

MARY WARD SETTLEMENT
(A COMPANY LIMITED BY GUARANTEE)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

**MARY WARD SETTLEMENT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

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MARY WARD SETTLEMENT REPORT FROM THE CHAIR FOR THE YEAR ENDED 31 JULY 2021

Mary Ward Settlement (“the Settlement”) faced a challenging time in 2020-21 due to the uncertainties resulting from the pandemic and frequent changes to government guidance with a tightening and easing of restrictions experienced throughout the year. These factors impacted the curriculum offer, enrolment and student numbers at Mary Ward Centre (“the Adult Education Centre”); the provision of specialist advice, casework and representation by Mary Ward Legal Centre (“the Legal Centre”) and the range of specialist community services offered by Blackfriars Settlement (“Blackfriars”) during the period. It also had a negative effect on the redevelopment of Queensway House, which is critical for the relocation of the Settlement during 2022-23.

The Adult Education Centre took a considered and cautious approach to curriculum planning for 2020-21, reworking our plans to comply with government guidance and providing a Covid-safe environment for students and staff. With support of grant funding, primarily from the GLA, an enormous amount of effort went into getting the buildings ready for students and on 8th September 2020 we welcomed our first students back since March 2020. Our original forecast for the year was based on 30% of normal face-to-face delivery in term 1, with incremental increases term by term as restrictions eased. Having to close the Centre altogether for most of the term 2, and the impact of social distancing, meant this was not possible. We were unable to run any large groups such as Choirs and Orchestras or any of the Community Outreach Dance provision. The number of classrooms available were reduced, as multiple rooms were combined for use by a single group. We also changed the mix and balance of our offer, limiting the amount of provision that attracted a nil fee and protecting that which earned fee income to ensure we covered our overheads. Taking this into account, we prioritised courses that required specialist facilities or equipment in the Centre as well as further developing our online provision. We were creative about what we could offer and how we might deliver courses. For example, we spread classes across two rooms to maintain the ratio of tutor to students, and offered blended learning options where students attended more than one session per week. In light of the constantly changing situation, we took a term-by-term approach to planning to allow us to be as flexible as possible, to add more provision as the restrictions eased but being prepared to go online when necessary.

A second lockdown in term 2 prevented us from delivering any face-to-face learning and resulted in significant reduction in the volume of courses we could offer, particularly in the Arts section. This had a significant impact on our income from students’ fees. Staff worked exceptionally hard, with a very quick turnaround, to develop and plan additional online courses to offer students alternatives and to provide tutors with work. Although there was a return to face-to-face learning for the last four weeks of the term, we were limited as to how much we could achieve in such a short space of time. However, it did enable us to offer some face-to-face classes and make up for some of the loss of the more specialist provision. We were able to carry out exams (ESOL, Payroll) as well as bringing some of the more vulnerable students in to support their learning in areas such as literacy, IT and Business Administration. It also gave us an opportunity to trial the lateral flow testing that needed to be in place for staff and students after the Easter break.

It became clear that a return to normal was not going to happen as quickly as anticipated and recovery from Covid-19 would be slow with student numbers and income lower than the levels expected. We therefore re-forecast term 3, expecting that it would achieve similar volumes to term 1 recognising that the original target of £932,000 for fee income was clearly overly optimistic. However, these reductions were off-set by a reduction in tutor costs and we ended the year with costs in line with income.

We successfully achieved the tolerance level of a minimum of 90% against our GLA and ESFA funding allocations which avoided any clawback of income. Despite the challenges, the Adult Education Centre was able to support 2,181 learners on 4,639 course places with their learning throughout the year using a range of face-to-face, distance and online methods. Students on all accredited courses were supported to work towards their assessments and gain their qualifications. We continued to develop delivery of a wide range of additional online courses with subjects including History, Philosophy, Economics, Ukulele, Keep Fit, Modern Foreign Languages, Singing,

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Psychology, Art, Community Interpreting and Pronunciation. Although, only a small amount of this type of provision will remain with us long term, our increasing expertise in the use of technology will offer alternative ways of learning to our students, making learning more accessible and enhancing the quality of classroom teaching and learning well beyond the current Covid-19 crisis.

Community Outreach services experienced a huge impact from the pandemic. At very short notice the team were forced to rethink the way they delivered our courses which has resulted in nothing but positivity in both the short term and longer term. Over the course of the year the team worked with 20 groups and organisations in Camden, Islington, Tower Hamlets, and Newham. Most of the classes moved online, which meant training partners in new skills, such as how to use Wifi, how to connect to multiple devices or how to troubleshoot. It also meant supporting students with door to door training, lending devices, and telephone support. While there were fewer courses, each was able to reach many students with some, such as Line Dance, having classes of 30 learners. Those classes not online were successfully delivered through outdoor classrooms, through weekly postal lessons, via weekly telephone calls and sending out resource packs. Some students who struggled to engage received 1:1 doorstep lessons from the outreach team. The success of online learning was evident and the overall approach was one of personalisation and a celebration of a new style of learning. There was an online Dance Along fundraising event where they raised in excess of £1,000, exhibitions online and in libraries and cafes and Christmas singing socials. Dancers were awarded the medals they won before the pandemic and there was a wonderful summer celebration of taster courses for students to meet face to face in a safe environment for the first time for some since March 2020. Besides all the learning the services helped people stay connected and worked with our partners in helping reduce the risk of isolation within our communities.

Mary Ward Legal Centre (“the Legal Centre”) helped 2,000 people with their legal issues during 2020-21, continuing to provide specialist advice casework and representation in the areas of debt, housing and welfare benefits, and a pro bono service offering advice on employment, housing, consumer, general civil litigation, and family law.

Whilst demand for advice in some areas fell due to measures introduced to reduce the impact of Covid-19, such as debt recovery and housing possession action being stayed, demand for employment and family advice continued to rise dramatically. Demand has started to rise in all the areas the Legal Centre advises on and a surge in demand is forecast over the coming months and years as the full impact of Covid-19 hits.

To address the impact of Covid-19, the Legal Centre made several successful grant applications, securing funding from a number of funders including The National Lottery Community Fund, Trust for London and the Community Justice Fund. The Legal Centre was able to maintain access to its specialist advice service and pro bono clinic throughout the pandemic by providing increased access by telephone and email.

A grant from the Legal Education Foundation, under their Justice First Fellowship Scheme, enabled the Legal Centre to employ another trainee solicitor for two years from January 2021. The Legal Centre was successful in securing continuation funding from Henry Smith Charity for a Housing Support Worker to support our most vulnerable clients to sustain their tenancies and help break the cycle of homelessness. To help deal with the forecasted increase in demand for debt advice, the Legal Centre received an additional grant from Debt Free London, funded by the Money and Pensions Service to employ four trainee debt advisers, increasing the Legal Centre’s capacity to help more people in need. The hard work and commitment of the Legal Centre staff and pro bono volunteers has resulted in many successful outcomes for clients, including reducing homelessness, increasing incomes and improving wellbeing.

We are grateful to the following funders and donors for their generosity to the Legal Centre during 2020-21: London Borough of Camden, Legal Aid Agency, Money and Pensions Service, The National Lottery Community Fund, Community Justice Fund, Trust for London, City Bridge Trust, Legal Education

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(CONTINUED)

Foundation, London Legal Support Trust, Henry Smith Charity, AB Charitable Trust, Linklaters, Clifford Chance, Weil Gotshal & Manges, and Farrer & Co.

In a year dominated by Covid-19, all services offered by Blackfriars worked hard to continue to serve the local community. The autumn saw limited activities in small, socially distanced groups as well as remote activities supporting those of our members who are online. A huge amount of regular support was delivered by phone on a one to one basis - time consuming for staff and volunteers but very much appreciated by members.

We were very grateful for the wealth of financial and volunteer support from local people and our corporate supporters. In August, a donation from Charles Russell Speechlys enabled the Positive Ageing service to purchase some canopies for our outside space, which made a huge difference, enabling members to sit outside and spend time together more safely. Corporate and other volunteers have made a huge difference in a number of ways during this year: boosting the number of befriending calls we are able to make to isolated older people, delivering weekly meals to those who struggle to cook and delivering shopping and other essentials as needed.

Staff in all of the services have invested time in providing IT support for members. This has increased the number who are online and able to access support and stay in touch with friends and family in ways many of us take for granted. The services have provided discussion groups, art groups, exercise classes and other activities online. For those who are not online, they were able to take part in these using their landline, at no charge. Our group of vision impaired older people took to this service most enthusiastically and enjoyed being able to have a group chat and do crosswords together over the phone.

The resumption of lockdown in January meant that all services again reverted to telephone and online, reopening in March for small group activities which then continued into the summer.

We worked hard to mitigate the effects of Covid-19 and the lockdown on our members through the continuation of much needed services. The lockdown has affected people differently and some have bounced back quicker than others. Staff have worked tirelessly to meet individual needs, to allay fears, to keep members and students safe and to support people back into community. We expect that this work will continue well into 2022.

We would like to extend our thanks to all our service providers and users, and to our funders, many of whom have been engaged with us over an extended period of time and without whom little of what we do would be possible. In particular, we would like to thank those funders who have supported our core work and been flexible with their support during the challenges of Covid-19.

The redevelopment project for the Stratford building continued throughout the year and we have now developed a design for a building that will considerably improve the accessibility of all our courses. The building will have a very visible high street location and greatly improved specialist classroom facilities. We are very pleased to be supported by capital grants from Skills for Londoners, towards the whole project cost; from The London Marathon Trust, towards fitness and movement facilities; and from the Clothworkers Foundations, for our visual Arts spaces. This project too has been significantly impacted by Covid-19, with costs increasing and completion now expected for December 2022 rather than during the summer of 2022, as originally planned. We have continued to work closely with the professional design team advising us, as well as the contractors, who were formally appointed on a fixed price design and build contract in December 2021. Plans are underway for alternative locations for our provision of adult education during the autumn term of 2022, and in the meantime we continue to fundraise to enable us to afford the very best design possible.



Christine Cryne
Chair

**MARY WARD SETTLEMENT
REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 JULY 2021**

REFERENCE DETAILS

Charity number:	223066
Company number:	46188
Address and Registered Office:	42 Queen Square, London WC1N 3AQ

KEY MANAGEMENT PERSONNEL

Key management personnel are defined as members of the Settlement's Senior Management Team and were represented by the following in 2020-21:

Warden, CEO; Accounting Officer	Suzanna Jackson
Director of Adult and Community Education	Sue Craggs
Director of Finance and Resources	Juliet Woodford
Director of the Mary Ward Legal Centre	Paula Twigg
Director of Blackfriars Settlement	Liz Ranger

BOARD OF TRUSTEES

A full list of the Trustees is given on pages 22-23 of these Financial Statements.

Ms. Beverley Campbell acted as Clerk to the Trustees throughout the year under review.

PROFESSIONAL ADVISERS

**FINANCIAL STATEMENTS AUDITOR AND
REPORTING ACCOUNTANTS**

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

INTERNAL AUDITOR

Haines Watts
30 Camp Road
Farnborough
Hants
GU14 6EW

BANKERS

The Co-operative Bank plc
3rd floor, St Paul's House
10 Warwick Lane
London
EC4M 7BP

INVESTMENT MANAGER

Rathbone Greenbank Investments
10 Queen Square
Bristol
BS1 4NT

PROPERTY CONSULTANTS

Gryphon Property Partners
12 Austin Friars
London
EC2N 2HE

MARY WARD SETTLEMENT

REPORT OF THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 JULY 2021

NATURE, OBJECTIVES AND STRATEGIES

The Board of Trustees (“the Board”) is pleased to present its Annual Report, together with the Financial Statements of Mary Ward Settlement (“the Settlement”) for the year ended 31st July 2021. This report is also prepared to meet the requirements for a Directors’ Report and Financial Statements for Companies Act purposes.

LEGAL STATUS

The Settlement is a registered charity (number 223066) and company limited by guarantee (number 46188), first registered in December 1895. It provides adult education and community services under its trading name of the Mary Ward Centre (“the Adult Education Centre”). The Settlement is also the controlling entity of the Mary Ward Legal Centre (“the Legal Centre”) and Blackfriars Settlement (“Blackfriars”), both of which are wholly owned subsidiaries.

For the purpose of these Financial Statements, references to the Settlement or Group, refer to the activities and consolidated results of the Adult Education Centre, the Legal Centre and Blackfriars, whilst references to the Adult Education Centre or Centre include only those activities and results of the parent entity trading as Mary Ward Centre in its role as an Institute of Adult Learning (IAL). References to the Board or to the trustees refer to the Board of the Settlement or to its trustees, unless specifically stated otherwise.

