

RICHMOND AND HILLCROFT ADULT AND COMMUNITY COLLEGE

England & Wales · Charity number 312825

Details

Other names	HILLCROFT COLLEGE (INCORPORATED), HILLCROFT COLLEGE-THE RESIDENTIAL COLLEGE FOR WORKING WOMEN (INCORPORATED), HILLCROFT COLLEGE
Status	Registered
Legal form	Charitable company
Company number	00201528
Registered	1966-08-30
Register	View on the Charity Commission register

Contact

Address	Parkshot Richmond TW9 2RE
Phone	02083992688
Website	www.rhacc.ac.uk

Activities

Objects: To provide education for the public benefit to include, without limitation: To enable adults disadvantaged by educational or social factors to progress into Higher Education, vocational training and employment. To contribute to the national development of adult education.

Activities: Hillcroft College, founded in 1920, provides outstanding educational opportunities for adult women through residential and individualised learning. Hillcroft enables women to progress in their work, community, education, business and in their personal lives. Hillcroft also develops educational services for organisations dedicated to women's advancement and provides a forum for debate.

Classification

- **How:** Provides Services
- **What:** Education/training
- **Who:** Other Defined Groups

Geography

- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2025-07-31	£10,359,000	£10,439,000	£43,148,000	316
2024-07-31	£9,914,000	£11,004,000	£43,587,000	315
2023-07-31	£9,490,000	£10,747,000	£46,006,000	303
2022-07-31	£8,335,000	£10,117,000	£46,153,000	313
2021-07-31	£2,834,000	£9,625,000	£40,156,000	443
2020-07-31	£8,867,000	£9,573,000	£39,382,000	455

Trustees

Name	Role	Appointed
Anirudh Ralli		2026-03-26
Annabel Barbara Naylor		2026-02-06
Carolyn Pepper		2025-07-15
Claire O'Donnell		2022-03-24
David Blaikley		2025-07-10
Dr Siu Wo Im		2023-10-19
Emily Frank		2025-02-28
Gabrielle Nina Flint		2017-10-01
John Martin Riglin		2022-03-24
Manoj Nanda		2025-06-16
Matthew Pope		2023-07-13
Robert Dykes		2024-07-11
Sharon Elizabeth Raj		2020-05-21
Sue Preston		2024-07-11

Accounts

**Richmond and Hillcroft
Adult and Community
College**

**Annual Report and Financial
Statements**

31 July 2025

Company Limited by Guarantee
Registration Number
00201528 (England and Wales)

Charity Registration Number
312825

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Legal and administrative information

Members of the Board (as at date of approval of the financial statements)	Sharon Raj (Chair) Gabrielle Flint (Principal) David Blaikley Claire O'Donnell Carolyn Pepper Matthew Pope Sue Preston John Riglin Dr Siu Wo Im Robert Dykes Emily Frank Manoj Nanda (Staff Governor) Graham Tharp (Staff Governor)
Principal and Accounting Officer of the College	Gabrielle Flint
Clerk to the Board	Laura Morgan
Principal and Registered office	Parkshot Richmond Surrey TW9 2RE
Company registration number	00201528 (England and Wales)
Charity registration number	312825

Key management personnel, and professional advisors

Key management personnel

Key management personnel are defined as members of the Executive Team and were represented by the following in 2024/25:

Gabrielle Flint, Principal

Haifa Abdul Amir, Vice Principal Quality & Curriculum

Neil Wallbank, Vice Principal Finance and Resources

The College's solicitors

Stone King
Bateman House
82–88 Hills Road
Cambridge
CB2 1LQ

Financial statements auditor and reporting accountants

Buzzacott Audit LLP
130 Wood Street
London
EC2V 6DL

Internal auditors

RSM Risk Assurance Services LLP
25 Farringdon Street
London
EC4A 4AB

Bankers

HSBC Plc
South West London Commercial Centre
Hampton Wick
Kingston upon Thames, Surrey

Barclays Bank plc
Level 27
1 Churchill Place
London
E14 5HP

STRATEGIC REPORT

1 Objectives and Strategy

The members of the Board (governors) present their report and the audited financial statements for Richmond and Hillcroft Adult and Community College ('the College') for the year ended 31 July 2025.

The charitable objects of the College are as follows:

"The objects for which the College is established are to provide education for the public benefit."

Legal status

Richmond and Hillcroft Adult and Community College is a company limited by guarantee (registration number 00201528) incorporated in 1924 and a registered charity (registration number 312825). It is designated for funding by the Department of Education (DfE).

1.1 Mission

The College's mission statement, as approved by the members of the Board in December 2021 is:

Enabling adults and communities to thrive through education.

1.3 Strategic plan

The Board approved the strategic plan at its meeting in December 2021.

The three key strategic goals for 2022 2025 are:

- To provide an outstanding customer experience that supports learners to achieve high standards, take pride in their achievements and enjoy learning;
- To increase our reach to enable more adults to benefit from learning; and
- To achieve the long term financial sustainability to meet adult learner needs.

We will achieve our goals through our plans to develop:

- Our People the RHACC staff team;
- Technology;
- The RHACC Estate;
- The Curriculum; and
- Partnerships

STRATEGIC REPORT (continued)

The following strategic priorities were identified in the Strategic Plan 2022 2025 for implementation during this period.

1. Our People

- We will invest in training for our sector expert staff to ensure they have the skills and knowledge to stay at the top of their game in the classroom and workplace.
- We will recruit, engage and support staff to ensure that we have a committed team of adult learning practitioners who share our values and the capacity to support growth and excellence.
- We will provide employment opportunities for those adults who face barriers to employment and who are from disadvantaged or underrepresented backgrounds.

2. Technology

- We have an ambitious digital strategy that will enable us to reach more learners online, work more efficiently and make information on learning and support more widely available.
- We will develop the same sense of safe community space in our online campus as at our two terrestrial sites.

3. Estates

- We will develop our Hillcroft site in Surbiton to provide an accessible adult learning and community hub for the Kingston upon Thames community and beyond. A safe and inclusive resource for the whole community.
- We will support informal learning and business development by making our facilities available to partners and the community within a safety framework that takes account of best practice in Safeguarding.

4. Curriculum

- We will further develop our curriculum to provide clear routes to work in Health, Care, Digital, Creative Industries and Professional Services.
- We will expand the foundation skills of English, Maths, Digital and 'soft skills' to ensure that adults and employers have the skills they need for the workplace.
- We will develop capacity building training to support the growth of small businesses and grass roots organisations with a social purpose.
- We will continue to develop the wellbeing provision required to support personal and community resilience and enable adults to stay well, independent and active in the community.
- We will further develop opportunities for people who have a disability and complex needs and those who care for them. We will use small enterprises to enable the most marginalised to take centre stage, achieve their potential and progress to work and greater independence.
- We will further develop Hillcroft Women's Education provision to ensure that it equips women with the skills to take control of their lives and achieve career and personal goals.

STRATEGIC REPORT (continued)

- We will make more modular and part time provision, guidance and support available online to widen access.
 - We will ensure that all provision is delivered as efficiently as possible to provide best value to the learner, funders and RHACC.
5. Partnerships
- We will develop partnerships with community organisations, employers, education and care providers that enable us to create accessible and direct routes to work and community engagement. This network will ensure there is no wrong door for adult learners whatever their needs and interests.
 - We will use The Bridge, coworking centre as a forum for collaboration with SMEs and tailored support for business growth.

In July 2024 the Board took the decision to sell the Hillcroft site due to the rising costs of the proposed development and the difficulties in obtaining planning permission. From July 2025 the College has ceased to offer provision from there. However, the College is still committed to developing Women's Education provision from its Richmond site.

1.4 Financial objectives

The College's financial objectives that support the strategic objective of ensuring financial sustainability are to:

- Implement a robust financial strategy over the period 2022 to 2025.
- Review and continuously monitor the cost effectiveness of provision and back office support services.
- Establish and monitor targets for contribution to central overheads from teaching departments.
- Improve the efficiency of the College in order to generate funds available for investment in the curriculum and the estate.

2. RESOURCES

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

2.1. Tangible

Tangible resources include the Parkshot site in Richmond and the Hillcroft site in Surbiton. However, a decision was made by the Board in July 2024 to sell the Hillcroft site and the College ceased to offer provision from there in July 2025. The site is currently being marketed and sale proceeds will be used to make improvements to the Parkshot site.

2.2 Financial

At 31 July 2025 the College had £43,148,000 (2023/24: £43,587,000) of net assets and no external debt. The College had a cash balance of £631,000 at 31 July 2025 (2023/24 £596,000). The balance included £200,000 repayable to the DFE in respect of an overpayment of funding made to the College in 2018.

2.3 People

During the year ended 31 July 2025 the College employed 316 people (expressed as average head count), of whom 203 were teaching staff.

STRATEGIC REPORT (continued)

2.4 Reputation

The College has a good reputation. Maintaining a quality brand and good reputation continues to be essential for the College's success in attracting students and developing external relationships. An Ofsted inspection undertaken in December 2023 rated the College as 'Good'.

3. STAKEHOLDER RELATIONSHIPS

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

- Learners;
- Education sector funding bodies;
- FE commissioner;
- Staff;
- Partner referral organisations;
- Local employers;
- GLA and other Local authorities;
- Local charities;
- Government offices;
- The local community;
- Trade Unions;
- Other FE institutions; and
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through face to face meetings, by email and letter contact, by staff newsletters, by press releases and through the College web site.

Feedback from learners is encouraged, to help the management team to judge performance and ensure areas of weakness are addressed.

3.1 Engagement with employees

The College consults with staff, providing employees with information on matters of concern to them. Key performance indicators are produced and shared with the College Management Team. Communication with staff takes a variety of forms, including open meetings on a termly basis for all staff, Staff Forum meetings, regular management meetings, and an 'all staff' email is produced weekly.

The College has adopted a Safer Recruitment and Selection Policy and Procedure that is in line with all relevant legislation. This includes a policy in respect of applications for employment from disabled persons.

STRATEGIC REPORT (continued)

With respect to finance, budget holders are consulted during the budget setting process. The consultation is undertaken by the Vice Principal Finance and Resources and the Head of Finance.

3.2 Engagement with suppliers, customers and others in a business relationship with the College

The College continues to foster good working relations with suppliers by ensuring:

- Payments are made to suppliers within required timescales;
- Where payments are delayed a dialogue is maintained with the supplier;
- Tender processes are clear and transparent; and
- Clear escalation procedures are in place in case of a dispute with the College.

3.3. Promoting the success of the College to achieve its purposes

The College has its own website, which is kept updated with the latest news and events that are taking place. Social media is also used to promote the College and its activities. The launch of a new website, originally planned for 2024/25, is now scheduled for 2025/26

4. PUBLIC BENEFIT

RHACC is a company limited by guarantee and a registered charity. The members of the Board, who are directors of the charity for the purposes of company law, are disclosed on page 1.

In setting and reviewing the College'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 College provides identifiable public benefit through the advancement of education to around 7,000 students.

