The logo for Stanmore College is located in the top right corner of a grey horizontal bar. It consists of the words "stanmore" and "college" stacked vertically in a lowercase, sans-serif font. The "s" in "stanmore" is lowercase, while the "c" in "college" is lowercase. The "n" in "stanmore" and the "l" in "college" are connected to the word below them.

stanmore
college

STANMORE COLLEGE

**Report and Financial Statements for the Year
Ended 31 July 2024**

Table of Contents

Report of the Members of the Governing Body for the Period from 1 August 2023 to 31 July 2024.	3
NATURE, OBJECTIVES AND STRATEGIES	3
Legal Status	3
Mission and Vision	3
Public Benefit	3
Implementation of Strategic Plan	4
Financial Objectives and Performance Indicators	4
FINANCIAL POSITION	5
Financial Results	5
Treasury Policies and Objectives	6
Cash Flows	6
Liquidity	6
Reserves Policy	6
CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE	6
Financial Health	6
Student Numbers	6
Student Achievements	6
Curriculum Developments	6
Payment performance	7
Events after the end of the reporting period	7
Future Projects	7
RESOURCES:	7
PRINCIPAL RISKS AND UNCERTAINTIES:	8
Stakeholder Relationships	9
Equality	10
Disability statement	10
Professional Advisers	11
Statement of Corporate Governance and Control	12
Committees	13
Appointments to the Governing Body	15
Remuneration Committee	15

Curriculum and Quality Committee	16
Resources Committee	16
Governance Committee	16
INTERNAL CONTROL	16
THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL	16
CAPACITY TO HANDLE RISK	17
THE RISK AND CONTROL FRAMEWORK	17
RESPONSIBILITIES UNDER ACCOUNTABILITY AGREEMENTS	17
REVIEW OF EFFECTIVENESS	17
GOING CONCERN	18
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE	19
STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION	20
Independent Auditor’s report to the Corporation Body of Stanmore College	22
Opinion	22
Stanmore College Reporting accountants’ assurance report on regularity	25
Statement of Comprehensive Income	27
Statement of Change in Reserves	28
Balance sheet as at 31 July	29
Notes to the Accounts	31

Stanmore College

REPORT OF THE MEMBERS OF THE GOVERNING BODY FOR THE PERIOD FROM 1 AUGUST 2023 TO 31 JULY 2024.

The members present their report and the audited financial statements for the year ended 31 July 2024.

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2024.

LEGAL STATUS

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

MISSION AND VISION

Governors reviewed the College's mission during for 2022/23 and adopted the mission statement as follows:

Our mission is to use innovative and high-quality teaching and learning to provide learners with the skills they need to succeed and achieve their full potential in an ever-changing world.

Our vision is to ensure that the College will be an educational hub providing a unique educational destination for local people to acquire the relevant skills training and education to enable them to access and build their career ambitions. Underpinning this are our core values. These being inclusive, aspirational, supportive, respectful, innovative, ambitious, student focussed, collaborative, open and honest.

The colleges strategic plan places the learner in the heart of everything we do. Our goals are :

1. Putting the learners at the heart of all college activities
2. Promoting high expectations and ambitions for all staff and students
3. Providing strong leadership enabling inspirational teaching and learning
4. Supporting staff to deliver high quality learning experiences
5. Creating an environment for our learners to prosper and progress
6. Embedding Equality, Diversity and Inclusion in everything we do
7. Listening to staff, Employers and Stakeholders
8. Understanding and meeting local educational and skills needs
9. To deliver impactful external and civic engagement
10. To continue to be financially viable and to regularly invest for our learners and staff

PUBLIC BENEFIT

Stanmore College is an exempt charity under the Part 3 of the Charities Act 2011 and 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 page 13.

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

The delivery of public benefit is covered throughout the Members Report.

IMPLEMENTATION OF STRATEGIC PLAN

In June 2023, the Board of Governors approved the 2023- 2028 Strategic Plan. The Board reviewed and set strategic objectives and agreed to:

1. To provide an outstanding teaching and learning experience
2. To deliver an innovative and relevant curriculum that is underpinned by employability and work ready skills
3. To provide ambitious responsible educators and leaders
4. To provide outstanding learning environments
5. To develop new ways to further embed and promote Equality, Diversity and Inclusion
6. To continue to be financially viable and to regularly invest for growth and stability to deliver outstanding curriculum and learning experiences

FINANCIAL OBJECTIVES AND PERFORMANCE INDICATORS

The financial objectives are to maintain long term, sustainable financial viability for Stanmore College. This will enable the College to:

1. maintain at least a 'Good' (currently 'outstanding') Financial Health rating by the ESFA definition. The College planned for a sustainable academic and financial future, with a modest surplus for 2023/24 of £60k.
2. Develop accurate financial models that take account of the lagged funding and business growth case opportunities for the College in the next academic year.
3. To deliver the financial plan for non-pay and pay cost savings that will account for continued annual efficiencies of up to £0.100m and to actively engage further efficiencies monthly.
4. To maintain cash balances of over £2m for 2023/24 and 2024/25.
5. Continue with monthly budget meetings to monitor College budgets and targets.
6. To manage the College's balance sheet reserves and remain within the new agreed banking covenants.