OBJECTS AND MISSION

The objects for which the Settlement is established are the advancement of public education and the promotion of social service for the benefit of the community. The Settlement’s mission is to develop and provide excellent, innovative and wide ranging adult education and community services.

PUBLIC BENEFIT

In setting and reviewing the Settlement’s strategic objectives, the Board 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 Settlement provides the following identifiable public benefits through the advancement of education and community services:

- High quality teaching;
- Advice, information, assistance and representation dealing with housing, debt, welfare benefits and other financial and legal problems;
- Widening participation and tackling social exclusion;
- Strong student support systems, particularly for students with physical and learning difficulties; and
- Vocational support where appropriate.

The effectiveness of the Settlement’s delivery of public benefit is covered throughout the Members’ Report.

IMPLEMENTATION OF THE STRATEGIC PLAN

The Settlement worked towards the objectives of the 2018-2022 Strategic Plan. Key elements of this plan include the implementation of the Buildings Strategy, which will play a major part in achieving long term sustainability with a wider reach of adult education and community support and advisory services across London. Having purchased a new freehold site in the London Borough of Newham in July 2018, a key part of the Board’s focus during 2020-21 has been to continue with the plans for the redevelopment of this site, set in motion during 2018-19, to become a new, modern set of premises for the provision of the activities of the Settlement, from 2023 onwards.

The key focus points of the new Strategic Plan include:

- To grow existing services and to extend our range of services to enhance the delivery of our Mission, in ways that are relevant now and which look to the future;
- To deliver excellent services, that prioritise outcomes and impact for our users;

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REPORT OF THE BOARD OF TRUSTEES
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IMPLEMENTATION OF THE STRATEGIC PLAN (CONTINUED)

- To add our expertise, encouragement and support to the efforts and achievements of people in the communities and neighbourhoods in which we are located and create opportunities for them to reach their educational, social and economic potential;
- To further develop an organisational structure and culture which realises the Settlement's Mission and Core Values;
- To maintain good financial health in order to ensure the sustainable delivery of our Mission;
- To redevelop our new premises to support a sustainable future, enhance the quality of our provision and enable us to reach new audiences;
- To develop partnerships and alliances with other organisations that will improve and extend our ability to deliver our Mission and Strategic Objectives;
- To improve our public profile and develop an effective communications, PR and marketing strategy that supports the development of the Settlement's work, our move east and contributes to our plans for growth.

The Board monitors the performance of the Settlement against the plan. The Board reviews and updates the plan annually.

During 2020-21 the Covid-19 pandemic continued to have a significant impact of the Settlement and its operations. Following the prolonged national lockdown of the spring and early summer of 2020, the Settlement did not open its doors again, for face to face activities, until the autumn of 2020-21. The Settlement prioritised planning ahead for 2020-21, ensuring that options would be available to preserve as much face to face provision as possible, with alternative arrangements for students, clients and other Settlement users, unable to attend in person or should another lockdown occur. Arrangements were made to prioritise the most essential services, for example accredited courses where students had been, or would be, working towards exams and other courses that could not be delivered online, such as literacy, maths and those using specialist rooms (e.g. glass, sculpture, computing). Some courses used a blended approach to minimise the number of times students came into the building. A range of Covid safety measures were implemented, such as restricting numbers in classes to allow for 2m social distancing, staggered starts and mask wearing.

The second lockdown over the winter 2020 to spring 2021 meant that no face to face provision was held during the early spring and, as with the previous lockdown, all parts of the Settlement focused on moving provision online where possible, and prioritising the most essential services. We re-opened for face to face provision once more in May, extending the teaching term at the Adult Education Centre beyond the usual end date. Once again, the Settlement continued to prioritise face to face provision for the most essential services and those for which provision was not possible in an online format.

However, through managing direct costs, successful applications to funders where appropriate grants were available, and taking advantage of the government's Coronavirus Job Retention Scheme, the Settlement was able to mitigate losses across all services. Furthermore, the Adult Education Centre received all of its AEB grant funding following the ESFA's guarantee that full payment would be made provided that the Centre earned a minimum 90% of the AEB grant allocation.

The most significant longer term risk arising from the impact of Covid-19 relates to the affordability of the Settlement's Property Strategy in an environment of greater uncertainty, rising costs and reduced grant funding. Consequently the Settlement's Senior Management Team has prioritised actions to ensure that this project is completed as planned.

MARY WARD SETTLEMENT

REPORT OF THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 JULY 2021

CORE VALUES AND OBJECTIVES

The Settlement's operations are guided by the Core Values and Strategic Objectives which are jointly agreed across the Settlement group.

Core Values

- Putting the needs and aspirations of current and potential users at the centre of all that we do;
- Providing consistently high and professional standards across our service;
- Promoting access to education including the value of learning for personal development and quality of life and using learning as a tool to combat disadvantage;
- Promoting access to justice and providing legal advice for the poorest and most disadvantaged;
- Promoting collaborative work, both across the Settlement and with partner organisations;
- Advancing equality, eliminating discrimination, and fostering good relations among all our users;
- Meeting, or exceeding, the expectations of our key stakeholders, service users and partners;
- Aiming for excellence in the outcomes and impact of our services;
- Providing access to training and development in order that all staff may achieve their potential and be motivated and committed to their work and these core values; and
- Maintaining an open, honest, accountable and fair approach in all our communications with all our service users, staff and other stakeholders.

Strategic Objectives

- To provide a range of services that delivers our Mission in ways that are relevant now and look to the future;
- To deliver excellent services;
- To maintain an organisational structure and culture which realises the Mission and Core Values;
- To maintain good financial health in order to ensure the sustainable delivery of our Mission and objectives;
- To secure the Settlement in its buildings and provide an environment and facilities that support the delivery of excellent services;
- To plan for and provide equipment and technology that support excellent service delivery and effective management; and
- To develop partnerships and alliances with other organisations that will improve and extend our ability to deliver our Mission and objectives.

The Settlement's Financial Objectives are:

- To achieve a minimum annual operating surplus of 1% of income, excluding any pension costs arising from the impact of the Local Government Pension Scheme ("LGPS") costs;
- To provide sufficient courses to ensure that we earn all of the available funding from the Education and Skills Funding Agency ("ESFA");
- To diversify our funding streams, consistent with our Mission and Core Values, in order to maximise our income generating potential;
- To effectively manage costs, keeping any increase in non-pay costs below the prevailing inflation rate; and
- To secure funding for a capital investment programme following the purchase of Queensway House in Stratford, for its redevelopment and refurbishment as the main location for the Settlement's activities following the end of its current lease on 42 Queen Square, in July 2022.

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

The Covid-19 pandemic had a significant impact on the Settlement's operational results, however the Settlement was able to meet its objective in relation to the minimum 1% operating surplus and all other financial objectives were met.

**MARY WARD SETTLEMENT
REPORT OF THE BOARD OF TRUSTEES
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STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

PERFORMANCE INDICATORS

ADULT EDUCATION CENTRE

The performance against the Adult Education Centre's targets is set out in the table below:

Key Performance Indicator	Target 2020-21	Achieved 2020-21	Target 2019 - 20	Achieved 2019 - 20
Maximise the number of people who access adult education given Covid-19 restrictions	2,700	2,182	5,750	4,154
Maximise the number of course enrolments given Covid-19 restrictions	6,250	5,012	13,000	8,403
Maximise the average number of students per course given Covid-19 restrictions	10	9	12	11
Maintain high average level of student retention; AND Maintain high retention across ALL courses	90% and No more than 5% of courses below 80%	95%	90% and No more than 5% of courses below 80%	91%
Maintain high level of student satisfaction	95%+	94%	95%+	92%
Maintain high level of average achievement on non-accredited courses; AND Maintain high level of achievement on ALL non-accredited courses	95%+	96% across all levels and lengths	95%+	94%
Improved average success rates for students taking accredited courses	90%+	90%	90%+	86%
Improved success rates on ALL non - accredited qualifications	7 course quals out of 38 were below 80%	95%	No more than 5% of classes below a success rate of 80%	87% (4% below 80% - 5 course qualifications out of 36)
The % of students reporting additional benefits is increasing	75%+	All students who return a questionnaire report at least one additional benefit to learning	75%+	77%
Maximise the number of people who access adult education given Covid-19 restrictions	2,700	2,182	5,750	4,154

**MARY WARD SETTLEMENT
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ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

The Adult Education Centre is committed to monitoring a range of key sector indicators and is required to complete the Annual Finance Record for the ESFA. The Centre's financial health grading is assessed by the ESFA as "Good" (2019-20: "Good"). This is notwithstanding decisions made in relation to the Property Strategy, which have increased costs in the short term, and further pressure caused by losses from Covid during 2020-21.

MARY WARD LEGAL CENTRE

The Centre's specific achievements for 2020-21 are outlined below:

- Continuing to prevent homelessness, improve people's housing conditions, combat poverty, help people reduce their debt and maximise their income through providing free specialist casework and representation in housing, debt and welfare benefits;
- Continuing to maintain access to our advice services in response to Covid-19 by transforming our services from face-to-face to telephone/email;
- Securing additional grant funding and donations to deal with the devastating impact of Covid-19;
- Helping 2,000 people with their legal issues;
- Delivering against contractual funding outputs and outcomes;
- Delivering a pro bono advice service to help more people who cannot access help from legal aid to resolve their legal issues;
- Securing continuation funding from Henry Smith Charity for a Housing Support Worker to support our most vulnerable clients to sustain their tenancies and help break the cycle of homelessness;
- Continuing to deliver housing advice in Newham and Southwark;
- Over £350,000 of clients' debts were written off;
- Clients receiving help with their welfare benefits matters achieved an average increase of £87 a week in benefits;
- Playing an active role in the development of the new Camden Advice Network;
- Helping to secure funding from the GLA for a new partnership in Newham to provide advice in food banks and schools;
- Upgrading to a new case management system, which has also enabled us to move to electronic case files and reduce our use of paper; and
- Passing our Lexcel audit with no non-compliance - Lexcel is the Law Society's accredited legal practice quality mark.

The actual performance against the agreed targets is set out in the table below.

The figures for the numbers of new matters opened have been affected by Covid-19. This is primarily due to reduced demand in some areas as a result of measures put in place to protect people during the pandemic, including: a stay on possession cases; payment holidays; suspension of debt recovery and of welfare benefits work-related conditionality and sanctions and face-to-face assessments for ESA and PIP (which often trigger a decision to stop an award). However, performance measuring outcomes for clients exceeded targets.

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ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Key Performance Indicator	Target 2020-21	Achieved 2020-21	Target 2019/20	Achieved 2019/20
Meet annual target for matter starts	2044	1663	2,500	2,009
Increase the number of people who get advice through pro bono clinics	175	187	350	228
Maintain a high level of client satisfaction	95%	98%	95%	95%
Maintain the high % of cases that have a positive outcome	92%	94%	92%	93%
A high % of clients who respond to our survey report an improvement in health and well-being	88%	95%	88%	91%

BLACKFRIARS SETTLEMENT

Positive Ageing

The implementation of the Ageing Well Southwark contract serving older people across the borough, has been a major focus of work this year. The delivery aims are to ensure that the ‘front door’ to services are coordinated and, that by whatever means a resident contacts older people’s services, they will be afforded the same access. We aimed for a seamless start to this contract for our existing members and, behind the scenes, we have worked closely with the other members of the COPSINS Consortium, switching to a new database enabling joined up working and have implementing a new reporting system.

There has been a steady flow of new referrals over the year. We have worked very hard to meet the needs of isolated and anxious existing members as well as new contacts in the community. We have accepted new referrals from the Southwark Covid Hub, arranged volunteers to do shopping and deliver prescriptions, delivered meals twice weekly, sent out activity packs and supported over 100 people with befriending calls once or twice weekly.

Needs have become more complex, with the team dealing with safeguarding issues, an increasing number of members and referrals with early dementia.

Our waiting list for the Befriending Service highlights our need to increase capacity in this area in order to meet need. There is significant interest amongst members in getting online or improving their IT skills. We are committed to meeting both of these needs over the coming year.

Adult Education

We are pleased to provide learning and development classes on behalf of Southwark Adult Education as well as via Mary Ward Centre. Some courses switched to remote provision during the lockdowns, although for some of our students this was difficult. As a result there were significantly lower registrations during this year. During the latter part of the year, Adult Education and The Orb Space started working more closely together and as a result we increased our offer with a diverse range of other education opportunities, including baby massage, creative writing, African drumming, sewing etc. These have proved popular and we aim to continue this during 2021-22. Adult Education also started working with Positive Ageing and Mental Health & Wellbeing, enabling us to deliver some courses specifically for these particular groups. This has worked well, and is something we will continue to deliver.