The College provides courses without charge to young people and to those who are unemployed or on low income. The College also provides a number of concessions to learners. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

5. DEVELOPMENT AND PERFORMANCE

5.1 Financial results

The College incurred a deficit (deficit before other gains and losses) in the year of £80,000 (2023/24: deficit £1,090,000). This deficit is after charging depreciation of £896,000. Total Comprehensive Income for the year is a deficit of £439,000 (2023/24: deficit of £2,419,000) after capping an actuarial surplus on the pension scheme of £7,644,000 (2023/24: £4,911,000). The actual gain for the year on the pension scheme was £2,733,000 but for accounting purposes this is capped at the level which would move the fund into a surplus position. The fall in the Comprehensive Income deficit of £1,980,000 from the previous year is primarily accounted to the loss on disposal of £1,004,000 attributed to Asset under construction in 2023/2024.

STRATEGIC REPORT (continued)

Income after interest and release of capital grants increased by £428,000. This was due to increased capital grant release by £123,000, other grants by £112,000 and donations by £87,000. The College overachieved the funding allocation from the GLA, which represents additional income of £164,000. The continued move by the GLA and the DfE to include more courses in funding continues to have an impact on depressing income derived from tuition fees. Without increases in allocations the College is having to fund a greater number of learners from cash limited allocations.

The College received income from 'other income' sources of £448,000 (2023/24 £430,000). Income generation from events and hires and from joint workspace facilities has shown a 6% decrease from the previous year.

The College has total net assets of £43,148,000 (2023/24 £43,587,000), including cash balances of £631,000 (2023/24 £596,000). The Local Government Pension Fund is now in surplus by £7,644,000 but this is not recognised on the balance sheet as it is not considered to be recoverable.

At 31 July 2025, the College had accumulated reserves of £43,148,000 (2023/24 £43,587,000). The Income and Expenditure Reserve has a surplus of £37,379,000 (2023/24 £37,772,000). The College continues to operate without the requirement of any external financing.

Tangible fixed asset additions during the year amounted to £177,000. This included equipment purchased of £163,000 and additions to land and building of £14,000.

The College has significant reliance on the education sector funding bodies, the DfE and GLA, for its principal funding source of recurrent grants. In 2024/25 the DfE and GLA recurrent grants provided 60% (2023/24: 63%) of the College's total income.

The LGPS pension shows a surplus of assets over liabilities of £7,644,000 (2023/24: surplus £4,911,000). The Members of the Board have been advised that pension accounting surplus/deficits have no effect on the contribution rate, which is determined using long term funding assumptions based on the investment strategy of the pension fund, rather than solely on the yields of corporate bonds. However, in November 2024 the government made an announcement that it would guarantee a college pension deficit should a college cease to exist. It is expected that the triennial review, to be completed in late 2025 or early 2026, will account for this when establishing contribution rates for the period April 2026 – March 2029.

5.2 Cash flows and liquidity

There was an increase in cash at 31 July 2025 of £35,000 resulting from operating cash inflows of £208,000 and cash outflows from investment activities of £173,000. The College is aware of the need to maintain control of its cash resource to enable it to mitigate potential risks from falls in income and increased inflationary pressures.

STRATEGIC REPORT (continued)

In 2017/18 the DfE erroneously paid to the College £1,799,485 in respect of its AEB grant. The College made the DfE aware of the error but were assured that the payment was correct. The College accounted for the overpayment on its balance sheet as a short term creditor and did not include the amount as income. In August 2021, the DfE acknowledged its error and requested that the College repays the funding. The College accepts that the funds are due to the DfE and agreed a three year repayment schedule with the DfE commencing in March 2022 of £50,000 per month. At the end of 2023/24 there was an amount outstanding of £350,000. Three monthly payments were made in 2024/25 totalling £150,000. A repayment pause for the remaining £200,000 was agreed with the DfE, on the basis that it would be repaid from the sale proceeds of the Hillcroft site by July 2025. As the site had not been sold at July 2025 it was agreed with the DfE that repayments would recommence in August 2025 at £50,000 per month. These monthly payments have been made to schedule with the final payment due in November 2025.

5.3 Taxation

As a registered charity for the purposes of the Charities Act 2011, the College's activities do not fall to be charged to corporation tax.

5.4 Reserves

As at the balance sheet date, the Income and Expenditure Reserve is in surplus by £37,379,000 (2023/24: £37,772,000).

5.5 Streamlined Energy & Carbon Reporting

Under the Streamlined Energy and Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 the College is mandated to include energy consumption, related emissions, intensity metrics and energy efficiency improvements implemented during the financial year. The College is required to comply with these regulations as it meets two of the three criteria of a large company, as defined by the Companies Act 2006; the College employs more than 250 employees and has a balance sheet total of greater than £18 million.

This information is summarised below.

The total consumption (kWh) figures for energy supplies reportable are as follows:

Utility and Scope	2024/25 UK consumption (kWh)	2023/24 UK consumption (kWh)
Natural gas (Scope 1)	1,108,032	1,255,391
Grid supplied electricity (Scope 2)	630,003	650,988
Total	1,738,035	1,906,379

STRATEGIC REPORT (continued)

The total emissions (tCO₂e) figures for energy supplies reportable are as follows:

Utility and Scope	2024/25 UK emission (tCO ₂ e)	2023/24 UK emission (tCO ₂ e)
Natural gas (Scope 1)	202,316	229,146
Grid supplied electricity (Scope 2)	111,511	134,787
Total	313,827	363,933

An intensity metric of tCO₂e per headcount number of employees for the annual UK consumption has been calculated as follows:

	2024/25	2023/24
Total tCO ₂ e emissions	313,826	363,933
Average headcount employees for the year	316	315
Intensity metric	993	1,156

The reporting methodology is as follows: Scope 1 and Scope 2 consumption and Co₂e emissions data has been calculated in line with the 2024 UK Government environmental reporting guidance. The Emission Factor Database 2024 has been used.

The intensity metric has been calculated utilising the annualised average employee numbers for the whole College, totalling 316 employees (315 2023/24), and has been applied to all the carbon emissions reported.

The above represents a 16% decrease in consumption and emissions. The College is in the process of developing a sustainability strategy with an intended net zero target. A first step in the process has been to implement some energy saving factors such as installation of LED lighting, purchase of energy efficient computer monitors.

STRATEGIC REPORT (continued)

6. FUTURE PROSPECTS

6.1 Future developments

As noted above, at its meeting in July 2024, the Board made the decision to dispose of the Hillcroft site and consolidate provision on Richmond site. Although the Board recognises that this is not in line with the College's Strategic Plan for the development of the estate, it will assist in meeting the strategic objective of ensuring the College's financial sustainability. The College ceased to offer provision from the Hillcroft site in July 2025.

6.2 Financial Plan

The Board approved a budget in July 2025 that indicated a deficit of £436,000 and a positive EBITDA of £115,000 with a financial health grade of 'Requires Improvement'. At that time, it was recognised that further work would be required in year to improve the cash position of the College. An action plan to improve the financial position will be kept under review by the Finance & Resources Committee.

6.3 Treasury policies and objectives

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

The College has a separate treasury management policy in place.

Following the re classification of Colleges in November 2022 any borrowings will now require the approval of the Department for Education (DfE). No borrowings, either short or long term were required in the year or are anticipated in 2025/26.

6.4 Reserves

The College has no formal Reserves Policy, but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business. The Board is aware of the requirement to set and regularly review its Reserve Policy but due to the current financial constraints that it is operating under has not done so at the current time.

It is the intention of the College to increase reserves by the generation of annual operating surpluses. However, in the short term it is recognised that this will not be possible, but it still remains the medium to longer term goal. The Board members consider it of prime importance that the College is able to meet its on going commitments through its cash reserves and by the generation of annual operating surpluses to increase its ability to invest in the infrastructure.

STRATEGIC REPORT (continued)

7. PRINCIPAL RISKS AND UNCERTAINTIES

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

Based on the strategic plan, the Executive Team undertakes a comprehensive review of the risks to which the College is exposed. It identifies systems and procedures, including specific actions which should mitigate any potential impact on the College. Additional internal controls are then implemented as necessary and subsequent appraisal will review their effectiveness and progress against risk mitigation actions.

In addition to the ongoing review, the Executive Team also considers any risks which may arise as a result of a new area of work being undertaken by the College. A risk register is maintained at the College level which is reviewed each term by the Audit Committee and the Board. Each sub committee also reviews the risks associated with its own area of responsibility.

The risk register identifies the key risks, controls, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are ranked using a consistent scoring system. This is supported by a risk management communication programme to raise awareness of risk throughout the College.

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

7.1 Government funding

The College has had considerable reliance on continued funding from the GLA and the DfE. In 2024/25 the College received 60% (2023/24: 63%) of its funding from these two bodies. The GLA is the College's largest single funder. Given the current economic climate and the likelihood of reductions in public sector spending there can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of the following issues which may impact future funding:

- The move to fund more courses from funding allocations, while having a positive impact on the College's ability to achieve its funding body targets, may also have an adverse impact on tuition fee income as more learners become eligible for government funding

STRATEGIC REPORT (continued)

- The rate of inflation has stagnated there still remains uncertainty around the future economic outlook for the UK. As the government re assesses its public sector spending plans and the impact of the budget in late November 2025 is unknown there is a significant risk that inflationary pressures on both pay, and non pay costs. A 3% cut in adult funding was announced earlier in the year and has impacted on RHACC's funding allocations for 2025/26. Although additional funding for FE was announced, to supplement teacher pay awards, this was distributed through the 16-18 funding mechanism with providers such as RHACC, that receives the majority of its funding through the Adult Skills Fund, not receiving any of this increase. The impact of this is that there is a growing disparity between the salaries being offered at RHACC and those offered in GFE colleges and schools.
- Funding for adult education in London has been devolved to the GLA since 2020/21. The College will continue to work with the GLA to ensure that the impact on funding is minimised.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training.
- Funding is derived through a number of direct and indirect contractual arrangements.
- Considerable focus and investment are placed on maintaining and managing key relationships with the various funding bodies.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Developing the range of quality level 3 programmes.
- Further developing links and relationships with the local authority and community.

7.2 Income diversification

The College has been relatively successful in generating income from a number of non funding body sources. This has involved improving the utilisation of both sites by making them available for lettings and other income generating activities. The risk for the College is that the budget targets are not met.

This risk is mitigated in a number of ways:

- By ensuring that the facilities available for income generating activities are of a standard expected by paying customers.
- Close management of expenditure in relation to all income generating activities to ensure that they are self financing.
- Appropriate and relevant marketing of facilities.

7.3 Learner engagement

The Board approved a revised curriculum strategy to ensure that the course offer continues to meet both learner and community needs and enables learners from all backgrounds to progress towards their individual goals.