7. To manage the College's capital investment in IT and the Campus estate in line with approved financial plans.
8. To develop a Property Strategy for the College.
9. To consider the Skills Paper on FE Sector reforms and review the strategic options that may impact on the College's future.
10. To reduce the College's carbon footprint and rely on more environmentally friendly modes of delivery in our day-to-day operations and for the future.
11. To ensure the College at least achieves the targets for the seven key financial ratios as shown in the table below:

	College Outturn 2023-24	College Target 2023-24	College Target 2024-25	ESFA College Benchmark 2022-23
Current ratio	3.18:1	3.57:1	3.85:1	3.55:1
Cash days in hand	168.6 days	120 days	158 days	99.89 days
Operating surplus/(deficit) to income	5.52%	2.78%	1.16 %	-1.37%
Borrowing to income	7.15%	7.50%	4.37%	18.30%
Staff costs to income	67.81%	68.00%	68.00%	65%
Diversity of income	13.19%	14.00%	8.18%	18.97%
Financial Health (SA)	Outstanding	Outstanding	Outstanding	Good

FINANCIAL POSITION

FINANCIAL RESULTS

The College generated an operating surplus in the year of £76,000 against the target of £60,000 (2022/23 – Surplus of £375,000).

The College has accumulated reserves of £14.638m 2023/24 and £14.604m for 2022/23. The cash balances have moved to £6.362m from 2022/23: £5.924m. The College will continue to manage reserves and cash balances to further improve its solvency through challenging times created through the pandemic.

Tangible fixed asset additions during the year amounted to £767,000. This was split between land and buildings at £388,000 and equipment acquired at £379,000.

The College has significant reliance on the education sector funding bodies (ESFA/ GLA) for its principal funding sources, largely from recurrent grants. In 2023/24 the funding bodies provided 87% of the College's total income.

TREASURY POLICIES AND OBJECTIVES

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

The College has a separate treasury management policy in place.

CASH FLOWS

Net cash inflow from operating activities was £1.205m (2022/23: £2.569m - Inflow). The net cash outflow from investing activities was £0.483m (2022/23: £0.705m).

LIQUIDITY

The size of the College's total borrowing has reduced and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow.

RESERVES POLICY

The College has a formal Reserves Policy and 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 include £nil held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at £7.699m (2023: £7.533m). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of moderate annual operating surpluses for future investment into teaching and learning.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

FINANCIAL HEALTH

The College had planned to maintain the self-assessed Financial Health of 'Outstanding' for 2023-24. Through the ESFA's financial forecast modelling, the College's health rating has been confirmed as 'Outstanding' by the ESFA.

STUDENT NUMBERS

In 2023/24 the College has delivered activity that has produced £12.022m in funding body recurrent funding (2022/23 – £11.932m). The College had 4,417 (2022/23 – 2,734) funded and non-funded students.

STUDENT ACHIEVEMENTS

Students academically performed well at the College and achievement rate of 85.4% for 2023/24 is being reported in the College Self-Assessment Report. Plans are in place for areas where further action is required, particularly in the achievement of Maths and English qualifications.

CURRICULUM DEVELOPMENTS

The College has a 16-19 learner base and ESFA funding accounted for 70% of the total income in 2023/24. The educational provision for 16-19 year olds is vocational and of that, the majority is at level 3.

Adult provision breaks down into English, Maths and ESOL, professional updating and Access to HE as well as a significant offer for job seekers in 23/24.

The College also offered foundation degrees, and degree programmes in conjunction with the University of West London.

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%. During the accounting period 1 August 2023 to 31 July 2024, the College paid 99% 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

There was no post year end event to report.

DEPARTMENT FOR EDUCATION CAPITAL TRANSFORMATION PROJECT

To meet the college's strategic plan to provide the learners with an outstanding learning environment, in January 2024 planning permission was granted to build the new college campus in 2 phases funded by DfE Capital Transformation Project. The building works started in May 2024 and is scheduled to be completed by August 2027 with Phase 1 to be completed in February 2026 and the final phase to be completed by August 2027. The old legacy buildings will be demolished apart from two newer buildings i.e. Larch & Hawthorne. The college will have the much-needed improved campus with state-of-the-art facilities and excellent learning environment for the learners meeting the college's strategic objective to provide an outstanding learning environment and be a community college.

FUTURE PROJECTS

The College has consolidated its efforts on the improvement of the quality of delivery for learners which is proving very successful. The College will continue to invest in teaching and learning facilities through the maintenance and capital refurbishments for both learners and staff of the College.

RESOURCES:

The College has various resources that can be deployed in pursuit of its strategic objectives.

Financial

The College has £14.638m of total net assets (after allowing for £NIL of pension liability) and debt of £0.930m which is due in over one year.

People

The College employed an average of 197 people (expressed as full-time equivalents), of whom 102 are teaching staff. No restructuring exercises have taken place during the year.

Reputation

The College has a good reputation locally and regionally and has established several partnerships which positively impact on college provision. These include many local companies and charities. Maintaining a quality brand is essential for the College's success in attracting students and external relationships.

Our link employers provide work experience placements across the College as a result of the good links with businesses and other organisations. The vast majority of curriculum areas have active links and partnerships with employers to enrich and inform curriculum delivery. Increasingly such partnerships are being used effectively to design a distinctive

curriculum offer that meets their specific needs and meets employer demand locally and regionally.

PRINCIPAL RISKS AND UNCERTAINTIES:

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

The College intends to develop further its capacity to manage risk during the forthcoming financial year.

