts disbursed to students.

21 Events after the reporting period

There are no events to be reported.

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

22 Contingency Liabilities

The College incurred £18k re-organisation costs that were under consultation and they were not included in the reorganisation cost in Note 6.

23 Combination with Coulsdon College

In February 2019, Coulsdon College dissolved and its assets and liabilities transferred to Croydon College. As the transactions relates to two public benefits entities and the combination is in substance a gift with nil consideration. The assets and liabilities have been fair valued at the transfer date and the gain recognised as income.

	Value reported by Coulsdon College £'000	Lennartz VAT arising on merger £'000	Fair Value Adjustment £'000	Transfer on Recognition £'000
Fixed Assets				
Land	960	-	5,260	6,220
Buildings	28,395	1,164	(2,291)	27,268
Equipment	435	-	-	435
	<u>29,790</u>	<u>1,164</u>	<u>2,969</u>	<u>33,923</u>
Current Assets				
Stock	4	-	-	4
Debtors	181	-	-	181
Bank	529	-	-	529
	<u>714</u>	<u>-</u>	<u>-</u>	<u>714</u>
Current Liabilities				
Bank loan	(1,883)	-	-	(1,883)
Amounts due ESFA	(1,026)	-	850	(176)
Deferred capital grant < 1yr	(626)	-	57	(569)
Creditors and other accruals	(846)	(1,164)	-	(2,010)
	<u>(4,381)</u>	<u>(1,164)</u>	<u>907</u>	<u>(4,638)</u>
Non Current Liabilities				
Deferred capital grant > 1yr	(23,985)	-	1,868	(22,117)
Defined pension liability	(2,650)	-	-	(2,650)
	<u>(26,635)</u>	<u>-</u>	<u>1,868</u>	<u>(24,767)</u>
Total net liabilities	<u>(512)</u>	<u>-</u>	<u>5,744</u>	<u>5,232</u>