STRATEGIC REPORT (continued)

The risk of not achieving this objective will be mitigated in a number of ways:

- By providing the foundation skills of English, Maths, Digital and problem solving skills that enable adults to become independent learners and progress to further study.
- By Providing routes into good work and new careers.
- By improving wellbeing and developing resilience and engaging those at risk of isolation.
- By narrowing achievement gaps between the most and least advantaged residents by supporting e.g. people who have a disability and carers to learn, work and thrive.
- By supporting older residents to return to work and/or make a contribution to their community.
- By creating social capital through our employer and community partnerships in the Creative, Green, Digital and Business sectors.
- The learner groups targeted are:
 - Adults facing social marginalisation due to age, gender, disability, poor mental health or caring commitments.
 - Adults seeking wellbeing and personal development.
 - The unemployed and adults seeking career change or development.
 - Adults who lack the basic skills of English, Maths and Digital Skills
 - Businesses, particularly ones that deliver a social outcome such as Health, Care, Green or Creative and Community sectors.
- By providing financial support through bursaries to learners who are having difficulty accessing provision due to hardship.
- By providing additional learning support to learners who require help to be able to undertake programmes of study.
- By on going review of the marketing strategy of the College and how we recruit our learners.
- By continuously improving learner achievement rates and teaching quality.

7.4 Long term financial sustainability

Achieving and maintaining at least 'Good' financial health and long term financial sustainability is a priority for the College. However, the College was unable to achieve this goal in 2024/25, with reduced tuition fee income having an impact on financial performance. The College continues to operate with no external borrowings, however, it is recognised that the low level of cash reserves requires close and careful monitoring.

This risk of not achieving financial sustainability is mitigated in a number of ways:

- The implementation of a realistic financial action plan that is monitored by the Finance & Resources Committee.

STRATEGIC REPORT (continued)

- Planned deficit is manageable within the College's cash reserves.
- Efficiencies in staffing will be achieved to generate staff cost savings.
- New sources of income generation are being explored.

8. KEY PERFORMANCE INDICATORS

The College is committed to observing the importance of sector measures and indicators. The College uses key performance indicators internally as well as external measures to assess its performance. These measures include learner retention, pass and achievement (success) rates, minimum standards, financial health, delivery against funding targets and Ofsted judgements.

At the most recent inspection by Ofsted in December 2023 the College was judged as 'Good' in all areas. This was the second inspection of the College following merger in October 2017.

The College is required to complete the annual Finance Record for the DfE. The Finance Record produces a financial health grading. The grade for 2023/24 was confirmed as 'Requires Improvement' by the DfE. The financial results for 2024/25 also indicate a financial health grade of 'Requires Improvement'. It is anticipated that the College will also have a financial health grade of 'Requires Improvement' in 2025/26.

The Colleges key performance indicators are set out below.

Key Performance Indicator	Measure/Target	Actual for 2024/25
Financial Health	Good	Requires Improvement
Ofsted rating	Outstanding	Good
Student Achievement	87.3%	90.1%
Student Numbers	7,300	6,277
EBITDA as % of Income	-0.98%	0.67%

8.1 Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the year to 31 July 2025, the College paid 96% per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

9. EQUALITY DIVERSITY & INCLUSION

The College is committed to providing a positive and supportive learning and working environment for all students and staff, consistent with an ethos of respect and tolerance. The College aims to promote best practice in the advancement of equality, diversity and inclusion and to fulfil its mission in such a way that promotes equality of opportunity, embraces diversity, eliminates unlawful discrimination and addresses disadvantage.

STRATEGIC REPORT (continued)

The College is committed to eliminating discrimination and advancing equality, diversity and inclusion. The College seeks to ensure that students, staff, prospective students, visitors, governors, contractors and suppliers are treated with respect, dignity and equity regardless of their individual protected characteristics – age, disability, gender, gender reassignment, pregnancy or maternity, marriage or civil partnership status, race, religion or belief, or sexual orientation (as defined in the Equality Act 2010).

The College's Equality, Diversity and Inclusion Policy is published on the College's web site.

The College complies with its public duty under the Equality Act 2010 by having due regard when carrying out its functions. Specifically the College has:

- Considered access to the College's resources by giving assistance to applicants, staff and learners with learning disabilities or difficulties, making the appropriate reasonable adjustments where necessary.
- Maintained its disability symbol employer status year on year through demonstrating its commitment to the principles and objectives of the Disability Confident Employer standards.
- Implemented an updated Equality and Diversity training programme. Information and refresher training is carried out on an ongoing basis.
- Allocated specific resource to providing information, guidance and a range of support where necessary to learners with learning difficulties and/or disabilities. There are also a number of learning support assistants who provide a range of support for learning.
- Provided a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.
- Provided a list of specialist equipment which the College makes available for learner use and a range of assistive technology is also available in the learning centres.
- Highlighted its commitment to Equality and Diversity through staff and learner policies and information such as the Equality and Diversity policy and action plan. Specific reference to our commitment is made explicit in the staff and learner handbooks.
- Offered specialist programmes in College prospectuses.
- All staff of the College and its partners are expected to demonstrate a positive attitude towards diversity.

9.1 Disability statement

The College is a 'Disability Confident' employer and has committed to the principles and objectives of the Positive about Disabled People standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the minimum criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non disabled employees.

STRATEGIC REPORT (continued)

The College seeks to achieve the objectives set down in the Equality Act 2010 and takes appropriate account of the Special Education Needs and Disability (SEND) Code of Practice 2014 (updated in 2015) for young people up to the age of 25 years in the following ways:

- Assessing the needs of individual students declaring a disability and providing tailored support for these students.
- Providing Additional Learning Support (ALS) for students – particularly in relation to dyslexia, dyspraxia and dyscalculia.
- Developing links with specialist support agencies and organisations and signposting students to these where appropriate.

10. ENVIRONMENTAL SUSTAINABILITY

The College acknowledges the importance of being responsible, sustainable and ethical in order to meet the needs of the present, and leave a better environment for future generations. The College recognises the need to reduce pollution and conserve energy, water and other natural resources and the urgent need to conserve the limited stock of fossil fuels.

It is therefore the intention of the College to minimise the usage, the disposal and consumption of resources commensurate with the need to provide the necessary utilities and well being for all students, staff, visitors and other stakeholders and to ensure their health and safety.

Through this strategy Richmond and Hillcroft Adult and Community College aims to:

- Comply with all applicable legal requirements and other requirements to which the College subscribes;
- Put in place appropriate controls to prevent pollution;
- Reduce the College's carbon dioxide emissions;
- Encourage the adoption of sustainable travel practices by staff, students and visitors travelling to and from College;
- Reduce the environmental impact of the College through conservation of its material resources;
- Put in place measures to promote reduction, re use and recycling of waste;
- Ensure new building developments take into account sustainable construction principles;
- Take positive action to promote biodiversity on any site that the College owns or manages;
- Engage with the wider community to promote environmental best practice and seek collaborative opportunities in order to facilitate developments in this area;
- Develop an Environmental Sustainability Policy that is communicated to all students and individuals working for or on behalf of the College and to provide training and awareness for staff and students where appropriate;
- Consider sustainability in the procurement of goods and services.

STRATEGIC REPORT (continued)

11. TRADE UNION FACILITY TIME

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the college. However, the College has no recognition agreements in place with any union and therefore no disclosure is necessary.

12. GOING CONCERN

RHACC incurred an operating deficit prior to other gains/losses of £80,000 during the year (2023/24 deficit of £1,090,000).

Although the College has net assets of £43,148,000 these are primarily tied up in tangible fixed assets and therefore are not easily realisable. The College has net current liabilities of £383,000. The College's cash balance at 31 July 2025 was £631,000 which represented an in-year cash increase of £35,000 of which £471,000 relates to capital grant received in 2024/2025 and £150,000 relates to the part repayment to the DfE of an overpayment of £1,799,485 made in 2017/18. The College's unrestricted cash balance at July 2025 was £160,000. The financial health score for the year 2024/2025 is 120 – Requires Improvement. Financial Health score for the year 2025/2026 is forecast to be 130 – Requires Improvement.

In the period to December 2026 the College is forecasting that the unrestricted cash balance will increase to £574,000 with the lowest point being in November 2025 with a forecast of unrestricted cash £166,000, which includes the last repayment of £50,000 to DfE. From that point onward unrestricted cash balance is anticipated to improve.

There is a risk that the cash balance could potentially be adversely affected through a reduction in tuition fee and commercial income, a stress test of the cash flow forecast indicates that the unrestricted cash balance remains in a positive position and will not fall below £100,000. However, the College is reviewing the extent to which it is overachieving on its GLA funding allocation and will reduce staffing costs further by the reduction of funded courses over the Spring and Summer terms to offset the potential reduced tuition fee income. This mitigation has not been accounted for in the cash flow forecast or the stress test.

In anticipation of another difficult year, primarily resulting from significant funding reductions from the DfE and the GLA, the Board recognised that the College would be facing a deficit position in 2025/26. The budget approved in July 2025, planned for a deficit of £436,000 and a positive EBITDA of £115,000, and an overall improvement in the unrestricted cash position.

The budget is based on the following key assumptions:

- Certain level of tuition fee income
- Delivery of the full adult skills allocation
- Savings in staff costs

STRATEGIC REPORT (continued)

The Board acknowledges the material uncertainties within the above assumptions. However, the following factors provide the Board with assurance that the College remains a going concern.

- Funding body grants from the GLA and DfE have been confirmed for the year to 31 July 2026.
- The College owns the freehold of its Parkshot and Hillcroft sites, the Hillcroft site is currently being marketed for sale.
- Cash flows are reviewed and reforecast monthly and indicate that although working capital management will require on-going careful planning and monitoring the unrestricted cash balance remains in a positive position for a period of at least 12 months from the date of signing the financial statements.

13. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no significant events that occurred after the reporting period.

14. DISCLOSURE OF INFORMATION TO AUDITOR

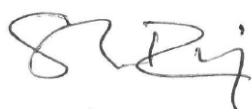
The members of the Board (who are also directors of the company for the purpose of company law) who held office at the date of approval of this report confirm that:

- * so far as they are each aware, there is no relevant audit information of which the College's auditor is unaware; and
- * each member has taken all the steps that he or she ought to have taken as a member in order to make himself or herself aware of any relevant audit information and to establish that the company'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 report of the members of the Board, including the strategic report, has been approved by the members of the Board and signed on their behalf by:

Sharon Raj
Chair



Approved on:

11/12/25

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the year from 1 August 2024 to 31 July 2025 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of corporate governance. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon the best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector.