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REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 JULY 2021**

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Mental Health and Wellbeing

During this year the Mental Health and Wellbeing (MHWB) service successfully started a new project funded by the National Lottery Community Fund. The Thinking Ahead Project will run for five years, focussing on building skills and confidence amongst members, enabling them to access educational opportunities, to volunteer and contribute to their community.

As with Positive Ageing, the service has switched between small group provision in the Settlement, to remote only and then back to face-to-face delivery onsite. During the Covid-19 lockdown support was provided by telephone, online and by text. The team made regular calls to members wanting this and were available to provide support with issues and needs as they arose.

The service delivers a broad range of high quality services:

- In partnership with professional design studio, the Plant, our Social Enterprise Design Studio Art2Print, has continued to provide high quality design to internal services and external clients
- Continued support from Lloyds Bank volunteers provided individually tailored IT training sessions.
- The service has once again hosted two Social Work students from LSBU and an Art Therapy student on placement with us from the University of Roehampton, all of whom have boosted our capacity by working directly with members.
- During the Covid-19 lockdown the service has supported 108 people, the majority with no internet access. The service has also provided emergency food and medication and sent out activity packs.
- The women's group met for six months and had very positive outcomes for participants.
- We have successfully run 3 courses for our education funders: Spring Back from Covid, Music Appreciation and Mindful Movements.
- The 'Switched On' digital inclusion project supported 46 people to build and develop tech skills in smart phone, online, tablets, and peer support, sharing skills and building confidence.

The Orb Space

Although limited by Covid-19, the social integration project continued this year with a range of activities and events including an online Black History Month event, baby massage, creative writing and spoken word. As soon as guidelines permitted, we resumed activities in the spring, with small group sessions and some online. We ran a Creative Saturday in July, with workshops which were very popular and which has already led on to follow up work.

Legal Clinic

The legal clinic moved to telephone appointments for most of this year. We continue to work closely with City University of London Law School and our partner lawyers to deliver free housing and employment legal advice. There is a high demand for this service.

PERFORMANCE INDICATORS

The actual performance of services is set out in the table below. Year on year comparison where data is available, demonstrates the impact of covid on our different services this period. Comparative data is not provided where measurement was introduced for the first time during 2020-21.

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REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 JULY 2021**

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

PERFORMANCE INDICATORS (CONTINUED)

Key Performance Indicator	2020-21	2019-20	2018-19	2017-18
MHWP				
No of members supported	108	140	72	69
No of referrals	46			
No of new members	13	23		
PA				
No of members supported	529	413	407	352
No of new members	103			
No of people attending sessions	219	272	262	259
No of attendances	5,460	6,551	7,295	6,642
No befriended members	180	142	145	93
No befriending referrals	64	61	61	57
Adult Education				
No of students	189	617	716	316
No of enrolments	451	1,040		
Orb				
No of attendances	54	356	75	-
Legal Clinic				
Client appointments	124	186	288	288

FINANCIAL REVIEW

The Settlement had an operating surplus of £nil in the year (2019-20: deficit of £363,000). This was after the inclusion of a £149,000 (2019-20: £107,000) Local Government Pension Scheme (“LGPS”) service cost; £36,000 (2019-20: £34,000) LGPS finance cost; and £5,000 (2019-20: £4,000) LGPS administration cost.

The Settlement’s accumulated reserves rose to £9,708,000 (2019-20: £9,451,000). The two most significant factors in the movement in funds were the actuarial gain of £257,000 in the LGPS before the inclusion of the LGPS costs, and the surplus of the Legal Centre of £109,000 (2019-20: surplus of £34,000). The Settlement’s target is to increase reserves, by a minimum of 1% of income, before taking into account the impact of LGPS costs.

**MARY WARD SETTLEMENT
REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 JULY 2021**

FINANCIAL REVIEW (CONTINUED)

The written down value of fixed assets increased to £13,372,000 (2019-20: £12,029,000). Capital expenditure in the year totalled £1,562,000 (2019-20: £1,022,000), all but £52,000 of which related to the development of the freehold property, Queensway House, in Stratford, East London which forms a key part of the Settlement's Property Strategy to secure a location for its activities beyond 2022 when the lease on 42 Queen Square expires. The depreciation charge for the year totalled £219,000 (2019-20: £220,000). The value of the investment funds held by the Settlement rose to £31,000 (2019-20: £27,000).

The Settlement's operational income fell by £65,000 to £5,313,000 (2019-20: £5,433,000), reflecting the fall of £347,000 in tuition fee income in the Adult Education Centre and other smaller losses from various income streams across the group, all a direct impact of Covid-19. These falls were offset by several new, one-off, income sources across the Settlement, primarily emergency grants, awarded to help mitigate Covid-19 losses or to provide support for the provision of essential Covid-19 services. Income from the Coronavirus Job Retention Scheme fell to £130,000 (2019-20: £260,000), as furloughed staff were asked to return to full or partial working following the first lockdown of 2019-20.

Costs of the Settlement decreased by £481,000 to £5,317,000 (2019-20: £5,798,000). This decrease relates to operational cost savings arising from the Settlement's operations being severely restricted as a result of the Covid-19 restrictions and the second lockdown which impacted the Settlement's ability to offer a full range of services at the usual capacity, meaning that some operational costs were not incurred. This fall in operational costs included a decrease of £566,000 in staff costs, primarily in the Adult Education Centre. This was the result of running a smaller curriculum to comply with Covid-19 restrictions, saving around £318,000 as well as the result of a restructuring programme which saved around £176,000.

The Adult Education Centre's income was £3,416,000 (2019-20: £3,771,000) and reflects the fall in student fee income, noted above.

Costs at the Adult Education Centre fell by £597,000 to £3,495,000 (2019-20: £4,092,000) reflecting cost savings arising from running a smaller curriculum and the restructuring programme, both responses to the impact of Covid-19 and noted above.

The Legal Centre's income was £1,340,000 (2019-20: £1,232,000), of which £1,097,000 (2019-20: £826,000) came from operational grants and funding for legal advisory services and £225,000 (2019-20: £369,000) from donations and other fundraising, including value in kind of £108,000 (2019-20: £136,000) from pro bono advice and the provision of legal trainees.

Legal Centre costs increased by £33,000 to £1,231,000 (2019-20: £1,198,000). This reflects an increase in operational staff costs of £29,000 as a result of taking on 4 new debt trainees in response to a new, short term contract with Debt for London but offset by staff reductions through a combination of natural turnover and necessary cost reductions, and various small operational cost savings from the continued impact of Covid-19.

At Blackfriars, operational income was £625,000 for the period (2019-20: £653,000). The fall in income reflected, primarily, the loss of income through the usual range of face to face membership and activities. However, this was partially offset through one-off grants provided by funders and supporters to help keep essential services running. Operational expenditure fell by £73,000 to £659,000 (2019-20: £732,000), again, the result of a lower level of overall activity along with careful cost management and a limited staff restructure.

The 2020-21 Financial Statements and associated Notes are set out on pages 34 to 66.

**MARY WARD SETTLEMENT
REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 JULY 2021**

FINANCIAL REVIEW (CONTINUED)

TREASURY MANAGEMENT

Treasury management is the management of the Settlement'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.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. Such arrangements are restricted by limits in the Settlement's Financial Memorandum agreed with the Education and Skills Funding Agency. All other borrowing requires the authorisation of the Board in order to comply with the Financial Memorandum.

There was a net increase in the cash held by the Settlement of £773,000 to £2,496,000 (2019-20: decrease of £1,235,000 to £1,723,000). Receipts of a GLA capital grant, in relation to preliminary work on the development of Queensway House, was by far the most significant factor, with capital grant receipts of £2,250,000 offset against capital expenditure of £1,562,000, during the period, of which all except £52,000 related to the Queensway House development work. The high rental costs of 10 Great Turnstile, following its disposal during 2017-18 continued during 2020-21, resulting in a cash outflow of £324,000.

RESERVES POLICY

The Settlement recognises the importance of reserves in the financial stability of the organisation and has a stated Reserves Policy to hold a minimum of 1 to 3 month's operating expenditure as unrestricted free reserves. Consequently the Settlement continues to ensure that it has adequate reserves to support its core activities.

As at the balance sheet date the Settlement's unrestricted reserves were £9,699,000, (2019-20: £9,440,000) of which £2,925,000 were unrestricted fixed asset reserves (2019-20: £2,985,000) and £6,774,000 were other unrestricted reserves (2019-20: £6,455,000). Restricted reserves totalled £9,000 (2019-20: £11,000). Of these reserves £1,893,000 (2019-20: £1,188,000) are immediately available, or at short notice and can be drawn upon to meet the working capital needs of the Settlement.

The increase in reserves, at the Balance Sheet date, reflects the underlying operational surpluses associated with the activities of the Adult Education Centre and the Legal Centre, and an actuarial surplus in the LGPS, which more than offset the costs of the scheme during the period.

It is anticipated that the 2021-22 financial year will be difficult, following the continued impact of Covid-19 and combined with an expected reduction in some of the supportive measures provided by our funders over the past two financial periods. Overall, an operating deficit is expected for Settlement over the year 2021-22 and the costs of implementing the Property Strategy is likely to result in the Settlement's reserves falling below target in the next financial year. Should this happen as expected, it is the Board's intention to restore the Settlement's reserves, excluding any impact from the LGPS, to at least the minimum target level as soon as practicable.

**MARY WARD SETTLEMENT
REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 JULY 2021**

CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE

FINANCIAL HEALTH

In 2020-21 the Adult Education Centre achieved a “Good” ESFA financial health grading (2019-20: “Good”). This financial health rating was achieved notwithstanding the combination of the following factors which had an adverse impact on the financial position:

- (i) the impact of the Covid lockdown, which resulted in the loss around 50% of the tuition fee income that might have otherwise been expected in the absence of Covid-19. However, unlike in 2019-20, during 2020-21 the Centre was able to plan for an equivalent reduction in costs, which included altering the mix and balance of provision, as well as taking advantage of the Coronavirus Job Retention Scheme and other small grants;
- (ii) the result of strategic activity taken by the Adult Education Centre to secure its future through a restructuring of its operational property portfolio which has both increased cash balances and led to increased operating costs in the short term. It is expected that these higher costs will be sustained as the Property Strategy is completed over the next 1-3 financial years, while the cash balance gradually falls and that the ESFA financial health grading will fluctuate.

The Property Strategy was agreed by the Board because the Adult Education Centre’s main building is approaching the end (July 2022) of a long lease that has been on beneficial terms for many years. The landlord has indicated that if it were to offer a new lease it would be at a considerably higher rent. After careful consideration of the risks and opportunities, the Board adopted a strategy that, when implemented, will help provide for a financially sustainable future for the Settlement as a whole.

As part of this strategy the Board took the decision to sell the freehold property at 10 Great Turnstile and to lease it back for a period to coincide with the termination of the lease on 42 Queen Square. This sale was completed during 2017-18, and the proceeds of the sale were put towards the purchase of a new building, Queensway House in the London Borough of Stratford which completed in July 2018. A fundraising plan, together with a portion of the existing reserves, will enable the redevelopment and refurbishment of this building, for which planning permission was granted in December 2021 and for which some aspects of preliminary development have commenced. The expectation that most of the Settlement’s service offering will operate from Queensway House from January 2023. The premises at 1 Rushworth Street will be retained, enabling the Settlement to operate from two permanent sites in two London boroughs.

In the short to medium term, the implementation of the Property Strategy will continue to put pressure on operating surpluses and cash balances and, in turn, on the ESFA financial health grade, with the achievement of a consistent “Good” or better financial health grading unlikely until the completion of the Property Strategy.

Based on our forecasts the “Good” financial health grading achieved in recent years was always expected to fluctuate during the execution of the Property Strategy, and consequently, given the challenges faced over 2020-21, the “Good” outcome reported for the period is seen as a positive result.

STUDENT NUMBERS

The Centre is funded according to the levels of activity that it generates. In 2020-21, the Centre generated a funding value of £2,287,000 (2019-20: £2,257,000). The total number of students enrolled onto courses was 2,181, compared with 4,154 for 2019-20. Student retention was 95% for 20-21 compared with 90% for 2019-20.