A risk register is maintained at the College level which is reviewed monthly by several Committees and the Board of Governors. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. Risk Management is supported with a Risk Management Policy and training to raise awareness of risks 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. In 2023/24, over 87% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

- Reductions in the funding rate or other methods of determining 16-19 allocations as a result of Comprehensive spending review
- Lower than expected recruitment of 16-19 students
- 19+ funding reducing every year and the Devolution of 19+ funding
- Focus on apprenticeships

These risks are in part mitigated in a number of ways:

- By putting into place strategies to improve the quality of education and training at the college
- Curriculum changes to respond to national priorities and labour market intelligence
- Impact assessment of national policies and influencing strategy
- Development of Strategic Business Intelligence

2. Tuition fee policy

The Government has confirmed that the fee assumption remains at 50%. In line with the majority of other colleges, Stanmore College will seek to increase tuition fees in accordance with the ESFA's fee assumptions. The risk for the College is that demand falls off as fees increase. This will 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

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme surplus which is not reported on the College's balance sheet in line with the requirements of FRS 102.

4. Failure to maintain the financial viability of the College

The College's current financial health grade is classified as "Outstanding" as described above. The continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience.

This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies

The College's financial health was "Outstanding" in 2023-2024 following implementation of approved efficiency plans.

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Education sector funding bodies (ESFA/ GLA);
- Staff;
- Local employers;
- Local authorities;
- Government Offices/ Regional Development Agencies/LEPs/ Professional bodies;
- The local community;
- Other FE institutions;
- Trade unions;

The College recognises the importance of these relationships and engages in regular communication with them through a number of channels, such as College web site, employer forums, contract/bidding sessions, 1-2-1 meetings with key personnel and plans on engendering more collaboration with stakeholders in future.

EQUALITY

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy is published on the College's Intranet site.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. 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 which, as far as possible, provide identical opportunities to those of non-disabled employees. The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff.

The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

DISABILITY STATEMENT

Stanmore College seeks to achieve the objectives set down in the Disability Discrimination Act 2000 and in particular has addressed the following:

- a) as part of the redevelopment of the buildings it has installed lifts and ramps and most of the facilities allow access to people with a disability;
- b) there is a list of specialist equipment, such as lighting for audio facilities, which Stanmore College can make available for use by students;
- c) the admissions policy for all students is described in the Admissions Policy. Appeals against a decision not to offer a place are dealt with under the complaints procedure;

Stanmore College has made a significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities 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 Governing Body on 10 December 2024 and signed on its behalf by:



G Schulman
Chair
10 December 2024



A Cast
Principal
10 December 2024

PROFESSIONAL ADVISERS
Financial Statement Auditors:

MHA

2 London Wall Place

London

EC2Y 5AU

Internal Auditors:

RSM Risk Assurance Services LLP

25 Farringdon St,

London

EC4A 4AB

Bankers:

Barclays Bank PLC

One Churchill Place

London

E14 5HP

Solicitors:

Stone King LLP

Boundary House

91 Charterhouse Street

London EC1M 6HR

Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code ("the Corporate Code") issued by the FRC in July 2018. Its purpose is to help the reader of the accounts understand how the principles have been applied.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges 2015, amended 2019 and 2021 ("the Code"); and
- iii. having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.
- iv. Having due regard for the reclassification of the statutory further education (FE) sector (FE colleges, sixth form colleges and designated institutions) and their subsidiaries in England, into the central government sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice. The College will also follow the framework for financial management set out in the College Financial Handbook 2024 from 1st August 2024, 'managing public money', guidance on senior pay and other central government guidance.

In the opinion of the governors, the College complies with all the provisions of the Corporate Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2024. 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.

At its meeting of 30 June 2015, the Board agreed to adopt the new Code of Good Governance and an action plan to ensure full compliance was formulated.

At its meeting of 10 December 2019, the Board agreed to adopt the Remuneration of Senior Post Holders Code which was a new annex to the Code of Good Governance.

At its meeting of 13 December 2022, the Board noted the ONS reclassification of FE Colleges into the Central Government Sector and the associated regulatory requirements resulting from this change.

The Corporation

The members, who served the Corporation during the year and up to the date of signature of this report, were as follows:

Name of member	Joined	Date of current Appointment	Term of Office	Date of Resignation/ expiry of term of office	Status of Appointment	Committees Served In Year	Attendance %
Ms A Cast	Aug 2022	Aug 2022	<i>Sine die</i>		Principal	1,2,3	100%
Mr P Goodman	March 2023	March 2023	4 years		Independent Governor	1	100%
Ms S Pickett	March 2023	March 2023	4 years		Independent Governor	1	71%
Ms H Butland	July 23	July 23	4 years		Independent Governor	2	100%
Ms K Parsley	Feb 2021	Feb 2021	4 years		Independent Governor	2,3,4	100%
Mr S Bhandari	July 2018	July 2022	4 years		Vice Chair of Board Independent Governor	3, 4, 5	92%
Rabbi G Schulman	May 2017	March 2021	4 years		Chair of Board Independent Governor	1, 3, 4	83%
Mr R Hashemian	Oct 2020	Oct 2020	4 years		Staff Governor	2	86%
Ms Y Kay	Dec 2022	Dec 2022	4 years		Independent Governor	5	71%
Mr K Moir	Dec 2022	Dec 2022	4 Years		Independent Governor	1	57%
Mr C Downie	Mar 2022	Mar 2022	4 years	Terminated April 2024	Independent Governor	2	20%
Mr Z Ghandi	Oct 2023	Jan 2023	4 Years		Staff Governor	2	86%
Ms B Gorea	Oct 2023	Oct 2023	1 year		Student Governor	2	57%
Ms C Njock-Job	Oct 2023	Oct 2023	1 year		Student Governor	2	57%
Mr J Davies	Dec 2023	Dec 2023	4 years		Independent Governor	2	80%
<p>Mr R Heal was appointed Director of Governance from 1 April 2021 – resigned 14 April 2024 Mr J Kirk was appointed Interim Director of Governance 21 May 2024 to 31 August 2024 Ms N Jindal was appointed Director of Legal and Governance in May 2024 to commence 4 September 2024</p>							
Overall Attendance 2023-24 = 82%							