In the opinion of the members of the Board, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2025. This opinion is based on an external review reported to the Board on December 2022. This external review was undertaken by Ron Hill, Stone King Solicitors. 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 members of the Board, who are also trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

Statement of Corporate Governance and Internal Control 31 July 2025

Members of the Board

The members of the Board who served during the year were as follows:

	Expiry of term of office	Term of office	Date of resignation	Status of appointment	Working Groups/ Committees served (2024/25)	Attendance record for period concerned
Ms Emily Frank	28 02 2029	4 years	n/a	Independent	Audit Committee	3 of a possible 3
Ms Rosa Chu	04 04 2027	4 years	10 07 2025	Independent	Audit Committee	7 of a possible 8
Ms Gabrielle Flint	n/a	n/a	n/a	Principal & Chief Executive (ex officio)	Search & Governance Committee, Quality & Standards Committee as member. All other Committees (not Audit) as ex officio	24 of a possible 24
Mr Nick Jones	13 03 2025	4 years	10 07 2025	Independent	Finance & Resources Committee, Capital Projects Steering Group Search & Governance Committee	13 of a possible 19
Ms Claire O'Donnell	23 03 2026	4 years	n/a	Independent	Quality & Standards Committee	9 of a possible 9
Ms Jane O'Shea	11 07 2024	1 year	10 07 2025	Independent	Search & Governance Committee Audit Committee	13 of a possible 13
Mr Dave Munby	13 03 2025	4 years	21 11 2024	Independent	Audit Committee	1 of a possible 2
Mr Matthew Pope	13 07 2027	4 years	n/a	Independent	Finance & Resources Committee, Capital Project Steering Group	14 of a possible 14
Ms Sharon Raj	20 05 2028	4 years	n/a	Independent	Search & Governance Committee, Capital Project Steering Group	16 of a possible 16
Mr John Riglin	23 03 2026	4 years	n/a	Independent	Quality & Standards Committee, Search & Governance Committee	14 of a possible 14
Mr Graham Tharp	14 12 2025**	4 years	n/a	Staff	Finance & Resources Committee	7 of a possible 8
Dr Siu Wo Im	19 10 2027	4 years	n/a	Independent	Quality & Standards Committee	8 of a possible 9
Dr Elaine Hawkins	19 10 2027	4 years	n/a	Independent	Quality & Standards Committee	9 of a possible 9
Mr Robert Dykes	11 07 2028	4 years	n/a	Independent	Audit Committee	8 of a possible 8

Statement of Corporate Governance and Internal Control 31 July 2025

Ms Sue Preston	11 07 2028	4 years	n/a	Independent	Finance & Resources Committee	9 of a possible 9
Mr Nigel Ware	01 08 2027	4 years	n/a	Co opted	Capital Project Steering Group	6 of a possible 6
Mr Manoj Nanda	16 06 2029**	4 years	n/a	Staff	Finance & Resources Committee	1 of a possible 1
Mr David Blaikely	10 07 2029	4 years	n/a	Independent	Audit Committee	n/a – appointed at last meeting of the year
Ms Carolyn Pepper	15 07 2029	4 years	n/a	Independent	Finance & Resources Committee	n/a – appointed at last meeting of the year

* Laura Morgan was Clerk to the Board during the period 1 August 2024 – 31 July 2025.

** Unless employment with the College ceases before the that date

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 College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues.

The Board

The Board conducted its business through a number of committees during the year ended 31 July 2025. Each committee has terms of reference, which have been approved by the Board. These committees are Quality and Standards, Audit, Finance and Resources, Search and Governance. In addition, there is a Capital Project Steering Group.

Full minutes of all meetings (except those deemed to be confidential by the Board) are available from the Clerk to the Board at the registered address. The Clerk to the Board maintains a register of financial and personal interests of the members. The register is available for inspection at the registered address and also on the College website.

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

Statement of Corporate Governance and Internal Control 31 July 2025

Appointments to the Board

Any new appointments to the Board are a matter for the consideration of the Board as a whole.

Members of the Board are appointed for a term of office not exceeding four years.

Board performance

During the course of the year Board members have considered the performance of the Board as a whole and this has been reported to a Board meeting. Governance is assessed in addition as part of the overall College Self Assessment Report which is completed annually.

The Board considered DfE guidance on board reviews and commissioned an external reviewer (Stone King) to carry out a formal review in 2022/23. An action plan to address the recommendations of the review has been developed.

Search and Governance Committee

The Board has a Search and Governance Committee, consisting of five members of the Board in 2024/25 to include the Chairs of each sub-committee, the Chair of the Board and the Principal, which reviews governance matters and is responsible for the selection and nomination of any new member for the Board's consideration. The Remuneration Committee is a sub-committee of the Search and Governance Committee and comprises all members of Search and Governance aside from the Principal. Its responsibilities include making recommendations to the Board on the remuneration and benefits of the Principal and other senior post holders.

Details of remuneration of the Principal for the year ended 31 July 2025 are set out in note 7 to the financial statements.

Finance and Resources Committee

This Committee comprises Four members of the Board and has terms of reference approved by the Board. The Committee meets at least five times a year and reviews financial performance and items of expenditure requiring committee approval. The Committee also has responsibility for HR, IT, Estates and Health and Safety and Sustainability matters.

Audit Committee

The Audit Committee comprised three members of the Board. The Committee operates in accordance with written terms of reference approved by the Board.

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

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

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

Statement of Corporate Governance and Internal Control 31 July 2025

The Audit 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 Audit Committee met on three occasions during the year.

Quality and Standards Committee

The Quality and Standards Committee comprises five members of the Board. The Committee operates in accordance with written terms of reference approved by the Board. The Committee meets at least three times a year and provides a forum for reporting on teaching and learning matters including quality improvement, learner outcomes and self assessment.

Internal control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2025 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 College 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 College's significant risks that has been in place for the year ended 31 July 2025 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board at least once every term.

The risk and control framework

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

Statement of Corporate Governance and Internal Control 31 July 2025

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board;
- Regular reviews by the Board 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 College has an internal audit service, which operates in accordance with the requirements of the DfE's College Finance Handbook. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board on the recommendation of the Audit Committee.

Risks faced by the Board

The College analysed the risks to which it was exposed and a programme of assurance was agreed with the Audit Committee. The Committee was provided with reports on this assurance activity in the College.

The College has a risk register that is reviewed by the Audit Committee, sections relevant to each sub-committee are also subject to scrutiny by those committees. The risk register is a regular item on the Board agenda. The register identifies the key risks faced by the College together with an impact and likelihood rating for each risk.

Control weaknesses identified

The reviews did not identify any significant internal control weaknesses or failures.

Responsibilities under funding agreements

The College maintains learner records in support of funding claims to the DfE and the GLA. Claims are made in accordance with the funding regulations in place at the time and are submitted in accordance with the timescale set out by the two funding bodies.

Statement from the Audit Committee

The Audit Committee has advised the Board that the College has an effective framework of governance and risk management in place. The Audit Committee believes that the Board has effective internal controls in place.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditors.

Statement of Corporate Governance and Internal Control 31 July 2025

- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- Comments made by the College's financial statements and reporting accountants for regularity assurance in their management letters and other reports.
- The regularity self-assessment questionnaire.

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

The Executive 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 Executive Team and the Audit Committee also receive regular reports from internal audit, and other sources of assurance which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Board's agenda includes a regular item for consideration of risk and control and it receives reports thereon from the Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2025 meeting, the Board carried out the annual assessment for the year ended 31 July 2025 by considering documentation from the Executive Team and internal audit, and taking account of events since 31 July 2025.

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

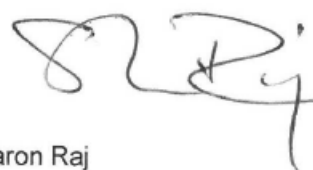
Approved by order of the members of the Board and signed on its behalf by:



Gabrielle Flint

Principal and Accounting Officer

Date: 11/12/25



Sharon Raj

Chair

Date: 11/12/25

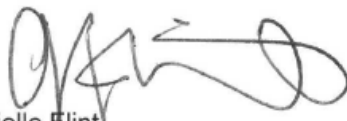
Statement of regularity, propriety and compliance 31 July 2025

As accounting officer of the Richmond and Hillcroft Adult and Community College I confirm that I have had due regard to the framework of authorities governing regularity, propriety and compliance, including the college's accountability agreement with DfE, and the requirements of the College Financial Handbook. I have also considered my responsibility to notify the corporation's board of governors and DfE of material irregularity, impropriety and non-compliance with terms and conditions of all funding.

I confirm that I, and the board of governors, are able to identify any material irregular or improper use of all funds by the corporation, or material non-compliance with the framework of authorities.

I confirm that no instances of material irregularity, impropriety or non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of governors and DfE.

Signed:


Gabrielle Flint
Principal and Accounting Officer
Date: 11.12.25

Statement of the responsibilities of the members of the Board 31 July 2025

The members of the Board, as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the College's grant funding agreements and contracts with the DfE and any other relevant funding bodies, the Board, through is required to prepare financial statements which give a true and fair view of the financial performance and position of the College for the relevant period. The Board must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and the strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, DfE's College Accounts Direction and the UK's Generally Accepted Accounting Practice.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess whether the College is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Board is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP that describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the Companies Act 2006, the relevant legislation of incorporation, including the Further and Higher Education Act 1992, the Charities Act 2011 and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Board are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, DfE, and any other public funds, are used only in accordance with the accountability agreement, funding agreements and contracts and any other conditions, that may be prescribed from time to time by DfE, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the College Financial Handbook. On behalf of the Board, the Chair of the Board is responsible for

Statement of the responsibilities of the members of the Board 31 July 2025

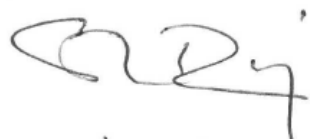
discussing the accounting officer's statement of regularity, propriety and compliance with the accounting officer.

Members of the Board must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Board are responsible for securing economic, efficient and effective management of the Board's resources and expenditure so that the benefits that should be derived from the application of public funds from DFE and other public bodies are not put at risk.

Approved by order of the members of the Board on 11 December 2025 and signed on its behalf by:

Sharon Raj
Chair

Date:


11/12/25

Independent Auditor's Report to the members of the Board of Richmond and Hillcroft Adult and Community College 31 July 2025

Opinion

We have audited the financial statements of Richmond and Hillcroft Adult and Community College (the 'College') for the year ended 31 July 2025 which comprise statement of comprehensive income and expenditure, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the College Accounts Direction 2024 to 2025 issued by the Department for Education (DfE).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2025 and of its financial performance and cash flows for the year then ended;
- have been prepared in accordance with UK Generally Accepted Accounting Practice, the Statement of Recommended Practice: Accounting for Further and Higher Education and the College Accounts Direction 2024 to 2025 issued by the DfE;
- have been prepared in accordance with the requirements of the Companies Act 2006;
- In all material respects, funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to the information contained in the Strategic report on pages 18 and 19 and to the principal accounting policies, "going concern" on pages 41 and 42 in the financial statements, which indicate a material uncertainty exists that may cast significant doubt on the College's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor's Report to the members of the Board of Richmond and Hillcroft Adult and Community College 31 July 2025

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

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

Other information

The other information comprises the information included in the annual report, including the Report of the members of the Board, other than the financial statements and our auditor's report thereon. The members of the Board are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the report of the Members of the Board, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the Members of the Board, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

Independent Auditor's Report to the members of the Board of Richmond and Hillcroft Adult and Community College 31 July 2025

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Framework and Guide for External Auditors and Reporting Accountants of colleges issued by the DfE 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 financial statements are not in agreement with the accounting records and returns; or
- all the information and explanations required for the audit were not received; or
- certain disclosures of members' remuneration specified by law are not made.