STUDENT ACHIEVEMENTS

In 2020-21 there were 392 examination entries of which 351 were successful (2019-20: 408 and 353 respectively). Overall success is 96% (2019-20: 94%). Student achievement in non-accredited courses is 92% (2019-20: 86%), which is assessed using the Recognising and Rewarding Progress and Achievement (RARPA) strategy.

**MARY WARD SETTLEMENT
REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 JULY 2021**

CURRICULUM DEVELOPMENTS

Curriculum planning at the Centre combines a needs analysis of local communities with a broader perspective of its contribution to adult education across London. The Centre has been effective in reviewing and realigning its curriculum to meet changing priorities and funding constraints, whilst retaining the distinctive characteristics of the curriculum and patterns of learning. In 2020-21 the Centre continued to offer courses within the curriculum financed entirely from student fees and successfully ran such courses across the curriculum. In response to the Covid-19 pandemic, the Centre's strategy was to change the mix and balance of the curriculum, maximising both the amount of fully funded and paid-for provision that could be delivered within the constraints of space and cost of resourcing. This resulted in an increased spend per head from £104 to £116. Consequently although the number of enrolments fell to 60% of that in 2019-20, the proportion of the value of tuition fees compared to 2019-20, was 67%.

Community Outreach continue to be successful at providing courses for the over 60's and hard to reach communities to reduce social isolation particularly during the pandemic.

Partnerships with employers continue to develop to provide bespoke training for employees and referrals from the Job Centre Plus to meet students' needs to help them get work. In Vocational and Life Skills, Level 1 and Level 2 courses continue to be offered; these offer transferrable business skills to support employability including Coaching and Mentoring and Event Management qualifications. 24+ Loan provision continues to be offered in Community Interpreting, Counselling and Art and Design. Progression routes in Community Interpreting into specialist areas have also been offered, e.g. Level 6 - Preparation for the Diploma in Public Service Interpreting; Law Option. A number of continuing professional development opportunities in Counselling and Community Interpreting are also offered to enhance student's skills.

PAYMENT PERFORMANCE

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1st 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 1st August 2020 to 31st July 2021, the Centre paid 90% of its invoices within 30 days. The Centre incurred no interest charges in respect of late payment for this period.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Since the balance sheet date of 31st July 2021, formal planning permission has been granted for the development and refurbishment of Queensway House, and a construction contract for this work, to the value of £9,569,000 with a completion date of 23rd December 2022, has been signed with Curo Construction Limited. A mortgage secured on Queensway House, for the value of £3,000,000 was agreed with Charity Bank on 21st February 2022, and will be used to finance the redevelopment.

FUTURE DEVELOPMENTS

The Strategic Plan of the Settlement includes its relocation to Queensway House, a new site in the London Borough of Newham, following the redevelopment and opening of this new site in December 2022. For the period from 1st August 2022 until December 2022 it is envisaged that the Adult Education Centre will extend its activities at 1 Rushworth Street and at a number of temporary locations in the London Borough of Newham. Once Queensway House is fully open, it is envisaged that the Settlement will be able to extend the range of its community services to the new site, operating the whole variety of the Settlement's activities in both the Boroughs of Newham and Southwark.

At a strategy day in June 2018, the following Strategic Objectives were agreed for the period 2018-23:

- To grow existing services and to extend our range of services to enhance the delivery of our Mission, in ways that are relevant now and which look to the future;

**MARY WARD SETTLEMENT
REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 JULY 2021**

FUTURE DEVELOPMENTS (CONTINUED)

- To deliver excellent services, that prioritise outcomes and impact for our users;
- To further develop an organisational structure and culture which realises the Settlement's Mission and Core Values;
- To add our expertise, encouragement and support to the efforts and achievements of people in the communities and neighbourhoods in which we are located and create opportunities for them to reach their educational, social and economic potential;
- To maintain good financial health in order to ensure the sustainable delivery of our Mission;
- To redevelop our new premises to support a sustainable future, enhance the quality of our provision and enable us to reach new audiences;
- To develop partnerships and alliances with other organisations that will improve and extend our ability to deliver our Mission and Strategic Objectives;
- To improve our public profile and develop an effective communications, PR and marketing strategy that supports the development of Blackfriars, our move east and contributes to our plans for growth.

The Settlement plans to continue to be a distinct and high quality provider of adult and continuing education, to increase its provision for students over the next 3 years and to return to an 'outstanding' financial status with the ESFA within the life of the new strategic plan.

The Settlement will continue to diversify its income streams and thereby reduce its dependency on ESFA funding, and plans to continue to work towards higher tuition fee income, without compromising access to education for those with the greatest needs. It is expected that there will be continuing development of a range of courses funded through student loans. Covid-19 continues to be a major factor in immediate plans and consequently the Adult Education Centre has focused on improving its technology including investing in staff training and resources to enable continuity of provision, both face to face and online.

ADULT EDUCATION CENTRE

The implementation of the Property Strategy is expected to see Queensway House in the London Borough of Newham being opened in December 2022. Newham was identified at an early stage of research as an area where there is underprovision of adult education and where it is thought likely that the Adult Education Centre can maximise its impact. The opening of the new site will allow for a major review of the curriculum and particular emphasis will be given to the specific needs of the community in this part of East London where the Adult Education Centre will be establishing its new base.

The Adult Education Centre will continue to manage its costs effectively, mindful that staff costs represent more than two thirds of total costs. Greater efforts will be made to make effective use of more volunteers in a more structured and better way.

The public funding environment remains challenging and there is no immediate end in sight to this. Outcomes from Area Reviews are beginning to bring substantial change to the wider FE sector although there has been no immediate impact on the Settlement.

MARY WARD LEGAL CENTRE

Looking forward the Legal Centre expects to be able to achieve the following:

- To continue to adapt its advice provision to ensure safe access during the Covid-19 crisis, including a mix of face-to-face and remote appointments, and advice via video conference;
- To continue to develop new advice provision in Southwark and Newham;
- To expand its housing advice service and recruit additional solicitors;
- To take an active role in advice networks, and work in partnership with local advice providers.
- To continue to seek new sources of income and funding to deliver specialist legal advice services including raising unrestricted income;
- To develop an online triage tool to increase the channels of access to its services.

MARY WARD SETTLEMENT

REPORT OF THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 JULY 2021

BLACKFRIARS SETTLEMENT

Looking forward the Settlement expects to be able to achieve the following, as part of the Settlement's Strategic Plan 2018-22:

- To maintain and develop the range of activities currently offered to the local community by the Settlement - primarily for the elderly and for people experiencing mental health issues
- To partner Mary Ward Adult Education Centre in hosting adult education classes at the Rushworth Street premises
- To partner Mary Ward Legal Centre in hosting Legal Advice clinics and drop-in services at the Rushworth Street premises

GOING CONCERN

As part of our redevelopment project, and in the development of our strategy for our move to Stratford the Settlement has developed detailed financial projections which include modelling the impact of Covid-19 on its plans for growth and the impact of risks and uncertainties associated with the redevelopment project. This work has supported the Board's ability to consider the financial impact of the challenges and uncertainties created by the Covid-19 pandemic, and those of the redevelopment project. As such it considers that the Settlement has adequate resources to continue in operational existence for the foreseeable future and until at least March 2023. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

RESOURCES

The Settlement has a variety of resources that it can deploy in pursuit of its strategic objectives.

Tangible resources include the freehold of Queensway House on Stratford High Street in the London Borough of Newham, the long term leasehold (995 years) of 1 Rushworth Street, and the remaining term of the lease of 42 Queen Square, the Settlement's main site for adult education.

Financial

The Settlement has £9,708,000 of net assets (2019-20: £9,451,000), having taken in to account the FRS102 pension liability of £2,591,000 (2019-20: £2,658,000). The balance owing to the Social Investment Business was £661,000 as at 31st July 2021 (2019-20: £781,000).

People

The Senior Management Team comprised five members of staff and is expected to remain at this level for the foreseeable future. The staff teams of the Adult Education Centre, the Legal Centre and Blackfriars are settled, with a low turnover. The Adult Education Centre employs a wide range of sessional tutors, many of whom have taught at Mary Ward for many years.

Reputation

The Settlement has a very well established reputation and draws students and clients from across London and beyond. The Adult Education Centre is known as 'the friendly place to learn'. It is also well known for its ability to support students with both physical and learning difficulties. The Legal Centre is well regarded in the legal community, shown by the continuing support of a number of major law firms. Blackfriars runs a wide variety of well-established clubs, activities and services for older people and for people with mental health issues and continues to be well regarded in its local community in the London Borough of Southwark.

MARY WARD SETTLEMENT REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 JULY 2021

PRINCIPAL RISKS AND UNCERTAINTIES

The Settlement 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 Settlement's assets and reputation.

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

A risk register is maintained at the Settlement level, which is reviewed regularly by the Audit and Risk Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Settlement and its subsidiaries and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. The risk register includes a separate section for each business stream and, as needed, for major projects.

Outlined below is a description of the principal risk factors that have the potential to have a significant impact on the Settlement. Not all the factors are within the Settlement's control:

- Risks in connection with the implementation of the Property Strategy
- A reduction in student numbers and / or falling average class sizes as a result of the ongoing impact of Covid-19
- Increasing mismatch between work demands and the capacity of staff to deliver
- Ability of the IT and communications infrastructure to respond to the demands placed on it

STAKEHOLDER RELATIONSHIPS

The Settlement has many stakeholders including:

- students;
- clients;
- funding bodies;
- staff;
- local employers (with specific links);
- our local authorities;
- the Mayor of London's office;
- local community and voluntary organisations; and
- other colleges, in particular other AECs.

The Settlement recognises the importance of these relationships and is active in their maintenance and development.

EQUAL OPPORTUNITIES AND EMPLOYMENT OF DISABLED PERSONS

The Settlement is committed to ensuring equality of opportunity for all who learn and work there. It respects and values positively differences in race, gender, sexual orientation, ability, class and age. It strives vigorously to remove conditions which place people at a disadvantage and it will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

A Single Equality Policy is in place and is published on the Settlement's website. The Settlement also publishes an Annual Equality Report, which includes its equality objectives. This ensures compliance with all of the relevant legislation, including the Equality Act 2010. The Settlement also undertakes equality impact assessments on policies and procedures as appropriate.

**MARY WARD SETTLEMENT
REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 JULY 2021**

EQUAL OPPORTUNITIES AND EMPLOYMENT OF DISABLED PERSONS (CONTINUED)

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

DISABILITY STATEMENT

The Settlement seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Educational Needs and Disability Acts 2001 and 2005 and the Equality Act of 2010 by:

- having a management structure bringing together the support for learners with disabilities and learning difficulties and the provision of additional learning support;
- the use of 10 Great Turnstile to provide 100% level access to all areas and a wheelchair lift at the front entrance;
- the supply of specialist equipment for use by students with disabilities;
- the continuing investment in resources to support students with learning difficulties and/or disabilities; and
- the continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

In 2020-21 20% (19-20: 20.5%) of the student body declared a disability or learning difficulty. This remains high in comparison with adult and further education colleges in general which is between 14% and 15%.

FUNDRAISING

The Settlement aims to achieve best practice in the way in which it communicates with donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters. It applies best practice to protect supporters' data and never sells or shares data, and ensures that communication preferences can be changed at any time. The Settlement manages its own fundraising activities and, during the period under review, has employed the services of a professional fundraising organisation who have made one of their employees available to provide hands-on expertise and operational input. The Settlement undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service.

During 2020-21, the Settlement received no complaints about its fundraising activities.

TRADE UNION FACILITY TIME

There were no employees who were relevant union officials during the period, so there was no time or percentage of the pay bill spent on facility time. There were no paid trade union activities during the year.

DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the members of the Board on 26th March 2022 and signed on their behalf by:



Christine Cryne
Chair

MARY WARD SETTLEMENT

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

FOR THE YEAR ENDED 31 JULY 2021

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the Annual Report and Financial Statements of the Settlement to obtain a better understanding of its governance and legal structure. The statement covers the period from 1st August 2020 to 31st July 2021 and up to the date of the approval of the Annual Report and Financial Statements.

The Settlement endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges; and
- having due regard to the UK Corporate Governance Code (“the Code”) insofar as it is applicable to its operational activities.

The Settlement is committed to exhibiting best practice in all aspects of corporate governance and, in particular, the Board has adopted and complied with the Code of Good Governance. The Board has not adopted, and therefore does 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.

In the opinion of the Board, the Settlement complies with all the provisions of the Code of Good Governance, and it has complied throughout the year ended 31st July 2020. The Board recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The Settlement is a registered charity. The trustees confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these Financial Statements.