Committees

1 RESOURCES
2 CURRICULUM & QUALITY
3 GOVERNANCE

4 REMUNERATION
5 AUDIT & ASSURANCE PARTY

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

The Board of Governors is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Board of Governors meets each term. Members of the Resources and Audit & Assurance committees receive management accounts on a monthly basis.

The Board of Governors conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board. These committees are Resources, Curriculum & Quality, Remuneration, Governance and Audit & Assurance.

In addition, the Board has created a working party to oversee the Capital Build Project. This is called the "Capital Working Party".

Full minutes of all meetings, except those deemed to be confidential by the Board of Governors, are published on the College website.

The Clerk to the Board of Governors maintains a register of financial and personal interests of the governors, which is updated annually. Gifts and hospitality, where offered above the amount of £75 are recorded on the register. The register is available for inspection at the following address:

Director of Legal and Governance
Stanmore College
Elm Park
Stanmore
Middlesex
HA7 4BQ

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

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

The Board of Governors has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Board of Governors 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 Principal are separate.

Appointments to the Governing Body

Any new appointments to the Board of Governors are a matter for the consideration of the Board as a whole. The Board has a Governance Committee, consisting of four external members of the Board and the Principal, which is responsible for the selection and nomination of any new member for the Board's consideration. The Board of Governors is responsible for ensuring that appropriate training is provided, as required.

External members of the Board of Governors are appointed for a term of office not exceeding four years and each may ask to be considered for further terms, to a maximum of 2 terms or 9 years.

Corporation performance

The Corporation was assessed by Ofsted during the year ended 31st July 2023 and was graded Good. The Corporation operates an Outstanding Governance Plan to drive improvements to meet the Ofsted framework and the AoC Code of Good Governance.

External Review of Governance

Fiona Chalk presented the findings of an External Review of Governance (ERG) to the Board in October 2023. The Board accepted the report and its recommendations, to be introduced by the new Director of Legal and Governance.

Remuneration Committee

Throughout the year ending 31 July 2024 the College's Remuneration Committee comprised four independent members of the Board. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders and the Director of Governance. Details of remuneration for the year ended 31 July 2024 are set out in note 7 to the financial statements.

Audit and Assurance Committee

The Audit and Assurance Committee comprises three members of the Board (excluding the Principal and Chair) and a Co-opted Governor. The Committee operates in accordance with written terms of reference, reviewed annually and approved by the Board.

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

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

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

The Audit and Assurance Committee also advises the Board of Governors on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

Curriculum and Quality Committee

The Curriculum and Quality Committee comprises eight members of the Board of Governors. The Committee's responsibilities are to monitor curriculum, quality and student affairs. It meets three times a year.

Resources Committee

The Resources Committee comprises five members of the Governing Body. The Committee's responsibilities are to monitor all resources including staff issues. It meets three times a year.

Governance Committee

The Governance Committee comprises five members of the Governing Body, made up from the chairs of other committees. The Committee's responsibilities are to undertake recruitment of members of the Board, ensure that the Board keeps up to date with governance issues and review the composition of the committees and the Board during the year. It meets four times a year.

INTERNAL CONTROL

Scope of Responsibility

The Board of Governors 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 Board of Governors 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 Stanmore College and the funding bodies. She is also responsible for reporting to the Board of Governors 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 Stanmore College for the year ended 31 July 2024 and up to the date of approval of the annual report and accounts.

CAPACITY TO HANDLE RISK

The Board of Governors 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 Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2024 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Governors.

THE RISK AND CONTROL FRAMEWORK

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

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

The College has an internal audit service, which operates in accordance with the requirements of the 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.

RESPONSIBILITIES UNDER ACCOUNTABILITY AGREEMENTS

The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required. In 2023-2024 financial year, the college did not require DfE approval for any transactions.

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 regularity auditors, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

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

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 and Assurance Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit and Assurance Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Governors' 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 10 December 2024 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the senior management team and internal and external auditors and taking account of events since 31 July 2024.

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

GOING CONCERN


After making appropriate enquiries, the Board of Governors 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.

The College has developed a robust Strategic Plan to improve the College's financial position and further enhance the College's academic performance. Detailed action plans are also in place to ensure improvements are made and risks are mitigated.

Approved by order of the members of the Board of Governors on 10 December 2024 and signed on its behalf by:



G Schulman
Chair
10 December 2024



A Cast
Principal
10 December 2024

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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 financial memorandum/funding agreement.

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

We confirm that the corporation has had due regard to the framework of authorities governing regularity, priority and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

On behalf of the corporation we confirm 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 corporation, or material non-compliance with the framework of authorities and the terms and conditions of funding under the corporation's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

We confirm that no instances of material irregularity, impropriety, funding noncompliance, or non-compliance with the framework of authorities have been discovered to date. If any instances are identified after the date of this statement, these will be notified to ESFA.