Responsibilities of the members of the Board

As explained more fully in the statement of responsibilities of members of the Board, the members of the Board 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 members of the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

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.

Independent Auditor's Report to the members of the Board of Richmond and Hillcroft Adult and Community College 31 July 2025

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 identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the Further Education sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the College Accounts Direction 2024 to 2025 issued by the DfE, the Further and Higher Education Act 1992, funding agreements with the DfE and associated funding rules, DfE regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; 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 College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, 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; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

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 Board meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC and the College's legal advisors.

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 members of the Board and other management and the inspection of regulatory and legal correspondence, if any.

Independent Auditor's Report to the members of the Board of Richmond and Hillcroft Adult and Community College 31 July 2025

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 is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



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

Date: 12 December 2025

Independent Reporting Accountant's Report on Regularity 31 July 2025

To: The members of the Board of Richmond and Hillcroft Adult and Community College and the Secretary of State for Education

In accordance with the terms of our engagement letter dated 17 June 2025 and further to the requirements of Department for Education (DfE) as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Colleges, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Richmond and Hillcroft Adult and Community College (the 'College') during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

Respective responsibilities of the accounting officer of Richmond and Hillcroft Adult and Community College and the reporting accountant

The accounting officer is responsible, under the requirements of the members' of the Board accountability agreement with the Secretary of State for Education and the College Financial Handbook, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament, and that the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the extant Framework and Guide for External Auditors and Reporting Accountants of Colleges. We report to you whether anything has come to our attention in carrying out our work, which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 have not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by DfE, which requires a limited assurance engagement, as set out in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be

Independent Reporting Accountant's Report on Regularity 31 July 2025

identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.



Buzzacott Audit LLP

Chartered Accountants

130 Wood Street

London

EC2V 6DL

12 December 2025

Statement of comprehensive income and expenditure Year to 31 July 2025

	Notes	2025 £'000	2024 £'000
Income			
Funding body grants	1	6,965	6,761
Tuition fees and education contracts	2	1,821	1,763
Other grants and contracts	3	14	7
Other income	4	448	430
Investment income	5	1,024	953
Donations and Endowments	6	87	-
Total income		10,359	9,914
Expenditure			
Staff costs	7	6,423	6,452
Other operating expenses	8	2,349	2,824
Depreciation	10	896	967
Interest payable	16	771	761
Total expenditure		10,439	11,004
Deficit before other gains and losses		(80)	(1,090)
Loss on disposal of assets	10	-	(1,004)
Deficit before tax		(80)	(2,094)
Taxation	9	-	-
Deficit for the year		(80)	(2,094)
Actuarial (loss) gain in respect of pension schemes	16	(359)	(325)
Total Comprehensive Expenditure for the year		(439)	(2,419)
Represented by:		(439)	(2,419)
Unrestricted comprehensive expenditure		(439)	(2,419)

The Statement of Comprehensive Income and Expenditure items are in respect of continuing activities.

Statement of changes in reserves Year to 31 July 2025

	Income and expend iture account £'000	Revalua tion reserve £'000	Restricted Benefac tion fund £'000	Restricted other funds £'000	Restricted Endow ment fund £'000	Total £'000
Balance at 1 August	40,102	4,816	17	1,068	3	46,006
Deficit from the income and expenditure account	(2,094)	-	-	-	-	(2,094)
Other comprehensive expenditure – Actuarial loss in respect of pension schemes	(325)	-	-	-	-	(325)
Transfers between revaluation and income and expenditure reserves	89	(89)	-	-	-	-
Total comprehensive expenditure for the year	(2,330)	(89)	-	-	-	(2,419)
Balance at 31 July 2024	37,772	4,727	17	1,068	3	43,587
Deficit from the income and expenditure account	(80)	-	-	-	-	(80)
Other comprehensive expenditure Actuarial loss in respect of pension schemes	(359)	-	-	-	-	(359)
Transfers between revaluation and income and expenditure reserves	46	(46)	-	-	-	-
Total comprehensive expenditure for the year	(393)	(46)	-	-	-	(439)
Balance at 31 July 2025	37,379	4,681	17	1,068	3	43,148

Balance sheet 31 July 2025

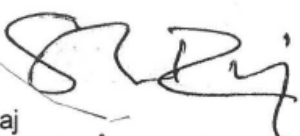
	Notes	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Non-current assets					
Tangible fixed assets	10		49,850		50,569
Current assets					
Trade and other receivables	11	803		670	
Cash and cash equivalents	15	631		596	
		1,434		1,266	
Creditors amounts falling due within one year	12	(1,817)		(2,090)	
Net current (liabilities)			(383)		(824)
Total assets less current liabilities			49,467		49,745
Creditors amounts falling due after more than one year	13		(6,319)		(6,158)
Provisions					
Net pension liability	16		-		-
Total net assets			43,148		43,587
Restricted reserves					
Benefaction fund			17		17
Endowment fund			3		3
Other restricted funds			1,068		1,068
			1,088		1,088
Unrestricted reserves					
Income and expenditure reserve			37,379		37,772
Revaluation reserve			4,681		4,727
TOTAL RESERVES			43,148		43,587

The financial statements on pages 37 to 61 were approved by the Directors and signed on their behalf by:

Signed:

Sharon Raj
Chair

Date:


11/12/25

Signed:

Gabrielle Flint
Principal & Accounting Officer

Date:


11.12.25

Company Limited by Guarantee
Registration Number: 00201528 (England and Wales)

Statement of cash flows 31 July 2025

	Notes	2025 £'000	2024 £'000
Cash flow from operating activities			
Deficit for the year		(80)	(2,094)
Adjustment for non-cash items			
Depreciation		896	967
(Increase) in trade and other receivables		(133)	(140)
Increase/(Decrease) in creditors due within one year		(273)	135
(Decrease)/increase in creditors due after one year		161	(554)
Pensions costs less contributions payable		(359)	(325)
Adjustment for investing or financing activities			
Investment income		(4)	(15)
Loss on disposal of assets under construction		-	1,004
Net cash flow from operating activities		208	(1,022)
Cash flows from investing activities			
Investment income (excluding pension)		4	15
Payments made to acquire fixed assets		(177)	(379)
		(173)	(364)
Decrease in cash and cash equivalents in the year		35	(1,386)
		2025 £'000	2024 £'000
Cash and cash equivalents at 1 August 2024	15	596	1,982
Cash and cash equivalents at 31 July 2025	15	631	596

Principal accounting policies 31 July 2025

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 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2024 to 2025 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the higher relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

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

Going concern

RHACC incurred an operating deficit prior to other gains/losses of £80,000 during the year (2023/24 deficit of £1,090,000).

Although the College has net assets of £43,148,000 these are primarily tied up in tangible fixed assets and therefore are not easily realisable. The College has net current liabilities of £383,000. The College's cash balance at 31 July 2025 was £631,000 which represented an in-year cash increase of £35,000 of which £471,000 relates to capital grant received in 2024/2025 and £150,000 relates to the part repayment to the DfE of an overpayment of £1,799,485 made in 2017/18. The College's unrestricted cash balance at July 2025 was £160,000. The financial health score for the year 2024/2025 is 120 – Requires Improvement. Financial Health score for the year 2025/2026 is forecast to be 130 – Requires Improvement.

In the period to December 2026 the College is forecasting that the unrestricted cash balance will increase to £574,000 with the lowest point being in November 2025 with a forecast of unrestricted cash £166,000, which includes the last repayment of £50,000 to DfE. From that point onward unrestricted cash balance is anticipated to improve.

There is a risk that the cash balance could potentially be adversely affected through a reduction in tuition fee and commercial income, a stress test of the cash flow forecast indicates that the unrestricted cash balance remains in a positive position and will not fall below £100,000. However, the College is reviewing the extent to which it is overachieving on its GLA funding allocation and will reduce staffing costs further by the reduction of funded courses over the Spring and Summer terms to offset the

Principal accounting policies 31 July 2025

potential reduced tuition fee income. This mitigation has not been accounted for in the cash flow forecast or the stress test.

In anticipation of another difficult year, primarily resulting from significant funding reductions from the DfE and the GLA, the Board recognised that the College would be facing a deficit position in 2025/26. The budget approved in July 2025, planned for a deficit of £436,000 and a positive EBITDA of £115,000, and an overall improvement in the unrestricted cash position.

The budget is based on the following key assumptions:

- Certain level of tuition fee income
- Delivery of the full adult skills allocation
- Savings in staff costs

The Board acknowledges the material uncertainties within the above assumptions. However, the following factors provide the Board with assurance that the College remains a going concern.

- Funding body grants from the GLA and DfE have been confirmed for the year to 31 July 2026.
- The College owns the freehold of its Parkshot and Hillcroft sites, the Hillcroft site is currently being marketed for sale.
- Cash flows are reviewed and reforecast monthly and indicate that although working capital management will require on-going careful planning and monitoring the unrestricted cash balance remains in a positive position for a period of at least 12 months from the date of signing the financial statements.

Recognition of income

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depends on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element 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 October following the year end. Adult Skills grant income is recognised based on a year end reconciliation of income claimed and actual delivery. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102.

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

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

All income from investment is credited to the income and expenditure account in the period in which it is earned. Income from restricted purpose endowment funds not expended in accordance with the

restrictions of the endowment in the period is transferred from the income and expenditure account to accumulated income within endowment funds.

Accounting for post employment benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 16, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial losses are recognised immediately in the Statement of comprehensive income. Recognition of the surplus has been restricted to £nil as the LGPS surplus is irrecoverable.

Short term employment benefits

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

Non-current Assets - Tangible fixed assets

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

Principal accounting policies 31 July 2025

Land and buildings

Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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

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

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

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

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

Assets under construction are accounted for at cost, based on direct costs in relation to planning permission and other professional fees, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

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

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

Equipment

Equipment costing less than £3,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

Principal accounting policies 31 July 2025

- land and buildings over life expectancy of asset up to 50 years
- computer equipment 3 years
- furniture, fixtures and fittings 3 -10 years (dependant on its life expectancy)

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

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

Borrowing costs

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

Cash and cash equivalents

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

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College receives no exemption in respect of Value Added Tax.

Principal accounting policies 31 July 2025

Provisions and contingent liabilities

Provisions are recognised when

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises. A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Agency arrangements

The College acts as an agent in the collection and payment of the Advanced Learner Loans Bursary. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 18 except for: the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant; and unspent funds not reclaimed by the DFE.