THE BOARD

The members of the Board, or on the Boards of its subsidiaries, who served during the year and up to the date of signature of this report are as listed in the following table:

Member	Date of appointment	Term of office	Date of leaving	Elected trustees	Position and Committees served
Ms F Bates	March 2015 reappointed June 2019	4 years	July 2021		Chair of Trustees; Governance and Nominations (Chair); Remuneration (Chair)
Mr M Bassett	December 2020	4 years	December 2021		
Ms R Brain***	October 2019	4 years			
Ms N Cartner	June 2017	4 years			Governance and Nominations; Quality Improvement Group (Chair)
Mr G Collins	May 2018	4 years			Audit & Risk
Mr J Collins	December 2020	4 years			
Ms C Cryne	May 2021	4 years			Chair of Trustees; Governance and Nominations (Chair); Remuneration (Chair)
Mr G Darby**	May 2018	3 years		Tutor	Quality Improvement Group
Ms K Duong	May 2018	4 years			Treasurer; Audit & Risk; Finance (Chair); Remuneration; Governance and Nominations

MARY WARD SETTLEMENT
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2021

THE BOARD (continued)

Member	Date of appointment	Term of office	Date of leaving	Elected trustees	Position and Committees served
Mr J Edwards*	July 2013 reappointed May 2018	4 years	October 2021		Finance (Chair); Governance and Nominations; Remuneration
Mr A Hill**	March 2015 reappointed May 2018 extended to June 2022	3 years		Staff	Quality Improvement Group
Mr F Martins	September 2020	4 years			Governance and Nominations
Ms B Montoya	June 2017 extended to June 2022	4 years			Governance and Nominations
Mr R Nadarajan	July 2013 reappointed May 2018	4 years	July 2021		
Mr P Nichols* ⁽¹⁾	December 2021	4 years			
Ms P Nicholson**	November 2019	3 years		Student	Finance
Mr A Peck	March 2014 reappointed May 2018	4 years			Audit and Risk (Chair); Governance and Nominations; Remuneration
Ms S Selzer	September 2020	4 years			
Ms P Snow**	June 2019	3 years	September 2021	Student	
Ms S Todd	September 2020	4 years			
Baroness M Wheeler	May 2018	4 years	December 2020		Vice Chair
Ms A Williams**	February 2011 reappointed March 2014	4 years extended to October 2020	October 2020		Vice Chair Governance and Nominations Quality Improvement Group
Ms E Wyatt*	Oct 2016 reappointed June 2021	4 years			Finance
Ms B Campbell acts as Clerk to the Board					

* Trustees of MWLC only

** Trustees of MWS only

*** Trustees of Blackfriars Settlement only

⁽¹⁾ Paul Nichols was appointed in April 2020 as a co-opted trustee of Mary Ward Settlement, and served in this capacity until his formal appointment as a trustee to the board of Mary Ward Legal Centre in December 2021

In addition to the Board, other people who served on committees during the year and up to the date of signature of this report were as listed in the following table:

Member	Date of Appointment	Date of resignation	Status of appointment	Committees served
Ms F Stormer	February 2019		External representative	Audit & Risk

MARY WARD SETTLEMENT
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2021

THE BOARD (CONTINUED)

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

The Board is provided with regular and timely information on the overall financial performance of the Settlement 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 conducts some of its business through a number of committees. Each committee has terms of reference which have been approved by the Board. These committees are Governance and Nominations, Remuneration, Finance and Audit and Risk.

Full minutes of all meetings except those deemed to be confidential are available from the Clerk at the address below.

ATTENDANCE

The table below summarises the attendance at Board and sub-committee meetings for the year to 31st July 2021. For trustees of subsidiary company boards, the number of meetings refers only to those meetings of the subsidiary represent.

Member	Board	Strategy days	Governance and Nominations	Finance	Audit and Risk
Ms F Bates	5 of 5	2 of 2	0 of 1	1 of 2	0 of 2
Mr M Bassett	2 of 4	0 of 2			
Ms R Brain	3 of 6	2 of 2			
Ms N Cartner	5 of 6	1 of 2	1 of 1		
Mr G Collins	6 of 6	2 of 2			4 of 4
Mr J Collins	4 of 5	2 of 2	1 of 1		
Ms C Cryne	1 of 2	1 of 1			
Mr G Darby	6 of 6	0 of 2			
Ms K Duong	5 of 6	2 of 2	1 of 1	4 of 4	4 of 4
Mr J Edwards	5 of 6	1 of 2		4 of 4	
Mr A Hill	4 of 6	1 of 2			
Mr F Martins	5 of 6	2 of 2	1 of 1		
Ms B Montoya	5 of 6	2 of 2	1 of 1		
Mr R Nadarajan	4 of 6	0 of 2			
Mr P Nichols	5 of 6	1 of 2		4 of 4	
Ms P Nicholson	6 of 6	2 of 2		4 of 4	
Mr A Peck	5 of 6	2 of 2	1 of 1		4 of 4
Ms S Selzer	5 of 5	2 of 2			
Ms P Snow	4 of 6	1 of 2			
Ms S Todd	5 of 5	2 of 2			
Baroness M Wheeler	0 of 2				
Ms A Williams	1 of 1		1 of 1		
Ms E Wyatt	5 of 6	2 of 2		4 of 4	
Ms F Stormer					4 of 4

The Remuneration Committee and the Quality Improvement Group did not meet formally during 2020-21.

**MARY WARD SETTLEMENT
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2021**

ATTENDANCE (CONTINUED)

Property - overseeing the sale of 10 Great Turnstile and the purchase of Queensway House
Marketing and Communications - reviewing the marketing and communications strategy
Friends and Alumni - overseeing relationships with friends and alumni
Rewrite Mission - tasked with reviewing and updating the Centre's mission ahead of developing the next phase of the Centre's strategic plan

The above working groups were not operated as formal committees with registers of attendance, nor were they formally clerked. However all significant discussions were reported back to the full Board, and a record of any decisions taken by the Board was formally noted as part of the full board minutes.

The Clerk maintains a register of financial and personal interests of the members of the Board. The register is available from the Clerk at the address below:

Mary Ward Settlement
42 Queen Square
London
WC1H 3AQ

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

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

The Board has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Board 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 the Warden, the Accounting Officer, are separate.

APPOINTMENTS TO THE BOARD

With the exception of ex-officio appointments, members of the Board hold office for a period of four years (increased from three years by special resolution at the AGM in March 2016). Elected trustees currently on the Board will serve the term to which they were elected. Appointed members may be re-appointed for a second term of four years on the recommendation of the Governance and Nominations Committee. Third and further terms of four years may exceptionally be approved by the board on recommendation of the Governance and Nominations Committee if it is considered that this would produce a better balance of knowledge, skills, commitment and experience amongst the members.

Student and staff members of the Board are eligible to stand for re-election at the end of their term. Staff members are not eligible to serve as members if they cease to be a member of staff of the Settlement. Student members may continue to the end of their elected term of office even if they cease to be students of the Adult Education Centre during their term.

The Board is responsible for ensuring that appropriate training is provided as required.

MARY WARD SETTLEMENT
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2021

BOARD PERFORMANCE

A review of the performance of individual trustees, including the Chair, took place during the year. Individual performance appraisals are also scheduled for 2021-22 and it is proposed that an overall self-assessment of the Board's performance should be derived from these.

REMUNERATION COMMITTEE

The membership of the Remuneration Committee is entirely ex-officio and comprises five members made up of the Chair, the Treasurer, and the chairs of the other committees. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Warden and other senior post-holders, and to oversee staff terms and conditions including annual cost of living increases.

Details of remuneration for the year ended 31st July 2021 are set out in note 11 to the Financial Statements.

THE GOVERNANCE AND NOMINATIONS COMMITTEE

The Governance and Nominations Committee comprises four members. The Committee is responsible for advising the Board on the composition, balance and appointment of the Board and its committees. It also ensures that members undergo a regular skills audit and that an annual assessment of training needs takes place.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee comprises up to five members. No member of staff is permitted to serve on the Audit and Risk Committee. The Committee operates in accordance with written terms of reference approved by the Board.

The Audit and Risk Committee provides a forum for reporting by the Settlement's internal and financial statements auditors, who have access to the committee for independent discussion, without the presence of Settlement management.

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

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

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

THE FINANCE COMMITTEE

The Finance Committee comprises up to five members. The Committee is responsible for advising the Board on all strategic finance related matters.

INTERNAL CONTROL

SCOPE OF RESPONSIBILITY OF INTERNAL CONTROL

The Board is ultimately responsible for the Settlement'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.

MARY WARD SETTLEMENT
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2021

INTERNAL CONTROL (CONTINUED)

SCOPE OF RESPONSIBILITY OF INTERNAL CONTROL (CONTINUED)

The Board has delegated the day to day responsibility to the Warden, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Settlement's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the Adult Education Centre and the Education and Skills Funding Agency. She is also responsible for reporting to the Board 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 Settlement 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 at the Settlement for the year ended 31st July 2021 and up to the date of approval of the Annual Report and Financial Statements.

CAPACITY TO HANDLE RISK

The Board has reviewed the key risks to which the Settlement is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Settlement's significant risks that has been in place for the year ended 31st July 2021 and up to the date of approval of the Annual Report and Financial Statements. This process is regularly reviewed by the Board.

THE RISK AND CONTROL FRAMEWORK

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

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

The Settlement 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 Settlement 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 Settlement's governing body on the recommendation of the Audit and Risk Committee. At least annually, the internal audit service provides the governing body with a report on internal audit activity in the Settlement. The report includes the internal audit service's independent opinion on the adequacy and effectiveness of the Settlement's system of risk management, controls and governance processes.

MARY WARD SETTLEMENT
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2021

THE REVIEW OF EFFECTIVENESS

As Accounting Officer, the Warden 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 Settlement who have the responsibility for the development and maintenance of the internal control framework; and
- comments made by the Settlement's Financial Statements auditors and the Regularity auditors in their management letters and other reports.

The Warden 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 Risk Committee which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team and the Audit and Risk Committee also receive regular reports from the internal auditor and other sources of assurance, which include recommendations for improvement. The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Committee's agenda includes a regular item for consideration of risk and control and it receives reports thereon from the Senior Management Team. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2021 meeting the Audit and Risk Committee carried out the annual assessment for the year ended 31st July 2021 by considering documentation from the Senior Management Team and internal audit service, as well as reviewing events since the year end.

Based on the advice of the Audit and Risk Committee and the Warden, the Board is of the opinion that the Settlement 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

As part of the Settlement's redevelopment project and in the development of the strategy for its move to Stratford the Settlement has developed detailed financial projections which include modelling the impact of Covid-19 on its plans for growth, and the impact of risks and uncertainties associated with the redevelopment project. This work has supported the Board's ability to consider the financial impact of the challenges and uncertainties created by the Covid-19 pandemic and those of the redevelopment project. As such it considers that the Settlement has adequate resources to continue in operational existence for the foreseeable future and until at least March 2023. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Board on 26th March 2022 and signed on their behalf by



Christine Cryne
Chair



Suzanna Jackson
Accounting Officer

MARY WARD SETTLEMENT
STATEMENT OF RESPONSIBILITIES OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 JULY 2021

The trustees (who are also directors of the Settlement for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Settlement and of the income and expenditure of the Settlement for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Settlement will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Settlement and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Settlement and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the Settlement's auditor is unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the Settlement's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Settlement's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board on 26th March 2022



Christine Cryne
Chair

Opinion

We have audited the financial statements of Mary Ward Settlement and its subsidiaries (the 'group') for the year ended 31 July 2021 which comprise the group Statement of Comprehensive Income, the group Statement of Changes in Reserves, the group and company Balance Sheets, the group 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 settlement and the group's affairs as at 31 July 2021 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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. 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 trustees' 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 group'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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

Other information (continued)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the group'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 trustees either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of 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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011), those that relate to data protection (General Data Protection Regulation), safeguarding, employment and health and safety, and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- used data analytics to investigate the rationale behind any significant or unusual transactions;
- tested authorisation controls on expenditure items, ensuring all expenditure was approved in line with the group's financial procedures; and
- performed substantive testing on grant income to ensure the income recognised complied with the funding agreements.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and

Auditor's responsibilities for the audit of financial statements (continued)

- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 this report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters that 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 charity and the charity's trustees as a body, for our audit work, or the opinions we have formed.