G Schulman
Chair
10 December 2024



A Cast
Principal
10 December 2024

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the College's Financial Memorandum/Funding Agreement with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *2019 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction* issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 of incorporation 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 maintenance and integrity of the College website is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, 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 by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 10 December 2024 and signed on its behalf by:



G Schulman
Chair
10 December 2024



A Cast
Principal
10 December 2024

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION BODY OF STANMORE COLLEGE

OPINION

We have audited the financial statements of the Corporation of Stanmore College (the 'College') for the year ended 31 July 2024 which comprise the statement of comprehensive income and expenditure, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2024 and of its surplus of expenditure over income for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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

In auditing the financial statements, we have concluded that the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to

be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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;
- or
- the financial statements are not in agreement with the accounting records and returns;
- or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Corporation of Stanmore College

As explained more fully in the Statement of Corporation Responsibilities on page 20, 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 Corporation is 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 Corporation either intends 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management, those charged with governance and the Corporation's solicitors around actual and potential litigation and claims;
- Enquiry of Corporation staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;

- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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



MHA

Chartered Accountants and Registered Auditor
London, United Kingdom

Date 19/12/2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

STANMORE COLLEGE REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY

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

In accordance with the terms of our engagement letter and further to the requirements and conditions of funding in the 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 that in all material respects the expenditure disbursed and income received by the Corporation of Stanmore College during the period 1 August 2023 to 31 July 2024 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice ("the Code") issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

This report is made solely to the Corporation of Stanmore College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Stanmore College and the 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 Stanmore College and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Corporation of Stanmore College and the reporting accountant

The Corporation of Stanmore 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 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the 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.

Reporting accountant's assurance report on regularity (continued)

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

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2023 to 31 July 2024 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



MHA

Chartered Accountants and Registered Auditor
London, United Kingdom

Date 19/12/2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

STATEMENT OF COMPREHENSIVE INCOME

Statement of Comprehensive Income

	Notes	Year ended 31 July 2024		Year ended 31 July 2023	
		£'000	£'000	£'000	£'000
INCOME					
Funding body grants	2		12,022		11,932
Tuition fees and education contracts	3		1,270		1,457
Other grants and contracts	4		-		-
Other income	5		210		212
Endowment and investment income	6		347		129
Total income			13,849		13,730
EXPENDITURE					
Staff costs	7	9,391		9,533	
Fundamental restructuring costs	7	-		-	
Other operating expenses	8	3,002		3,005	
Depreciation	11	649		743	
Impairment	11	669		-	
Interest and other finance costs	9	62		74	
Total expenditure			13,773		13,355
Surplus for the year	10		76		375
Actuarial gain/(Loss) in respect of pensions schemes	22		(42)		362
Total comprehensive Income for the year			34		737

STATEMENT OF CHANGE IN RESERVES

	Income and Expenditure account £'000	Revaluation reserve £'000	Designated reserve £'000	Total £'000
Balance at 1st August 2022	6,664	7,203	-	13,867
Surplus from the income and expenditure account	375	-	-	375
Other comprehensive income	362	-	-	362
Surplus from the income and expenditure account	132	(132)	-	-
Revaluation of land	-	-	-	-
	869	(132)	-	737
Balance at 31st July 2023	7,533	7,071	-	14,604
Surplus from the income and expenditure account	76	-	-	76
Other comprehensive income	(42)	-	-	(42)
Transfers between revaluation and income and expenditure reserves	132	(132)	-	-
Total comprehensive income for the year	166	(132)	-	34
Balance at 31st July 2024	7,699	6,939	-	14,638

BALANCE SHEET AS AT 31 JULY

	Notes	2024 £'000	2023 £'000
Fixed assets			
Tangible assets	11	12,653	13,204
Total fixed assets		12,653	13,204
Current assets			
Trade and other receivables	12	193	224
Cash and cash equivalents		6,362	5,924
Total current assets		6,555	6,148
Less: Creditors – amounts falling due within one year	13	(2,061)	(1,732)
Net current assets		4,494	4,416
Total assets less current liabilities		17,147	17,620
Less: Creditors – amounts falling due after more than one year	14	(2,215)	(2,722)
Provisions			
Defined benefit obligations	16	-	-
Other provisions	16	(294)	(294)
Total net assets		14,638	14,604
Unrestricted Reserves			
Income and expenditure account	20	7,699	7,533
Revaluation reserve	19	6,939	7,071
Total unrestricted reserves		14,638	14,604
Total reserves		14,638	14,604

The financial statements on pages 27 to 53 were approved by the Corporation on 10 December 2024 and were signed on its behalf on that date by:



G Schulman
Chair



A Cast
Principal

10/12/2024

Statement of Cash Flows

	2024 £'000	2023 £'000
Cash inflow/(outflow) from operating activities		
Surplus for the year	76	375
Adjustment for non cash items		
Depreciation (note 11)	649	743
Impairment of Asset (note 11)	669	-
FRS102 pension costs (note 22)	20	310
FRS102 pension finance cost / (income) (note 22)	63	7
(Increase)/decrease in debtors	31	(59)
Increase/(decrease) in creditors due within one year	845	762
Adjustment for investing or financing activities		
Interest payable (note 9)	62	67
Interest receivable (note 6)	(284)	(129)
Increase/(decrease) in creditors after 1 year	(926)	493
Net cash inflow/(outflow) from operating activities	<u>1,205</u>	<u>2,569</u>
Cash flows from investing activities		
Interest receivable (note 6)	284	129
Payments made to acquire fixed assets	(767)	(834)
	<u>(483)</u>	<u>(705)</u>
Cash flows from financing activities		
Interest paid	(62)	(67)
Repayments of amounts borrowed	(160)	(160)
Finance Lease Repayments	(62)	(62)
	<u>(284)</u>	<u>(289)</u>
Increase/(decrease) in cash and cash equivalents in the year	<u>438</u>	<u>1,575</u>
Cash and cash equivalents at beginning of the year	5,924	4,349
Cash and cash equivalents at end of the year	6,362	5,924

NOTES TO THE ACCOUNTS

1. Statement of accounting policies and estimation techniques

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2023 to 2024 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Going concern

After making appropriate enquiries, the Board of Governors 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.

The College has developed a robust Strategic Plan to improve the College's financial position and further enhance the College's academic performance. Detailed action plans are also in place to ensure improvements are made and risks are mitigated.

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 £1.050m of loans outstanding with Barclays Bank on terms negotiated in 2018. The terms of each loan agreement have been reduced to December 2022 and September 2028 respectively. The College's financial projections indicate that Stanmore College will be able to operate within these revised terms 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. 16-19 learner-responsive

funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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.

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.

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

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 arrangements

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.

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.

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.

At the year end, the initial actuarial report from the Scheme Actuary reported a net pension asset of £2,339k. When the Scheme gives rise to a potential asset position, the Governors are required to assess the basis for recognising an asset on the balance sheet against the FRS102 criteria, this being "An entity shall recognise the plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or refunds from the plan." In using the word "shall", the emphasis is placed upon the College to consider the value of such an asset, rather than whether an asset should be recognised in the first instance. Accordingly, the College has considered the value at which they can benefit from either (1) refunds from the plan or (2) reduced contributions. As the College intends to continue to participate in the LGPS, the likelihood of a refund being due from the Scheme has been deemed as remote and not practically achievable. Secondly, the College has undertaken an exercise to assess the Minimum Fund Contributions (MFR) due to the Scheme in order to calculate the net present value of the asset which will be the value of a perpetuity of the future service cost minus the prevailing primary rate. The outcome of this calculation has shown that the College is unlikely to gain economic benefit from a reduction in future contributions.

Accordingly, the college has made an impairment charge on the asset reducing the net position at the year ended 31 July 2024 to £Nil. Therefore, no defined benefit pension asset has been included in the financial statements.

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.

London Borough of Harrow Local Government Pension Scheme (LGPS)

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 actuarial 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 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:

- Buildings – 50 years

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

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.

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.

On adoption of FRS102, the College followed the transitional provision to retain the book value of land and buildings, but not to adopt a policy of revaluations of these properties in the future.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £500 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 - 15 years

Other equipment & software	-	8 years
Computer equipment	-	4 years
Furniture and Fittings	-	4 years
Consumable Assets	-	3 years

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

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 to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as an obligation under finance leases. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements. There are no investments to report.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

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

All loans, investments and short term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that

basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Foreign currency translation

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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 around 1% 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.

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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2024 has been used by the actuary in valuing the pensions liability at 31 July 2024. 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/Assets.

Notes to the Accounts (continued)

2 Funding council income

	2024 £'000	2023 £'000
ESFA recurrent grant (19+)	2,039	1,945
ESFA recurrent grant (16-19)	9,567	9,602
Releases of government capital grants (note 18)	<u>416</u>	<u>385</u>
Total	<u>12,022</u>	<u>11,932</u>

3 Tuition fees and education contracts

	2024 £'000	2023 £'000
Tuition fees	419	462
Apprenticeship Fees and Contracts	-	5
Education contracts	<u>851</u>	<u>990</u>
Total	<u>1,270</u>	<u>1,457</u>

4 Other grants and contracts

	2024 £'000	2023 £'000
Other grants and contracts	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>

5 Other income

	2024 £'000	2023 £'000
Miscellaneous income	<u>210</u>	<u>212</u>
Total	<u>210</u>	<u>212</u>

6 Endowment and investment income

	2024 £'000	2023 £'000
Bank interest receivable	<u>284</u>	<u>129</u>
Pension finance income (note 22)	<u>284</u> 63	<u>129</u> -
Total	<u>347</u>	<u>129</u>

Notes to the Accounts (continued)

7 Staff costs

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

	2024	2023
	No.	No.
Teaching staff	102	110
Non teaching staff	95	91
	<u>197</u>	<u>201</u>

Staff costs for the above persons

	2024	2023
	£'000	£'000
Wages and salaries	6,316	6,413
Social security costs	627	634
Other pension costs (including FRS 102 adjustments of £20,000 – 2023 £310,000)	1,248	1,493
	<u>8,191</u>	<u>8,540</u>
Payroll subtotal	8,191	8,540
Contracted out staffing service	1200	993
	<u>9,391</u>	<u>9,533</u>
Fundamental restructuring costs	-	-
	<u>9,391</u>	<u>9,533</u>
Total	<u>9,391</u>	<u>9,533</u>

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprises the Principal, Vice Principal, Heads of Faculties and Directors of Finance, HR, MIS, Marketing & Admin. Staff costs include compensation paid to key management personnel for loss of office.