Judgements in applying accounting policies

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

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

Other key sources of estimation uncertainty

- Tangible fixed assets

Tangible fixed assets 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

Principal accounting policies 31 July 2025

and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2025. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the financial statements 31 July 2025

1. Funding body grants

	2025 £'000	2024 £'000
Recurrent grants		
DfE adult	683	589
DfE 16 18	51	105
Greater London Authority Devolved Grant	5,463	5,534
Specific grants		
Release of deferred capital grants	394	271
Education and Skills Funding Agency – ALL Bursary	36	43
Teachers' Pension Scheme contribution grant	301	219
Department of Education - National Insurance Contribution Grant	37	-
	6,965	6,761

2. Tuition fees and education contracts

	2025 £'000	2024 £'000
Adult education fees	1,569	1,476
Fees for loan supported courses	88	136
International Student Fees	14	-
Total tuition fees	1,671	1,612
Education contracts	150	151
Total	1,821	1,763

3. Other grants and contracts

	2025 £'000	2024 £'000
Other grant and contracts	14	7
	14	7

4. Other income

	2025 £'000	2024 £'000
Commercial income	384	358
Other income generating activities	64	72
	448	430

Notes to the financial statements 31 July 2025

5. Investment income

	2025 £'000	2024 £'000
Bank interest receivable	4	15
Net return on pension scheme (note 16)	1,020	938
	1,024	953

6. Donations

	2025 £'000	2024 £'000
Unrestricted donations	87	-
	87	-

7. Staff costs

The average head count (including key management personnel) employed by the College during the year was:

	2025 No	2024 No
Teaching staff	203	194
Non teaching staff	113	121
	316	315

Staff costs for the above persons:

	2025 £'000	2024 £'000
Wages and salaries	4,645	4,756
Social security costs	410	358
Other pension costs	1,050	956
Payroll sub total	6,105	6,070
Contracted out staffing services	309	374
Restructuring costs – contractual	9	5
Non-contractual	-	3
Total staff costs	6,423	6,452

7. Staff costs (continued)

Severance payments for all staff

"Severance payments" include contractual payments, statutory payments, and special staff severance payments. Special staff severance payments are amounts paid to employees outside of statutory and contractual requirements.

College must disclose all severance payments made by the College during the period of the financial statements, in the bands below.

The college paid 2 severance payments in the year, disclosed in the following bands:

0 £25,000	2

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team which comprises the Principal; the Vice Principal Teaching and Learning; Vice Principal Finance and Resources.

	2025 No	2024 No
The number of key management personnel including the Accounting Officer was:	3	3

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

	Key management personnel		Other staff	
	2025	2024	2025	2024
£80,001 to £85,000	-	1	-	-
£85,001 to £90,000	1	1	-	-
£90,001 to £95,000	1	-	-	-
£100,001 to £105,000	1	-	-	-
£105,001 to £110,000	-	1	-	-
	3	3	-	-

Notes to the financial statements 31 July 2025

7 Staff costs (continued)

Key management personnel emoluments are made up as follows:

	2025 £'000	2024 £'000
Salaries	281	279
Pension contributions	74	65
National Insurance Employer's contributions	37	35
Total emoluments	392	379

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

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

	2025 £'000	2024 £'000
Salaries	103	108
Pension contributions	30	25
Total remuneration	133	133

The Board adopted the AoC's Senior Staff Remuneration Code in 2019 and assesses pay in line with its principles. The remuneration of the Accounting Officer is reviewed annually by the Remuneration Committee and is benchmarked, using the DFE benchmark tool and the AoC Senior Staff Salary Survey.

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

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

	2025 £'000	2024 £'000
Principal's basic salary as a multiple of the median of all staff	2.60	2.74
Principal's total remuneration as a multiple of the median of all staff	2.59	2.81

Notes to the financial statements 31 July 2025

8. Other operating expenses

	2025 £'000	2024 £'000
Teaching costs	799	736
Non teaching costs	757	1,041
Premises costs	793	1,047
Total	2,349	2,824

Other operating expenses include:

	2025 £'000	2024 £'000
Auditors' remuneration		
• Financial statements audit	38	36
• Other services provided by the financial statement's auditor (Regularity and Teachers' Pensions Audit)	10	9
Internal audit	28	18
Hire of assets under operating leases	28	19

9. Taxation

Richmond and Hillcroft Adult and Community College is a charity with no additional trading activities. The Members of the Board of the College do not believe any corporation tax liability was incurred in 2024/25.

Notes to the financial statements 31 July 2025

10. Tangible fixed assets

	Freehold land and buildings £'000	Equipment, fixtures and fittings £'000	Total £'000
Cost or valuation			
At 1 August 2024	55,468	1,228	56,696
Additions	14	163	177
At 31 July 2025	55,482	1,391	56,873
Depreciation			
At 1 August 2024	5,312	816	6,127
Charge for the year	728	168	896
At 31 July 2025	6,040	984	7,023
Net book value at 31 July 2025	49,442	407	49,850
Net book value at 31 July 2024	50,105	463	50,568

The land and buildings owned by Hillcroft College prior the merger were revalued by the District Valuer based at Wimbledon at 31 July 2012. The Valuation conformed to Practice Statement 5 of the RICS Appraisal and Valuation Manual. The land was valued at £4,018,800 and the buildings at a depreciated replacement cost of £2,294,554. This value excludes VAT. The historical cost was £1,000 for the land and £126,240 for the buildings. The land and buildings at Hillcroft are currently being actively marketed for sale.

Land and buildings transferred on merger at 1 October 2017 from Richmond Adult and Community College were adjusted to fair value based on independent professional advice. The gain on the adjustment to fair value of these assets was £30,151,000 which was included in the Consolidated Statement of Comprehensive Income in 2017/18.

If fixed assets had not been revalued before being deemed as cost on transition, they would have been included at the following historical cost amounts:

	£
Cost	127,240
Aggregate depreciation based on cost	(114,516)
Net book value based on cost	12,724

Capital and other commitments

	2025 £'000	2024 £'000
Capital commitment contracted at 31 July 2025	-	-

Notes to the financial statements 31 July 2025

11. Trade and other receivables

	2025 £'000	2024 £'000
<i>Amounts falling due within one year</i>		
Trade receivables	236	209
Prepayments and accrued income	389	279
Amounts owed by the DFE	178	182
	803	670

12. Creditors: amounts falling due within one year

	2025 £'000	2024 £'000
Trade payables	437	471
Other payables	1	8
Other taxation and social security	107	95
Accruals and deferred income	792	862
Holiday pay accruals	34	33
Deferred income – government capital grants	225	271
Deferred income – Other revenue grants	11	-
Amounts owed to the Department of Education	210	350
	1,817	2,090

	2025 £'000	2024 £'000
Deferred income at 1 August	518	428
Released from previous years	(518)	(428)
Resources deferred during the year	540	518
Deferred income at 31 July	540	518

At the balance sheet date, the College was holding tuition fees £534,000 received in advance for courses starting or continuing in 2025/26, and £6,000 received as a deposit for the Hires and Events planned in 2025/26.

13. Creditors: amounts falling due after more than one year

	2025 £'000	2024 £'000
Deferred income – government capital grants	6,274	6,158
Deferred income	45	-
	6,319	6,158

Notes to the financial statements 31 July 2025

14. Lease obligations

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

	2025 £'000	2024 £'000
Equipment		
Not later than one year	8	19
Later than one year and not later than five	26	-
	34	19

15. Cash and cash equivalents and reconciliation of net debt

	At 1 August 2024 £'000	Cash flows £'000	At 31 July 2025 £'000
Unrestricted Cash and cash equivalents	596	(436)	160
Restricted Cash and cash equivalents	-	471	471
	596	35	631

16. Defined benefit obligations

The College's employees belong to two principal post employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Wandsworth Council Pension Fund (LGPS) for non teaching staff, which is managed by London Borough of Kingston upon Thames. Both are multi employer defined benefit plans. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was as at 31 March 2020 and of the LGPS 31 March 2022.

	2025 Total £'000	2024 Total £'000
Teachers' Pension Scheme contributions paid	650	617
Local Government Pension Scheme:		
. Contributions paid	510	492
. FRS 102 (28) charge	(110)	(148)
Charge to the Statement of Comprehensive Income	400	344
Total pension cost for year within staff costs (note 7)	1,050	961

16 Defined benefit obligations (continued)

The pension costs are assessed in accordance with the advice of independent qualified actuaries. Prior to 31 August 2023, the latest actuarial valuation of the TPS was at 31 March 2016. A further valuation of the TPS, relating to the period ended 31 March 2020 was published in October 2023.

The Government Actuary is due to complete the TPS valuation by October 2023 with increases currently scheduled for April 2024 and with DfE promising to cover additional costs of any increase for colleges as well as schools above the amounts agreed in 2019. This valuation will report on TPS as at 31 March 2020.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

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

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

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

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

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The actuarial valuation of the TPS which applied during the year ended 31 July 2024 was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation)

16 Defined benefit obligations (continued)

As a result of the valuation, new employer contribution rates were set at 28.68% of pensionable pay from April 2024 onwards (compared to 23.68% during 2018/9). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2024/25 academic year.

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

The pension costs paid to TPS in the year amounted to £650,000 (2024: £617,000).

Local Government Pension Scheme

The LGPS is a funded defined benefit plan, with the assets held in separate funds administered by the Wandsworth Council Pension Fund. The total contributions made for the year ended 31 July 2025 were £636,000, of which employer's contributions totalled £510,000 and employees' contributions totalled £126,000. The agreed contribution rates for future years are 21.5% for employers and range from 5.5% to 12.5% for employees, depending on salary. To fund a deficit in a retirement benefit plan college has paid £60,000 in 2024/2025. College is due to pay £50,000 in the year 2025/2026.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2024 updated to 31 July 2025 by a qualified independent actuary.

	At 31 July 2025	At 31 July 2024
Rate of increase in salaries	2.50%	2.60%
Future pension increases	2.80%	2.90%
Discount rate for scheme liabilities	5.75%	5.05%
Inflation assumption (CPI)	3.10%	3.20%

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

	At 31 July 2025 Years	At 31 July 2024 Years
Retiring today		
Males	21.0	20.7
Females	23.4	23.3
Retiring in 20 years		
Males	22.3	22.0
Females	24.8	24.7

Notes to the financial statements 31 July 2025

16 Defined benefit obligations (continued)

Sensitivity analysis is provided below:

	2025 Approx monetary amount (£'000's)
Discount rate + 0.1%	14,011
Discount rate 0.1%	14,444
Mortality assumption – 1 year increase	14,669
Mortality assumption – 1 year decrease	13,796
CPI rate +0.1%	14,450
CPI rate 0.1%	14,005

The sensitivity analysis represents the present value of plan liabilities as a result of the change in each underlying assumption.