Buzzacott LLP

1 April 2022

Catherine Biscoe (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

MARY WARD SETTLEMENT
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021

		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Notes	Funds	Funds	2021	Funds	Funds	2020
INCOME		£'000	£'000	£'000	£'000	£'000	£'000
Donations and fundraising	2	427	-	427	396	67	463
Income for generating funds	3	367	-	367	300	-	300
<i>Income from charitable activities:</i>							
Adult education	4	3,040	24	3,064	3,282	63	3,345
Community services	5	-	223	223	-	228	228
Legal services	5	203	894	1,097	15	811	826
Investment income	6	5	-	5	11	-	11
Other Income - CJRS grant	7	130	-	130	260	-	260
Total income		4,172	1,141	5,313	4,264	1,169	5,433
EXPENDITURE							
<i>Cost of raising funds:</i>							
Generating donations and grants	8	54	-	54	58	-	58
<i>Expenditure on charitable activities:</i>							
Adult education		3,398	-	3,398	3,839	24	3,863
Community services		-	646	646	-	702	702
Legal services		-	1,219	1,219	-	1,175	1,175
Total expenditure	9/10	3,452	1,865	5,317	3,897	1,901	5,798
Surplus / (deficit) before other gains/losses		720	(724)	(4)	367	(732)	(365)
Gain on investments		4	-	4	2	-	2
Surplus / (Deficit) before tax		724	(724)	-	369	(732)	(363)
Taxation		-	-	-	-	-	-
Surplus / (Deficit) for the year		724	(724)	-	369	(732)	(363)
Actuarial gain / (loss) in respect of pension schemes	26	257	-	257	-	(839)	(839)
Transfers between funds		(724)	724	-	(1,492)	1,492	-
Total Comprehensive Income for the year		257	-	257	(1,123)	(79)	(1,202)

MARY WARD SETTLEMENT
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000
Represented by:						
Restricted comprehensive income	-	-	-	-	(79)	(79)
Unrestricted comprehensive income	257	-	257	(1,123)	-	(1,123)
	<u>257</u>	<u>-</u>	<u>257</u>	<u>(1,123)</u>	<u>(79)</u>	<u>(1,202)</u>

In 2020-21, £894,000 of income and £1,219,000 expenditure from legal services was restricted; all other income and expenditure was unrestricted (2019-20: £811,000 of income and £1,175,000 expenditure was restricted). In 2020-21 £24,000 (2019-20: £63,000) adult education income, £nil (2019-20: £67,000) donations and fundraising income and £223,000 (2019-20: £236,000) community services income was restricted. £nil (2019-20: £24,000) adult education expenditure and £646,000 (2019-20: £702,000) community services expenditure, before other gains and losses, was restricted. All other income and expenditure was unrestricted.

MARY WARD SETTLEMENT
CONSOLIDATED AND CENTRE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021 Group £'000	2021 Centre £'000	2020 Group £'000	2020 Centre £'000
INCOME					
Funding body grants	4	2,497	2,497	2,431	2,431
Tuition fees and education contracts	4	567	543	914	906
Other income from charitable activities	5	1,320	-	1,054	-
Other income - rent receivable	3	367	208	300	120
Investment income	6	5	2	11	10
Donations and fundraising	2	427	104	463	113
Other income - CJRS grant		130	62	260	191
Total income		5,313	3,416	5,433	3,771
EXPENDITURE					
Staff costs	12	3,549	2,175	4,170	2,817
Other operating expenses	11	1,475	1,113	1,334	1,068
Depreciation	14	219	141	220	141
Interest and other finance costs	13	74	66	74	66
Total expenditure		5,317	3,495	5,798	4,092
(Deficit) before other gains and losses		(4)	(79)	(365)	(321)
Gain on investments		4	-	2	-
(Deficit) before tax		-	(79)	(363)	(321)
Taxation		-	-	-	-
(Deficit) for the year		-	(79)	(363)	(321)
Actuarial gain /(loss) in respect of pension schemes	26	257	257	(839)	(839)
Total Comprehensive Income for the year		257	178	(1,202)	(1,160)
Represented by:					
Restricted comprehensive income		-	-	(79)	5
Unrestricted comprehensive income		257	178	(1,123)	(1,165)
		257	178	(1,202)	(1,160)

MARY WARD SETTLEMENT
CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 JULY 2021


	Group Income and expenditure account £'000	Centre Income and expenditure account £'000
Balance as at 1st August 2019, as restated	10,653	7,643
Deficit from the income and expenditure account	(363)	(321)
Other comprehensive income	(839)	(839)
Total comprehensive income for the year	<u>(1,202)</u>	<u>(1,160)</u>
 Balance as at 31st July 2020	 9,451	 6,483
(Deficit) from the income and expenditure account	-	(79)
Other comprehensive income	257	257
Total comprehensive income for the year	<u>257</u>	<u>178</u>
 Balance as at 31st July 2021	 <u>9,708</u>	 <u>6,661</u>

MARY WARD SETTLEMENT
CONSOLIDATED AND CENTRE BALANCE SHEET
AS AT 31 JULY 2021

	Notes	2021 Group £'000	2021 Centre £'000	2020 Group £'000	2020 Centre £'000
Non current assets					
Tangible fixed assets	14	13,372	10,452	12,029	9,031
Investments	15	31	-	27	-
		<u>13,403</u>	<u>10,452</u>	<u>12,056</u>	<u>9,031</u>
Current assets					
Work in Progress		178	-	122	-
Trade and other receivables	16	678	542	1,112	1,073
Cash and cash equivalents	21	<u>2,496</u>	<u>2,331</u>	<u>1,723</u>	<u>1,468</u>
		<u>3,352</u>	<u>2,873</u>	<u>2,957</u>	<u>2,541</u>
Less: Creditors - amounts falling due within one year	17	(1,456)	(1,169)	(1,285)	(931)
Net current assets		<u>1,896</u>	<u>1,704</u>	<u>1,672</u>	<u>1,610</u>
Total assets less current liabilities		15,299	12,156	13,728	10,641
Creditors - amounts falling due after more than one year	18	(3,000)	(2,904)	(1,619)	(1,500)
Provisions					
Defined benefit obligations	20/26	(2,591)	(2,591)	(2,658)	(2,658)
Total net assets		<u>9,708</u>	<u>6,661</u>	<u>9,451</u>	<u>6,483</u>
Restricted reserves					
Income and expenditure account					
Other Restricted Reserves		9	9	11	9
Unrestricted reserves					
Income and expenditure account		3,422	3,300	2,387	3,237
Other Unrestricted Reserves		3,352	3,352	4,068	3,237
Designated Reserves:					
Fixed Asset Reserve		<u>2,925</u>		<u>2,985</u>	-
Total reserves		<u>9,708</u>	<u>6,661</u>	<u>9,451</u>	<u>6,483</u>

The Financial Statements on pages 34 to 66 were approved and authorised for issue by the Board on 26th March 2022 and signed on its behalf on that date by:


Christine Cryne
Chair


Suzanna Jackson
Accounting Officer

MARY WARD SETTLEMENT
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2021

		2021	2020
	Notes	£'000	£'000
Cash flow from operating activities			
(Deficit) for the year		-	(363)
Adjustment for non-cash items			
Depreciation	14	219	220
Provision of deferred income		1,762	353
Release of deferred gain		(272)	(272)
(Increase) in work in progress		(56)	(14)
Decrease / (increase) in debtors	16	434	(555)
Increase in creditors due within one year	17	178	77
Increase in creditors due after one year	18	-	279
Pension costs less contributions payable (including administration cost)	26	190	145
Adjustment for investing activities			
Investment income	6	(5)	(11)
Interest payable	13	38	40
(Gains) on investments		(4)	(2)
Net cash flow from operating activities		<u>2,484</u>	<u>(103)</u>
Cash flows from investing activities			
Investment income	6	5	11
Payments made to acquire fixed assets	14	<u>(1,562)</u>	<u>(1,022)</u>
		<u>(1,557)</u>	<u>(1,011)</u>
Cash flows from financing activities			
Interest paid		(38)	(40)
Repayments of amounts borrowed		<u>(116)</u>	<u>(81)</u>
		<u>(154)</u>	<u>(121)</u>
Increase / (Decrease) in cash and cash equivalents in the year		<u>773</u>	<u>(1,235)</u>
Cash and cash equivalents at the beginning of the year		1,723	2,958
Cash and cash equivalents at the end of the year		2,496	1,723

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

1 ACCOUNTING POLICIES

Statement of accounting policies and estimation techniques

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

Basis of preparation

These Financial Statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2020 to 2021* and in accordance with Financial Reporting Standard 102 - “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102)*”. The Settlement is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

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

The Financial Statements are presented in sterling and are rounded to the nearest thousand.

Basis of accounting

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

Basis of consolidation

The consolidated Financial Statements include the Adult Education Centre and its subsidiaries, the Legal Centre, and Blackfriars, both controlled by the Settlement. Control is achieved where the Settlement has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Going concern

The activities of the Settlement, together with the factors likely to affect its future development and performance are set out in the Report of the Board of Trustees. The financial position of the Settlement, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

As part of our redevelopment project and in the development of our strategy for our move to Stratford we have developed detailed financial projections which include modelling the potential impact of COVID 19 on our plans for growth and the impact of risks and uncertainties associated with the redevelopment project. This work has supported the Board’s ability to consider the financial impact of the challenges and uncertainties created by the Covid-19 pandemic and those of the redevelopment project. As such it considers that the Settlement has adequate resources to continue in operational existence for the foreseeable future and until at least 31 March 2023. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Recognition of income

Income is recognised in the period in which the Settlement has entitlement to the income and the amount can be measured reliably and it is probable that the income will be received. Income is deferred only when the Settlement has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

Revenue funding

Government revenue grants, including funding body recurrent grants and other grants, are accounted for under the accrual model as permitted by FRS102. 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 or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end, and the results of any funding audits.

Donations and grants are recognised when the Settlement has confirmation of both the amount and settlement date. In the event of donations and grants pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation or grant is subject to conditions that require a level of performance before the Settlement is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Settlement and it is probable that those conditions will be fulfilled in the reporting period.

Fee and contractual income represent the amounts receivable for the services provided to clients, excluding value added tax, under contractual obligations which are performed gradually over time. Incomplete contracts at the balance sheet date are accounted for by reference to the fair value of the work performed and amounts due but not received at the balance sheet date are described in the Financial Statements as contractual income debtors.

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method permitted by FRS102. Other non-governmental, capital grants are recognised in income when the Settlement is entitled to the funds, subject to any performance related conditions being 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 and includes all fees payable by students or their sponsors, for example the National Health Service.

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.

Rental income is stated gross of any expenditure and is recognised in the period for which it is payable.

Other income

Other sundry income is recognised to the extent that it is probable that the economic benefits will flow to the Settlement and the revenue can be measured reliably. It is measured at fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

Agency arrangements

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

Accounting for post-employment benefits

Post-employment benefits to employees of the Settlement are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are contracted out of the State Second Pension (for men born on or before 6th April 1951 and women born on or before 6th April 1953).

Teachers' Pension Scheme

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 Settlement 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 scheme and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The London Pension Fund Authority

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 liability. 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 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 the Statement of Comprehensive Income.

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 Settlement. Any unused benefits are accrued and measured as the additional amount the Settlement expects to pay as a result of the unused entitlement.

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

Non-current assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful economic life of 40 years.

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

The Settlement has a policy of depreciating major adaptations to freehold buildings over the period of their useful economic life of 40 years. Leasehold buildings are amortised over the term of the lease as are major adaptations to leasehold buildings.

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

A review of 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 Settlement followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluation 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 Settlement, in which case it is capitalised and depreciated on the relevant basis.

Equipment

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

All equipment, including fixtures and fittings, is depreciated over 5 years on a straight line basis.

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.

The Settlement has 2 years remaining on an operating lease, until July 2022, with Meraki Holdings on the property occupied by the Legal Centre at 10 Great Turnstile. The amount payable by the Settlement under the lease (exclusive of rates and service charge) is £425,000 per annum.

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

Investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in the Statement of Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

Cash and cash equivalents

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

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

Financial liabilities and equities

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 Settlement are classified as basic financial instruments in accordance with FRS102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS102 requires that basic financial instruments are subsequently measured at amortised cost, however the Settlement has calculated that the difference between historical cost and amortised cost basis is not material and so these financial instruments are stated on the Balance Sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Taxation

The Settlement 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 Settlement is potentially exempt from taxation in respect of income and 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 Settlement is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions and contingent liabilities

Provisions are recognised when the Settlement, or one of its subsidiaries, 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 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 that it arises.