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

	2024	2023
	No.	No.
The number of key management personnel including the Accounting Officer was:	15	14
	<u>15</u>	<u>14</u>

Notes to the Accounts (continued)

7 Staff costs

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

	Key management		Other staff	
	2024 No.	2023 No.	2024 No.	2023 No.
£60,001 to £80,000 p.a.	4	4	0	0
£80,001 to £120,000 p.a.	1	1	0	0
£120,001 to £160,000 p.a.	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>
	<u>6</u>	<u>6</u>	<u>0</u>	<u>0</u>

Key management personnel emoluments is made up as follows:

	2024 £'000	2023 £'000
Salaries - Gross of Salary sacrifice and waived emoluments	1,148	901
Employers National Insurance	139	109
Pension contributions	<u>229</u>	<u>184</u>
Total emoluments	<u>1,516</u>	<u>1,194</u>

During the year some members of management teams left and there were additional period of handover when the new member joined. In addition the management team expanded during the year.

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

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

	2024 £'000	2023 £'000
Salaries	154	134
	<u>154</u>	<u>134</u>
Pension contributions	<u>38</u>	<u>32</u>

Notes to the Accounts (continued)

7 Staff costs

The governing body has adopted AoC's Senior Staff Remuneration Code in December 2019 and will assess pay in line with its principles in future.

The remuneration package of Key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of Governing Body, who undertakes an annual review of her performance against the college's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple

	2024 £'000	2023 £'000
Principal's basic salary as a multiple of the median of all staff	5.78	5.47
Principal and CEO's total remuneration as a multiple of the median of all staff	6.29	5.57

Compensation for loss of office paid to former key management personnel

	2024 £	2023 £
Compensation paid to the former post-holders	-	-

Notes to the Accounts (continued)

8 Other operating expenses

	2024 £'000	2023 £'000
Teaching costs	718	678
Non teaching costs	1,521	1,809
Premises costs	763	518
Total	3,002	3,005

Other operating expenses include:

	2024 £'000	2023 £'000
Auditor's remuneration:		
Financial statements audit	27	27
Internal audit	33	33

9 Interest payable

	2024 £'000	2023 £'000
On bank loans, overdrafts and other loans:		
Repayable within five years, not by instalments	62	67
Pension finance costs (note 22)	-	7
Total	62	74

10 Surplus on continuing operations for the period

The surplus on continuing operations for the year is made up as follows:

	2024 £'000	2023 £'000
Surplus for the period	76	375
Total	76	375

Notes to the Accounts (continued)

11 Tangible fixed assets

	Land and buildings Freehold £'000	Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2023	18,893	3,612	22,505
Additions	388	379	767
	<hr/>		
At 31 July 2024	19,281	3,991	23,272
	<hr/>		
Depreciation			
At 1 August 2023	6,780	2,521	9,301
Charge for the year	143	506	649
Impairment due to DFE New Built Transformation Project	635	34	669
	<hr/>		
At 31 July 2024	7,558	3,061	10,619
	<hr/>		
Net book value at 31 July 2024	11,723	930	12,653
	<hr/>		
Net book value at 31 July 2023	12,113	1,091	13,204
	<hr/>		

Notes to the Accounts (continued)

12 Trade and other receivables

	2024 £'000	2023 £'000
Amounts falling due within one year:		
Trade debtors	135	110
Prepayments and accrued income	58	114
Total	<u>193</u>	<u>224</u>

13 Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Bank loans and overdrafts	60	60
Trade creditors	131	17
Other creditors	145	76
Other taxation and social security	-	1
Accruals and deferred income	766	621
Deferred income - government capital grants	416	385
Amount Due to ESFA	517	517
Obligations under finance leases	26	55
Total	<u>2,061</u>	<u>1,732</u>

14 Creditors: amounts falling due after one year

	2024 £'000	2023 £'000
Bank loans	930	990
Deferred income - government capital grants	1,285	1,732
Total	<u>2,215</u>	<u>2,722</u>

Notes to the Accounts (continued)

15 Borrowings

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2024 £'000	2023 £'000
In one year or less	60	60
Between one and two years	60	60
Between two and five years	180	180
In five years or more	690	750
Total	990	1,050

16 Provisions

	Defined benefit Obligations £'000	Enhanced pension Provision £'000	Total £'000
At 1 August 2023	-	(294)	(294)
Expenditure in the period	43	25	68
Transferred from income and expenditure account	1,024	(25)	999
Impairment of Pension Asset	(1,067)		(1,067)
At 31 July 2024	-	(294)	(294)

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 22.

The other pension obligations are in relation to the cost of premature retirement compensation for a number of former staff members. This provision has been provided for in accordance with the relevant pension bodies guideline.