Local Government Pension Scheme

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

	Value at 31 July 2025 £'000	Value at 31 July 2024 £'000
Equity instruments	13,191	11,669
Bonds	3,049	2,933
Property	2,777	2,578
Cash	690	905
Multi asset fund	2,162	2,048
Total fair value of plan assets	21,869	20,133
Actual return on plan assets	1,627	2,239

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

	2025 Total £'000	2024 Total £'000
Fair value of plan assets	21,869	20,133
Present value of plan liabilities	(14,225)	(15,222)
Adjustment recognised in actuarial gains to cap*	(7,644)	(4,911)
Net pensions liability	-	-

Notes to the financial statements 31 July 2025

16 Defined benefit obligations (continued)

**As the LGPS surplus is irrecoverable, recognition of the surplus on the balance sheet has been restricted to £Nil. The adjustment of £8,003K has been offset against the overall actuarial gain for the year.*

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

	2025 Total £'000	2024 Total £'000
Amounts included in staff cost		
Current service cost	(400)	(344)
Past service cost		
Total	(400)	(344)
Amounts included in investment income	1,020	938
Amounts included in interest costs	(759)	(743)
Administration expenses	(12)	(18)
Net interest cost	249	177
Return on pension plan assets	607	1,301
Other actuarial losses on assets	-	-
Experience gains/losses arising on defined benefit obligations	(155)	81
Changes in assumptions underlying the present value of plan liabilities	1,922	(332)
Adjustment recognised in actuarial gains to cap	(2,733)	(1,375)
Amount recognised in Other Comprehensive	(359)	(325)

Local Government Pension Scheme

Movement in net defined benefit liability during year

	2025 Total £'000	2024 Total £'000
Net defined benefit liability in scheme at 1 August		
Movement in year:		
. Current service cost	(400)	(344)
. Employer contributions	510	492
. Net interest on the defined liability	249	(5)
. Changes in impact of asset ceiling	(7,644)	(4,911)
. Actuarial gain	7,285	4,768
Net defined benefit liability at 31 July	-	-

16 Defined benefit obligations (continued)

Asset and liability reconciliation

	2025 Total £'000	2024 Total £'000
Defined benefit obligations at 1 August	15,222	14,962
Current service cost	400	344
Interest cost	759	743
Contributions by Scheme participants	126	114
Change in demographic assumptions	78	(34)
Experience losses on defined benefit obligations	155	(81)
Changes in financial assumptions	(2,000)	366
Estimated benefits paid	(515)	(1,192)
Defined benefit obligations at 31 July	14,225	15,222

Changes in fair value of plan assets

	2025 Total £'000	2024 Total £'000
Fair value of plan assets at 1 August	20,133	18,498
Interest on plan assets	1,020	938
Return on plan assets	607	1,301
Other actuarial losses	-	-
Employer contributions	510	492
Contributions by Scheme participants	126	114
Estimated benefits paid	(515)	(1,192)
Administration expenses	(12)	(18)
Fair value of plan assets at 31 July	21,869	20,133

17. Related party transactions

Owing to the nature of the College'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 in accordance with the College's financial regulations and normal procurement procedures. Transactions with the DfE are detailed in note 1.

The total expenses paid to or on behalf of the members of the Board during the year was £nil (2024: £nil).

No Board member received any remuneration or waived payments from the College or its subsidiaries during the year (2024: £nil).

For the financial year ending 31 July 2025, income totalling £649.35 (2024: £1,051.50) was received from Brentford FC. A spouse of a board member is a director of Brentford FC. At the year-end, there were outstanding amounts of £0 (2024: £1,051.50) included within debtors. These transactions were conducted at standard rates and terms.

Notes to the financial statements 31 July 2025

Tuition Fees payable by Board members are on the same basis as all learners, and therefore an exemption has been taken for a detailed disclosure.

18. Learner support funds

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
<i>Learner Support Funds</i>		
Other Learner Support Funds (Advanced Learner Loans Bursary)		
Grant received – current year	50	55
Less: Disbursed to students	(17)	(52)
Less: Administration fee	-	(1)
Less: Retained income	(23)	-
Underspend for the year	10	2

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

Accounts

**Richmond and Hillcroft
Adult and Community
College**

**Annual Report and Financial
Statements**

31 July 2024

Company Limited by Guarantee
Registration Number
00201528 (England and Wales)

Charity Registration Number
312825

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Legal and administrative information

Members of the Board (as at date of approval of the financial statements)

Sharon Raj (Chair)
Rosa Chu
Gabrielle Flint (Principal)
Dr Elaine Hawkins
Dr Siu Wo Im
Nick Jones
Claire O'Donnell
Jane O'Shea
Matthew Pope
Mr John Riglin
Graham Tharp (Staff Governor)
Sue Preston
Robert Dykes

Principal and Accounting Officer of the College

Gabrielle Flint

Clerk to the Board

Laura Morgan

Principal and Registered office

Parkshot
Richmond
Surrey
TW9 2RE

Company registration number

00201528 (England and Wales)

Charity registration number

312825

Key management personnel, and professional advisors

Key management personnel

Key management personnel are defined as members of the Executive Team and were represented by the following in 2023/24:

Gabrielle Flint, Principal

Haifa Abdul Amir, Vice Principal Quality & Curriculum

Neil Wallbank, Vice Principal Finance and Resources

The College's solicitors

Stone King
Bateman House
82–88 Hills Road
Cambridge
CB2 1LQ

Financial statements auditor and reporting accountants

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Internal auditors

RSM Risk Assurance Services LLP
25 Farringdon Street
London
EC4A 4AB

Bankers

HSBC Plc
South West London Commercial Centre
Hampton Wick
Kingston upon Thames, Surrey

Barclays Bank plc
Level 27
1 Churchill Place
London
E14 5HP

STRATEGIC REPORT

1 Objectives and Strategy

The members of the Board (governors) present their report and the audited financial statements for Richmond and Hillcroft Adult and Community College ('the College') for the year ended 31 July 2024.

The charitable objects of the College are as follows:

"The objects for which the College is established are to provide education for the public benefit to include, without limitation:

- *to enable adult men and/or women disadvantaged by educational or social factors to progress into Higher Education, vocational training and employment.*
- *to contribute to the national development of women's education.*
- *to maintain one or more residential colleges for the education of men and/or women with the aim of enlarging and enriching the vision of its students, developing their capacities for leadership and contribution to society and stimulating their personal growth."*

1.1 Legal status

Richmond and Hillcroft Adult and Community College is a company limited by guarantee (registration number 0201528) incorporated in 1924 and a registered charity (registration number 312825). It is designated for funding by the Education and Skills Funding Agency (ESFA).

1.2 Mission

The College's mission statement, as approved by the members of the Board in December 2021 is:

Enabling adults and communities to thrive through education.

1.3 Strategic plan

The Board approved the strategic plan at its meeting in December 2021.

The three key strategic goals for 2022—2025 are:

- To provide an outstanding customer experience that supports learners to achieve high standards, take pride in their achievements and enjoy learning;
- To increase our reach to enable more adults to benefit from learning; and
- To achieve the long term financial sustainability to meet adult learner needs.

We will achieve our goals through our plans to develop:

- Our People — the RHACC staff team;
- Technology;
- The RHACC Estate;
- The Curriculum; and
- Partnerships

STRATEGIC REPORT (continued)

The following strategic priorities were identified in the Strategic Plan 2022—2025 for implementation during this period.

1. Our People

- We will invest in training for our sector expert staff to ensure they have the skills and knowledge to stay at the top of their game in the classroom and workplace.
- We will recruit, engage and support staff to ensure that we have a committed team of adult learning practitioners who share our values and the capacity to support growth and excellence.
- We will provide employment opportunities for those adults who face barriers to employment and who are from disadvantaged or underrepresented backgrounds.

2. Technology

- We have an ambitious digital strategy that will enable us to reach more learners online, work more efficiently and make information on learning and support more widely available.
- We will develop the same sense of safe community space in our online campus as at our two terrestrial sites.

3. Estates

- We will develop our Hillcroft site in Surbiton to provide an accessible adult learning and community hub for the Kingston upon Thames community and beyond. A safe and inclusive resource for the whole community.
- We will support informal learning and business development by making our facilities available to partners and the community within a safety framework that takes account of best practice in Safeguarding.

4. Curriculum

- We will further develop our curriculum to provide clear routes to work in Health, Care, Digital, Creative Industries and Professional Services.
- We will expand the foundation skills of English, Maths, Digital and 'soft skills' to ensure that adults and employers have the skills they need for the workplace.
- We will develop capacity building training to support the growth of small businesses and grass roots organisations with a social purpose.
- We will continue to develop the wellbeing provision required to support personal and community resilience and enable adults to stay well, independent and active in the community.
- We will further develop opportunities for people who have a disability and complex needs and those who care for them. We will use small enterprises to enable the most marginalised to take centre stage, achieve their potential and progress to work and greater independence.
- We will further develop Hillcroft Women's Education provision to ensure that it equips women with the skills to take control of their lives and achieve career and personal goals.

STRATEGIC REPORT (continued)

- We will make more modular and part time provision, guidance and support available online to widen access.
 - We will ensure that all provision is delivered as efficiently as possible to provide best value to the learner, funders and RHACC.
5. Partnerships
- We will develop partnerships with community organisations, employers, education and care providers that enable us to create accessible and direct routes to work and community engagement. This network will ensure there is no wrong door for adult learners whatever their needs and interests.
 - We will use The Bridge, coworking centre as a forum for collaboration with SMEs and tailored support for business growth.

1.4 Financial objectives

The College's financial objectives that support the strategic objective of ensuring financial sustainability are to:

- Implement a robust financial strategy over the period 2022 to 2025.
- Review and continuously monitor the cost effectiveness of provision and back office support services.
- Establish and monitor targets for contribution to central overheads from teaching departments.
- Improve the efficiency of the College in order to generate funds available for investment in the curriculum and the estate.

2. RESOURCES

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

2.1. Tangible

Tangible resources include the Parkshot site in Richmond and the Hillcroft site in Surbiton.

2.2 Financial

At 31 July 2024 the College had £43,587,000 (2022/23: £46,006,000) of net assets and no external debt. The College had a cash balance of £596,000 at 31 July 2024 (2022/23 £1,982,000). The balance included £350,000 repayable to the ESFA in respect of an overpayment of funding made to the College in 2018.

2.3 People

During the year ended 31 July 2024 the College employed 315 people (expressed as average head count), of whom 194 were teaching staff.

2.4 Reputation

The College has a good reputation. Maintaining a quality brand and good reputation continues to be essential for the College's success in attracting students and developing external relationships. An Ofsted inspection undertaken in December 2023 rated the College as 'Good'.

STRATEGIC REPORT (continued)

3. STAKEHOLDER RELATIONSHIPS

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

- Learners;
- Education sector funding bodies;
- FE commissioner;
- Staff;
- Partner referral organisations;
- Local employers;
- GLA and other Local authorities;
- Local charities;
- Government offices;
- The local community;
- Trade Unions;
- Other FE institutions; and
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through face to face meetings, by email and letter contact, by staff newsletters, by press releases and through the College web site.

Feedback from learners is encouraged, to help the management team to judge performance and ensure areas of weakness are addressed.

3.1 Engagement with employees

The College consults with staff, providing employees with information on matters of concern to them. Key performance indicators are produced and shared with the College Management Team. Communication with staff takes a variety of forms, including open meetings on a termly basis for all staff, regular management meetings, and an 'all staff' email is produced weekly.

The College has adopted a Recruitment and Selection Policy and Procedure that is in line with all relevant legislation. This includes a policy in respect of applications for employment from disabled persons.

With respect to finance, budget holders are consulted during the budget setting process. The consultation is undertaken by the Vice Principal Finance and Resources and the Head of Finance.