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

Provisions and contingent liabilities (continued)

A contingent liability arises from a past event that gives the Settlement 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 Settlement. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in the Notes to the Financial Statements.

Judgements in applying accounting policies and key sources of estimation of uncertainty

In preparing these Financial Statements, management have made the following judgements:

- To determine whether leases entered into by the Settlement, 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.
- To determine whether there are indicators of impairment of the Settlement's tangible assets. Factors taken in to 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 the projected disposal values.

- Local Government Pension Scheme

The present value of the LGPS 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 25, 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 31st March 2016, has been used by the actuary in valuing the pension liability at 31st July 2010. Any difference between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- Sale and Leaseback

The Settlement sold a property in 2017-18 under a sale and leaseback agreement. The sale price was above fair value and so the excess over fair value has been treated as a gain deferred over the life of the lease. Fair value has been determined by the trustees, taking into account an independent professional valuation report from its property advisers, Gryphon Property Partners, and adjusting the value shown in the report based on current market rental values and the future use of the property.

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

Judgements in applying accounting policies and key sources of estimation of uncertainty (continued)

- Sale and Leaseback (continued)

The amortisation of the deferred gain over the life of the lease is being charged on a straight line basis to rental expenditure. No legal right to set off exists, as would normally be required for this treatment under FRS102, but the trustees believe that one of the purposes of the agreement is to give rise to a gain that partly represents the rent to be paid over the term of the lease. It is therefore considered true and fair to set off the gain against the rent.

- Gifts in Kind

Donated professional services are recognised as income when the Settlement has control over them, any conditions associated with the donated service having been met, the receipt of economic benefit from the use by the Settlement of the item is probable and that the economic benefit can be measured reliably. In accordance with the FE/HE SORP (FRS102), the time of general volunteers is not recognised.

On receipt, donated professional services are recognised on the basis of the value of the gift to the Settlement which is the amount that the Settlement would have been willing to pay to obtain those services on the open market; a corresponding amount is then recognised in expenditure in the same period as the receipt.

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

2 DONATIONS AND FUNDRAISING

	2021 Group	2021 Centre	2020 Group	2020 Centre
	£'000	£'000	£'000	£'000
Income from general fundraising and donations	186	52	274	68
Income from fund raising and donations for bursary fund	81	-	18	18
Value in kind donations	160	52	171	27
Total	427	104	463	113

3 ACTIVITIES FOR GENERATING FUNDS

	2021 Group	2021 Centre	2020 Group	2020 Centre
	£'000	£'000	£'000	£'000
Rent from group company	-	-	-	-
Rent received	367	208	300	120
Total	367	208	300	120

4A ADULT EDUCATION

	2021 Group	2021 Centre	2020 Group	2020 Centre
	£'000	£'000	£'000	£'000
Grants receivable	2,497	2,497	2,431	2,431
Tuition fees	543	543	906	906
Education contracts	24	-	8	-
Total	3,064	3,040	3,345	3,337

4B FUNDING BODY GRANTS

	Group and Centre	Group and Centre
	2021 £'000	2020 £'000
ESFA recurrent grant	2,299	2,243
ESFA non recurrent grants	166	156
Releases of deferred capital grants	32	32
Total	2,497	2,431

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

4c TUITION FEES AND EDUCATION CONTRACTS

	2021 Group £'000	2021 Centre £'000	2020 Group £'000	2020 Centre £'000
Adult education fees	409	409	764	764
Fees for FE loan supported courses	134	134	142	142
Education contracts	24	-	8	-
Total	567	543	914	906

5 OTHER INCOME FROM CHARITABLE ACTIVITIES

	2021 Group £'000	2021 Centre £'000	2020 Group £'000	2020 Centre £'000
Legal fees and disbursements	434	-	361	-
Grants receivable - Legal Centre	663	-	464	-
Total - Legal Services	1,097	-	826	-
Other Grants receivable	223	-	228	-
Total	1,320	-	1,054	-

6 INVESTMENT INCOME

	2021 Group £'000	2021 Centre £'000	2020 Group £'000	2020 Centre £'000
Bank interest received	2	2	10	10
Other investment income	3	-	1	-
Total	5	2	11	10

7 OTHER INCOME

Other income is comprised of receipts from the government's Coronavirus Job Retention Scheme.

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

8 COST OF RAISING FUNDS

	2021	2020
	Group	Group
	£'000	£'000
Adult education – staff costs	29	28
Adult education – support costs	-	-
Legal services – staff costs	12	12
Legal services – support costs	-	11
Other – staff costs	13	7
Total	54	58

9 TOTAL EXPENDITURE

	Grant funding £'000	Direct costs £'000	Support Costs £'000	Total 2021 Group £'000
Adult education	29	1,618	1,780	3,427
Legal services	12	797	422	1,231
Other	13	202	444	659
	<u>54</u>	<u>2,617</u>	<u>2,646</u>	<u>5,317</u>

	Grant funding £'000	Direct costs £'000	Support costs £'000	Total 2020 Group £'000
<i>Adult education</i>	28	1,947	1,916	3,891
<i>Legal services</i>	23	768	407	1,198
<i>Other</i>	7	226	476	709
	<u>58</u>	<u>2,941</u>	<u>2,799</u>	<u>5,798</u>

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

10 SUPPORT COSTS

	Other	Adult education	Legal services	Total 2021 Group
	£'000	£'000	£'000	£'000
Staff costs	243	902	223	1,368
Travel and subsistence	7	1	-	8
Publicity	-	30	-	30
Premises costs	92	133	120	345
Administration	10	336	68	414
Audit fee	7	35	10	52
Legal and professional fees	-	133	-	133
Bank charges	-	3	1	4
Interest payable	8	66	-	74
Amortisation and depreciation	77	141	-	218
	<u>444</u>	<u>1,780</u>	<u>422</u>	<u>2,646</u>

	Other	Adult education	Legal services	Total 2020 Group
	£'000	£'000	£'000	£'000
Staff costs	252	1,202	230	1,684
Travel and subsistence	5	1	1	7
Publicity	-	36	1	37
Premises costs	89	104	110	303
Administration	23	201	42	266
Audit fee	4	34	11	49
Legal and professional fees	16	128	11	155
Bank charges	-	3	1	4
Interest payable	8	66	-	74
Amortisation and depreciation	79	141	-	220
	<u>476</u>	<u>1,916</u>	<u>407</u>	<u>2,799</u>

Support costs include:

	2021 Group	2021 Centre	2020 Group	2020 Centre
	£'000	£'000	£'000	£'000
Auditor's remuneration:				
Financial Statements audit	41	24	38	21
Regularity audit	2	2	2	2
Internal audit	9	9	9	9
Other services	-	-	-	-

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

11 OTHER OPERATING EXPENSES

	2021 Group £'000	2021 Centre £'000	2020 Group £'000	2020 Centre £'000
Teaching costs	146	146	103	103
Non-teaching costs	784	567	723	555
Premises costs	545	400	508	410
Total	<u>1,475</u>	<u>1,113</u>	<u>1,334</u>	<u>1,068</u>

12 STAFF COSTS

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

	2021		2020	
	No.	fte	No.	fte
Adult Education Centre staff	116	46	164	61
Legal Centre staff	27	24	24	18
Blackfriars staff	16	11	15	10
	<u>159</u>	<u>80</u>	<u>203</u>	<u>89</u>

The difference between the number of teaching staff and the full-time equivalent is the large number of part-time tutors employed by the Mary Ward Adult Education Centre.

	2021		2020	
	No.	fte	No.	fte
Adult Education Centre:				
Teaching staff	80	19	124	30
Non-teaching staff	36	27	40	31
	<u>116</u>	<u>46</u>	<u>164</u>	<u>61</u>

Staff costs for the above persons

	2021 £'000	2020 £'000
Adult Education Centre staff	2,175	2,817
Legal Centre staff	958	916
Blackfriars staff	416	437
	<u>3,549</u>	<u>4,170</u>

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

12 STAFF COSTS (continued)

	2021 Group	2021 Centre	2020 Group	2020 Centre
	£'000	£'000	£'000	£'000
Wages and salaries	2,812	1,621	3,302	2,118
Social security costs	232	125	272	170
Other pension costs (including LGPS adjustments of £149,000; 2019-20 £107,000)	505	429	596	529
	<u>3,549</u>	<u>2,175</u>	<u>4,170</u>	<u>2,817</u>

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Settlement and are represented by the Senior Management Team, which comprised the Warden (who is also the Accounting Officer), the Assistant Chief Executive Officer (until his retirement on 31st March 2020), the Director of Community and Adult Education, the Director of Mary Ward Legal Centre, the Director of Blackfriars Settlement and the Director of Finance and Resources.

	2021 Group	2021 Centre	2020 Group	2020 Centre
	No.	No.	No.	No.
The number of key management personnel	<u>5</u>	<u>3</u>	<u>6</u>	<u>4</u>

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

	2021 Group	2021 Centre	2020 Group	2020 Centre
	£'000	£'000	£'000	£'000
£45,001 to £50,000 p.a.	1	-	2	1
£55,001 to £60,000 p.a.	1	-	1	-
£70,001 to £75,000 p.a.	1	1	1	1
£75,001 to £80,000 p.a.	1	1	1	1
£85,001 to £90,000 p.a.	1	1	1	1
	<u>5</u>	<u>3</u>	<u>6</u>	<u>4</u>

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

12 STAFF COSTS (continued)

Key management personal emoluments are made up as follow:

	2021 Group £'000	2021 Centre £'000	2020 Group £'000	2020 Centre £'000
Salaries	343	222	389	268
Employers National Insurance	41	27	47	33
Pension contributions	55	46	58	49
Total key management emoluments	439	295	494	350

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

	2021 Group and Centre £'000	2020 Group and Centre £'000
Salaries	85	85
	85	85
Pension contributions	11	16

Relationship of Accounting Officer pay and remuneration expressed as a multiple

	2021	2020
Accounting Officer's basic salary as a multiple of the median of all staff	3.0	2.5
Accounting Officer's total remuneration as a multiple of the median of all staff	2.9	2.6

No trustees received any payment from the Settlement, making no claims for travel and subsistence or any other expenses (2020 – none).

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

13 INTEREST AND OTHER FINANCE COSTS

	2021 Group £'000	2021 Centre £'000	2020 Group £'000	2020 Centre £'000
On bank and government agency loans	38	30	40	32
Pension finance costs (note 26)	36	36	34	34
Total	74	66	74	66

14 TANGIBLE FIXED ASSETS - THE SETTLEMENT

	Land and buildings		Equipment	Total
	Freehold	Leasehold		
	£'000	£'000	£'000	£'000
Cost				
As at 1 st August 2020	8,758	5,517	547	14,822
Additions	1,510	-	52	1,562
As at 31st July 2021	10,268	5,517	599	16,384
Depreciation				
At 1 st August 2020	-	2,306	487	2,793
Charge for the year	-	200	19	219
At 31st July 2021	-	2,506	506	3,012
Net book value as at 31st July 2021	10,268	3,011	93	13,372
<i>Net book value as at 31st July 2020</i>	<i>8,758</i>	<i>3,211</i>	<i>60</i>	<i>12,029</i>

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

14 TANGIBLE FIXED ASSETS - ADULT EDUCATION CENTRE

	Land and buildings		Equipment	Total
	Freehold	Leasehold		
	£'000	£'000	£'000	£'000
Cost				
As at 1 st August 2020	8,758	2,143	420	11,321
Additions	1,510	-	52	1,562
As at 31st July 2021	10,268	2,143	472	12,883
Depreciation				
At 1 st August 2020	-	1,877	413	2,290
Charge for the year	-	132	9	141
At 31st July 2021	-	2,009	422	2,431
Net book value as at 31st July 2021	10,268	134	50	10,452
<i>Net book value as at 31st July 2020</i>	<i>8,758</i>	<i>266</i>	<i>7</i>	<i>9,031</i>

In 2017-18 the Settlement sold a property for sale proceeds of £9,460,000, under a sale and leaseback agreement. As stated in the accounting policies, the sale price was above fair value and so the excess over fair value has been deferred over the life of the lease. Fair value has been determined by the trustees, taking into account an independent professional valuation report from Gryphon property partners, and adjusting this based on the current market rental values and the future use of the property. The total gain on the sale was £5,319,000. Of this, £4,068,000 was recognised as a gain on disposal in 2017-18, and the remaining gain of £1,081,000 was recognised as deferred income, to be released in equal amounts over the life of the lease. The amortisation of the gain credited to rental expenditure in 2020-21 was £272,000 (2019-20: £272,000).