17 Cash and cash equivalents

	At 1 August 2023 £'000	Cash flows £'000	At 31 July 2024 £'000
Cash and cash equivalents	5,924	438	6,362
Total	5,924	438	6,362

Notes to the Accounts (continued)

18 Deferred capital grants

	Funding body £'000	Total £'000
At 1 August 2023	2,111	2,111
Cash received		-
Released to income and expenditure account	(410)	(410)
At 31 July 2024	<u>1,701</u>	<u>1,701</u>

19 Revaluation reserve

	2024 £'000	2023 £'000
At 1 August	7,071	7,203
Depreciation on revalued assets	(132)	(132)
At 31 July	<u>6,939</u>	<u>7,071</u>

20 Movement on general reserves

	2024 £'000	2023 £'000
Income and expenditure account reserve		
At 1 August	7,533	6,664
Surplus retained for the year	76	375
Transfer from revaluation reserve	132	132
Actuarial loss in respect of pension scheme	(42)	362
At 31 July	<u>7,699</u>	<u>7,533</u>
Balance represented by:		
Pension reserve	-	-
Income and expenditure account reserve excluding pension reserve	7,699	7,533
At 31 July	<u>7,699</u>	<u>7,533</u>

Notes to the Accounts (continued)

21 Lease Obligations

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

	2024 £'000	2023 £'000
Future minimum lease payments due		
Not later than one year	26	55
Later than one year and not later than five years	-	-
	<u>26</u>	<u>55</u>

Notes to the Accounts (continued)

22 Pension and similar obligations

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

Total pension cost for the year	2024 £'000	2023 £'000
Teachers Pension Scheme: contributions paid	814	779
Local Government Pension Scheme:		
Contributions paid	414	404
FRS 102 (28) charge	20	310
Charge to the Income and Expenditure Account (staff costs)	434	714
Total Pension Cost for Year	1,248	1,493

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 July 2024.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year. Contributions amounting to NIL (2023: NIL) were payable to the scheme and are included in creditors.

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

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

Notes to the Accounts (continued)

22 Pension and similar obligations (continued)

Valuation of the 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, colleges and other educational establishments. 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 FRS 102 (28.11), the TPS is a multi-employer pension plan. The college is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the college has taken advantage of the exemption in 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 2019. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported 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.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2022-23 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £814,000 (2023: £779,000)

Notes to the Accounts (continued)

22 Pension and similar obligations (continued)

FRS 102

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by London Borough of Harrow Local Authority. The total contribution made for the year ended 31 July 2023 was £552,000 of which employer's contributions totalled £404,000 and employees' contributions totalled £148,000. The agreed contribution rates for future years are 17.20% for employers and from 5.5% to 10.5% for employees, depending on salary.

FRS 102

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2024 by Hymans Robertson LLP

Principal Actuarial Assumptions	At 31 July 2024	At 31 July 2023
Rate of increase in salaries	3.8%	4.0%
Rate of increase for pensions in payment / inflation	2.8%	3.0%
Discount rate for scheme liabilities	5.0%	5.1%

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

	At 31 July 2024	At 31 July 2023
<i>Retiring today</i>		
Males	22.20	22.30
Females	24.20	24.20
<i>Retiring in 20 years</i>		
Males	22.30	22.50
Females	25.80	25.90

Notes to the Accounts (continued)

22 Pension and similar obligations

Local Government Pension Scheme (Continued)

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

	2024 £'000	2023 £'000
Fair value of plan assets	20,614	18,856
Present value of plan liabilities	(18,275)	(17,584)
Impairment of Pension Asset	(2,339)	(1,272)
Net pensions (liability)/asset (Note 20)	<u><u>-</u></u>	<u><u>-</u></u>

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

	2023 £'000	2023 £'000
Amounts included in staff costs		
Current service cost	434	714
Total	<u><u>434</u></u>	<u><u>714</u></u>

Amounts included in investment income / (Pension finance costs)

Net interest income / (Expense)	63	7
	<u><u>63</u></u>	<u><u>7</u></u>

Amounts recognised in Other Comprehensive Income

Change in demographic assumptions	37	70
Return on pension plan assets	672	4,586
Experience losses arising on defined benefit obligations	-	-
Changes in assumptions underlying the present value of plan liabilities	928	(527)
Other Experience	(613)	(2,495)
Impairment of Pension Asset	-	(1,272)
Amount recognised in Other Comprehensive Income	<u><u>1,024</u></u>	<u><u>362</u></u>

Notes to the Accounts (continued)

22 Pension and similar obligations

Local Government Pension Scheme (Continued)

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

	2024	2023
	£'000	£'000
Surplus/(deficit) in scheme at 1 August	-	(45)
Movement in year:		
Current service cost	(434)	(714)
Employer contributions	414	404
Net interest on the defined (liability)/asset	63	(7)
Actuarial gain or loss	1,024	1,634
Impairment of Pension Asset	(1,067)	(1,272)
Net defined benefit (liability)/asset at 31 July	-	-

Asset and Liability Reconciliation

	2024	2023
	£'000	£'000
Reconciliation of Liabilities		
Liabilities at start of period	17,584	19,761
Service cost	434	714
Interest cost	886	696
Employee contributions	156	148
Actuarial (gain)/loss	(96)	(3,124)
Benefits paid	(689)	(611)
Liabilities at end of period	18,275	17,584
Reconciliation of Assets		
Assets at start of period	18,856	19,716
Expected return on assets	949	689
Actuarial gain	928	(1,490)
Employer contributions	414	404
Employee contributions	156	148
Benefits paid	(689)	(611)
Assets at end of period	20,614	18,856

Notes to the Accounts (continued)

23 Related Party Transactions

Due to the nature of the College's operations and the composition of the Members of the Corporation (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Corporation may have an interest. All transactions involving organisations in which a member of the Corporation may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under the Related Party Disclosures requirements included in FRS 102.

The total expenses paid to or on behalf of the Governors during the year 2023/24 was £8,535; 15 governors (2023: £1880; 19 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year 2023/24 (2023: None).