15 INVESTMENTS

	2021 Group £'000	2021 Centre £'000	2020 Group £'000	2020 Centre £'000
Listed investments				
Market value as at 1 st August 2020	27	-	25	-
Net unrealised investment gains	4	-	2	-
		-		
Total value of portfolio as at 31st July 2021	31	-	27	-
Cost of listed investments at 31 st July 2020	3	-	3	-

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

15 INVESTMENTS (continued)

Listed investments held at 31st July 2021 comprised the following:

	2021	2020
	Group only £'000	Group only £'000
UK fixed interest		
UK equities	30	26
Unlisted investments	1	1
Total	<u>31</u>	<u>27</u>

At 31st July 2021 the Settlement held no individual holdings that were material relative to the market value of the total listed investments portfolio held at that date.

16 DEBTORS

	2021 Group £'000	2021 Centre £'000	2020 Group £'000	2020 Centre £'000
Amounts falling due within one year:				
Trade receivables	270	84	122	41
Other debtors	2	-	25	10
Amounts owed by group undertakings	-	220	-	179
VAT recoverable	39	38	14	6
Prepayments and accrued income	367	200	951	837
	<u>678</u>	<u>542</u>	<u>1,112</u>	<u>1,073</u>

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 Group £'000	2021 Centre £'000	2020 Group £'000	2020 Centre £'000
Bank loans and overdrafts	128	103	132	107
Trade payables	114	107	107	102
Bursary creditor	77	77	48	48
Other taxation and social security	125	98	72	45
Accrual for untaken annual leave	74	68	94	80
Other accruals and deferred income	641	419	528	197
Deferred income - government capital grants	32	32	32	32
Deferred income - profit on disposal of property (note 14)	265	265	272	272
Total	<u>1,456</u>	<u>1,169</u>	<u>1,285</u>	<u>931</u>

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

18 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021 Group £'000	2021 Centre £'000	2020 Group £'000	2020 Centre £'000
Bank loans	533	437	649	530
Deferred income - government capital grants	2,467	2,467	705	705
Deferred income - profit on disposal of property	-	-	265	265
Total	3,000	2,904	1,619	1,500

19 MATURITY OF DEBT

Bank loans and overdrafts are repayable as follows:

	2021 Group £'000	2021 Centre £'000	2020 Group £'000	2020 Centre £'000
In one year or less	128	103	124	99
Between two and five years	533	437	571	452
Over five years	-	-	86	86
Total	661	540	781	637

A loan to the Adult Education Centre, at 5%, repayable by instalments, falling due December 2025, is secured by a fixed charge on the freehold property.

A loan to Blackfriars at 5%, repayable by instalments, falling due December 2024, is secured by a fixed charge on the leasehold property.

20 PROVISIONS

	Defined benefit obligations £'000	Group and Centre	
		Other £'000	Total £'000
At 1 st August 2020	2,658	-	2,658
Gain in the period	(67)	-	(67)
As at 31st July 2021	2,591	-	2,591

Defined Benefit Obligations relate to the liabilities under the Settlement's membership of the Local Government Pension Scheme. Further details are given in note 26.

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

21 CASH AND CASH EQUIVALENTS

	At 1 August 2020 £'000	Group Cash flows £'000	Other changes £'000	At 31 July 2021 £'000
Cash and cash equivalents	1,723	773	-	2,496
	<u>1,723</u>	<u>773</u>	<u>-</u>	<u>2,496</u>

22 CAPITAL AND OTHER COMMITMENTS

	Group and Centre	
	2021 £'000	2020 £'000
Commitments contracted for at 31 st July	-	-

23 LEASE OBLIGATIONS

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

	2021 Group £'000	2021 Centre £'000	2020 Group £'000	2020 Centre £'000
Land and buildings				
Not later than one year	336	269	426	359
Later than one year and not later than five years	-	-	214	148
	<u>336</u>	<u>269</u>	<u>640</u>	<u>507</u>
	2021 Group £'000	2021 Centre £'000	2020 Group £'000	2020 Centre £'000
Equipment				
Not later than one year	3	-	3	-
Later than one year and not later than five years	-	-	3	-
	<u>3</u>	<u>-</u>	<u>6</u>	<u>-</u>

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

24 CONTINGENT LIABILITIES

There are no contingent liabilities.

25 EVENTS AFTER THE REPORTING PERIOD

Planning permission in respect of the development and refurbishment plan for Queensway House was granted in December 2021. Shortly after this, on 19 January 2022, a construction contract for the associated development work, was signed with Curo Construction Ltd, with a total works value of £9,569,000 excl VAT, and expected completion date of 23 December 2022.

An agreement for a commercial mortgage to the value of £3,000,000 was signed on 21 February 2022, to provide additional funding for the above project, with drawdown expected to commence in the summer of 2022. The loan is secured with a first legal charge on Queensway House and repayable over 23 years commencing February 2024 at 2.75% over base. For the first 24 months, interest only is chargeable at a rate of 3.75% over base.

26 DEFINED BENEFIT OBLIGATIONS

The Settlement's employees belong to two principal post-employment defined benefit plans: 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 the London Pensions Fund Authority. Both are multi-employer defined-benefit schemes.

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 2019 and of the LGPS 31 March 2019.

Total pension cost for the year	2021	2020
	£'000	£'000
Teachers' Pension Scheme: contributions paid	232	328
Local Government Pension Scheme:		
Contributions paid	79	88
FRS102 (s28) charge	149	107
	<hr/>	<hr/>
Charge to the Statement of Comprehensive Income	228	195
Enhanced pension charge to Statement of Comprehensive Income	-	24
	460	547
Total Pension Cost for Year within staff costs	<hr/>	<hr/>

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year. All contributions due for the year had been paid.

The employees of the Legal Centre and Blackfriars belong to defined contribution pension schemes operated by the National Employers Savings Trust (NEST) and Aviva, respectively. The costs are therefore not included above.

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1st 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 establishments of further and

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

26 DEFINED BENEFIT OBLIGATIONS (continued)

Teachers' Pension Scheme (continued)

higher education, may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1st January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

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

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases).

From 1st April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2019. The valuation report was published by the Department for Education (DfE) 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 £196 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 2018/19). The Department for Education has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020/21 academic year.

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

Scheme changes

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

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

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

26 DEFINED BENEFIT OBLIGATIONS (continued)

Scheme changes (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £232,000 (2019-20: £328,000).

FRS102 (Section 28)

Under the definitions set out in FRS102 (28.11), the TPS is a multi-employer pension plan. The Settlement is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Settlement has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Settlement has set out above the information available on the scheme and the implications for the Settlement 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 the London Pension Fund Authority. The total contribution made for the year ended 31st July 2021 was £122,000 (2019-20: £150,000), of which employer's contributions totalled £79,000 (2019-20: £112,000) and employees' contributions totalled £43,000 (2019-20: £38,000). The agreed contribution rates for future years are 14.30% for employers and range from 5.5% to 12.5% for employees, depending on salary. In addition there is an agreed, annual, contribution designed to eliminate the actual deficit.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31st March 2016 updated to 31st July 2021 by a qualified independent actuary

	At 31st July 2021	At 31st July 2020
Rate of increase in salaries	3.80%	3.25%
Rate of increase for pensions in payment / inflation	2.80%	2.25%
Discount rate for scheme liabilities	1.60%	1.35%
Inflation assumption (CPI)	2.80%	2.25%
Commutation of pensions to lump sums	50%	50%

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

26 DEFINED BENEFIT OBLIGATIONS (continued)

Principal Actuarial Assumptions (continued)

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

	At 31st July 2021	At 31st July 2020
Retiring today		
Males	20.6	21.3
Females	24.5	23.9
Retiring in 20 years		
Males	22.9	22.7
Females	25.5	25.4

Sensitivity analysis

Present value of defined benefit obligation	At 31st July 2021 £'000	At 31st July 2020 £'000
Discount rate +0.1%	6,566	6,076
Discount rate -0.1%	6,841	6,331
Mortality assumption - 1 year increase	6,988	6,410
Mortality assumption - 1 year decrease	6,430	6,001

The Settlement's share of the assets and liabilities in the plan at the Balance Sheet date and the expected rates of return were:

	Value as at 31st July 2021 £'000	Value as at 31st July 2020 £'000
Equities	2,307	1,946
Target Return Portfolio	888	806
Infrastructure	360	245
Property	343	329
Cash	213	218
Total fair value of plan assets	4,111	3,544
Weighted average expected long term rate of return	5.0%	5.0%

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

26 DEFINED BENEFIT OBLIGATIONS (continued)

The amount included in the Balance Sheet in respect of the defined benefit pension plan is as follows:

	2021	2020
	£'000	£'000
Fair value of plan assets	4,111	3,544
Present value of plan liabilities	(6,702)	(6,202)
Net pensions liability (Note 20)	(2,591)	(2,658)

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

	2021	2020
	£'000	£'000
Amounts included in staff costs		
Employer service cost (net of employee contributions)	228	219
Past service cost	-	-
Total operating charge	228	219

Amounts included in interest and other finance costs

Expected return on pension scheme assets	-	-
Interest on pension liabilities	36	34
Administrative charge	5	4
Pension finance costs	41	38

	2021	2019
	£'000	£'000

Amounts recognised in Other Comprehensive Income

Return on assets	434	111
Experience gain arising on defined benefit obligations	104	(41)
Changes in assumptions	(281)	(909)
Amounts recognised in Other Comprehensive Income	257	(839)

Movement in net defined liability during the year

	2021	2020
	£'000	£'000
Deficit in scheme at 1 st August	(2,658)	(1,674)
Movement in year:		
Employer service cost (net of employee contributions)	(228)	(219)
Employer contributions	79	112
Net interest on liabilities	(36)	(34)
Administration charge	(5)	(4)
Actuarial gain	257	(839)
Deficit in scheme at 31st July	(2,591)	(2,658)

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

26 DEFINED BENEFIT OBLIGATIONS (continued)

Asset and Liability reconciliation	2021	2020
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	6,202	5,067
Current service cost	228	219
Interest cost	84	106
Contributions by Scheme participants	43	38
Change in financial assumptions	(104)	41
Change to demographic assumptions	355	668
Estimated benefits paid	(74)	117
Curtailments and settlements	(32)	(54)
Defined benefit obligations at end of period	6,702	6,202
Changes in the fair value of plan assets		
Fair value of plan assets at start of period	3,544	3,393
Interest on plan assets	48	72
Return on plan assets	434	111
Other actuarial gains	-	124
Administration cost	(5)	(4)
Employer contributions	79	112
Contributions by Scheme participants	43	38
Benefits paid	(32)	(54)
Fair value of plan assets at end of period	4,111	3,792

Other information

Under the LPFA's credit scoring system a charge against assets enables the Settlement to be classified in the lowest risk category with the lowest contribution rates. Following the 2019 triennial valuation, the agreed employer's contribution rate was increased to 16.6% with effect from 1st April 2020 (previously 14.3% plus an annual lump sum payment of £35,692). The requirement for an annual lump sum payment was removed with effect from 1st April 2020.

MARY WARD SETTLEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

27 RELATED PARTY TRANSACTIONS

Owing to the nature of the Settlement's operations and the composition of the board being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Settlement's financial regulations and normal procurement procedures.

Other than those disclosed in note 11, there were no expenses paid to or on behalf of the trustees during the year (2019-20: £nil).

No trustee has received any remuneration or waived any payments from the Settlement, except in their capacity as a member of staff (2019-20: £nil).

28 AMOUNTS DISBURSED AS AGENT

	Group and Centre	
	2021	2020
	£'000	£'000
Funding body grants - hardship support	33	33
Funding body grants - childcare	4	4
Funding body grants - 24+ advanced learning loans	117	105
	<u>154</u>	<u>142</u>
Disbursed to students	(76)	(93)
Administration costs	(1)	(1)
Balance unspent as at 31 st July, included in creditors	<u>77</u>	<u>48</u>

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

**MARY WARD SETTLEMENT
SUMMARY OF RESULTS
FOR THE YEAR ENDED 31 JULY 2021**

This page does not form part of the audited Financial Statements

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>Total 2020 £'000</i>
Adult Education Centre	178	-	178	(1,165)	5	(1,160)
Holding Company Surplus/(Deficit)	178	-	178	(1,165)	5	(1,160)
Legal Centre	136	-	136	34	-	34
Blackfriars	(29)	-	(29)	(76)	-	(76)
Group Surplus/(Deficit)	285	-	285	(1,207)	5	(1,202)