3.2 Engagement with suppliers, customers and others in a business relationship with the College

The College continues to foster good working relations with suppliers by ensuring:

- Payments are made to suppliers within required timescales;

STRATEGIC REPORT (continued)

- Where payments are delayed a dialogue is maintained with the supplier;
- Tender processes are clear and transparent; and
- Clear escalation procedures are in place in case of a dispute with the College.

3.3. Promoting the success of the College to achieve its purposes

The College has its own website, which is kept updated with the latest news and events that are taking place. Social media is also used to promote the College and its activities. A new web site is planned for 2024/25.

4. PUBLIC BENEFIT

RHACC is a company limited by guarantee and a registered charity. The members of the Board, who are directors of the charity for the purposes of company law, are disclosed on page 1.

In setting and reviewing the College'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 College provides identifiable public benefit through the advancement of education to around 7,000 students.

The College provides courses without charge to young people and to those who are unemployed or on low income. The College also provides a number of concessions to learners. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

5. DEVELOPMENT AND PERFORMANCE

5.1 Financial results

The College incurred a deficit (deficit before other gains and losses) in the year of £1,090,000 (2022/23: deficit £1,257,000). This deficit is after charging depreciation of £967,000. Total Comprehensive Income for the year is a deficit of £2,419,000 (2022/23: deficit of £147,000) after capping an actuarial surplus on the pension scheme of £4,911,000 (2022/23: £3,536,000). The actual gain for the year on the pension scheme was £1,375,000 but for accounting purposes this is capped at the level which would move the fund into a surplus position.

Activity for the year showed an increasing willingness of learners to return to learning following the impact of Covid. Income after interest and release of capital grants increased by £424,000. This was due to increased funding body income of £256,000. The College overachieved the funding allocation from the GLA by 5%, although the financial statements assume that only 3% of this will be funded, which represents additional income of £147,000. The continued move by the GLA and the ESFA to include more courses in funding continues to have an impact on depressing income derived from tuition fees. Without increases in allocations the College is having to fund a greater number of learners from cash limited allocations.

STRATEGIC REPORT (continued)

The College received income from 'other income' sources of £430,000 (2022/23 £461,000). Income generation from events and hires and from joint workspace facilities has shown a 17% increase from the previous year. Overall fall in 'other income' is largely accounted for by the Creche facility no longer being operational.

The College has total net assets of £43,587,000 (2022/23 £46,006,000), including cash balances of £596,000 (2022/23 £1,982,000). The Local Government Pension Fund is now in surplus by £4,911,000 but this is not recognised on the balance sheet as it is not considered to be recoverable.

At 31 July 2024, the College had accumulated reserves of £43,587,000 (2022/23 £46,006,000). The Income and Expenditure Reserve has a surplus of £37,772,000 (2022/23 £40,102,000). The College continues to operate without the requirement of any external financing.

Tangible fixed asset additions during the year amounted to £261,000. This included equipment purchased of £223,000, additions to land and building of £12,000 and an additional £26,000 as an adjustment in respect of an addition relating to 2022/23.

The College has significant reliance on the education sector funding bodies, the ESFA and GLA, for its principal funding source of recurrent grants. In 2023/24 the ESFA and GLA recurrent grants provided 56% (2022/23: 56%) of the College's total income.

The LGPS pension shows a surplus of assets over liabilities of £4,911,000 (2022/23: surplus £3,536,000). The Members of the Board have been advised that pension accounting surplus/deficits have no effect on the contribution rate, which is determined using long-term funding assumptions based on the investment strategy of the pension fund, rather than solely on the yields of corporate bonds.

5.2 Cash flows and liquidity

There was a decrease in cash at 31 July 2024 of £1,386,000 resulting from operating cash outflows of £1,022,000 and cash outflows from investment activities of £364,000. The College is aware of the need to maintain control of its cash resource to enable it to mitigate potential risks from falls in income and increased inflationary pressures.

In 2017/18 the ESFA erroneously paid to the College £1,799,485 in respect of its AEB grant. The College made the ESFA aware of the error but were assured that the payment was correct. The College accounted for the overpayment on its balance sheet as a short term creditor and did not include the amount as income. In August 2021, the ESFA acknowledged its error and requested that the College repays the funding. The College accepts that the funds are due to the ESFA and agreed a three year repayment schedule with the ESFA commencing in March 2022 of £50,000 per month. An amount of £600,000 has been repaid in 2023/24. The overall effect will be for the College to have a significant reduction in its cash balance when the repayment has been finalised. The amount outstanding at the end of the year was £350,000. The final payment to the ESFA is due in February 2025.

STRATEGIC REPORT (continued)

5.3 Taxation

As a registered charity for the purposes of the Charities Act 2011, the College's activities do not fall to be charged to corporation tax.

5.4 Reserves

As at the balance sheet date, the Income and Expenditure Reserve is in surplus by £37,772,000 (2022/23: £40,102,000).

5.5 Streamlined Energy & Carbon Reporting

Under the Streamlined Energy and Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 the College is mandated to include energy consumption, related emissions, intensity metrics and energy efficiency improvements implemented during the financial year. The College is required to comply with these regulations as it meets two of the three criteria of a large company, as defined by the Companies Act 2006; the College employs more than 250 employees and has a balance sheet total of greater than £18 million.

This information is summarised below.

The total consumption (kWh) figures for energy supplies reportable are as follows:

Utility and Scope	2023/24 UK consumption (kWh)	2022/23 UK consumption (kWh)
Natural gas (Scope 1)	1,255,391	1,122,673
Grid—supplied electricity (Scope 2)	650,988	702,810
Total	1,906,379	1,825,483

The total emissions (tCO₂e) figures for energy supplies reportable are as follows:

Utility and Scope	2023/24 UK emission (tCO ₂ e)	2022/23 UK emission (tCO ₂ e)
Natural gas (Scope 1)	229,146	204,955
Grid—supplied electricity (Scope 2)	134,787	145,534
Total	363,933	350,489

STRATEGIC REPORT (continued)

An intensity metric of tCO₂e per headcount number of employees for the annual UK consumption has been calculated as follows:

	2023/24	2022/23
Total tCO ₂ e emissions	363,933	350,489
Average headcount employees for the year	315	303
Intensity metric	1,156	1,157

The reporting methodology is as follows: Scope 1 and Scope 2 consumption and Co₂e emissions data has been calculated in line with the 2024 UK Government environmental reporting guidance. The Emission Factor Database 2024 has been used.

The intensity metric has been calculated utilising the annualised average employee numbers for the whole College, totalling 315 employees (303 2022/23), and has been applied to all the carbon emissions reported.

The above represents a 4% increase in consumption and emissions. The College is in the process of developing a sustainability strategy with an intended net zero target. A first step in the process has been to implement some energy saving factors such as installation of LED lighting, purchase of energy efficient computer monitors.

6. FUTURE PROSPECTS

6.1 Future developments

Since 2017/18 the College has been planning to redevelop the Hillcroft site. This involved the sale of the existing building and part of the site, and a new college being constructed on the remaining land. It was proposed to fund the development through a mixture of GLA grant and sale proceeds. A planning application was submitted to the Royal Borough of Kingston upon Thames in 2022. Although there has been on—going discussions with the Council regarding the application, issues raised by the Council regarding the potential impact on the bio—diversity of the site have made it difficult to progress the application.

In addition, during the extended planning period, the costs of the project have been forecast to increase significantly above the initial estimate. This, taken together with the College's reduced cash balance, has resulted in the College having no contingency to fund any further cost increases.

At its meeting in July 2024, the Board considered an options appraisal for the future of the site and the continuation of provision in the Kingston area. Given the planning difficulties and the financial challenges faced by the College the Board made the decision to dispose of the site and consolidate provision on Richmond site. Although the Board recognises that this is not in line with the College's Strategic Plan for the development of the estate, it will assist in meeting the strategic objective of ensuring the College's financial sustainability.

A number of offers have been made for the site and negotiations are progressing.

STRATEGIC REPORT (continued)

6.2 Financial Plan

The Board approved a budget in July 2024 that indicated a deficit of £941,000 and a negative EBITDA of £241,000 with a financial health grade of 'Requires Improvement'. At that time, it was recognised that further work would be required in—year to improve the cash position of the College. An action plan to improve the financial position will be kept under review by the Finance & Resources Committee.

6.3 Treasury policies and objectives

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

The College has a separate treasury management policy in place.

Following the re—classification of Colleges in November 2022 any borrowings will now require the approval of the Department for Education (DfE). No borrowings, either short or long term were required in the year or are anticipated in 2024/25.

6.4 Reserves

The College has no formal Reserves Policy, but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business.

It is the intention of the College to increase reserves by the generation of annual operating surpluses. However, in the short term it is recognised that this will not be possible, but it still remains the medium to longer term goal. The Board members consider it of prime importance that the College is able to meet its on—going commitments through its cash reserves and by the generation of annual operating surpluses to increase its ability to invest in the infrastructure.

7. PRINCIPAL RISKS AND UNCERTAINTIES

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

Based on the strategic plan, the Executive Team undertakes a comprehensive review of the risks to which the College is exposed. It identifies systems and procedures, including specific actions which should mitigate any potential impact on the College. Additional internal controls are then implemented as necessary and subsequent appraisal will review their effectiveness and progress against risk mitigation actions.

STRATEGIC REPORT (continued)

In addition to the ongoing review, the Executive Team also considers any risks which may arise as a result of a new area of work being undertaken by the College. A risk register is maintained at the College level which is reviewed each term by the Audit Committee and the Board. Each sub—committee also reviews the risks associated with its own area of responsibility.

The risk register identifies the key risks, controls, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are ranked using a consistent scoring system. This is supported by a risk management communication programme to raise awareness of risk throughout the College.

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

7.1 Government funding

The College has had considerable reliance on continued funding from the GLA and the ESFA. In 2023/24 the College received 56% (2022/23: 56%) of its funding from these two bodies. The GLA is now the College's largest single funder. Given the current economic climate and the likelihood of reductions in public sector spending there can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of the following issues which may impact future funding:

- The move to fund more courses from funding allocations, while having a positive impact on the College's ability to achieve its funding body targets, may also have an adverse impact on tuition fee income as more learners become eligible for government funding
- Despite recent falls in the rate of inflation there still remains uncertainty around the future economic outlook for the UK. As the government re—assesses its public sector spending plans there is a significant risk that inflationary pressures from pay, and non—pay costs will not be met by increased funding. Although additional funding for the FE sector has been earmarked in the recent budget it is not clear how this will be distributed or, if like previously, it will be allocated via the 16—18 budget with providers such as RHACC, that receives the majority of its funding through the Adult Education Fund, not receiving any of this increase.
- Funding for adult education in London has been devolved to the GLA since 2020/21. The College will continue to work with the GLA to ensure that the impact on funding is minimised.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training.
- Funding is derived through a number of direct and indirect contractual arrangements.
- Considerable focus and investment are placed on maintaining and managing key relationships with the various funding bodies.

STRATEGIC REPORT (continued)

- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Developing the range of quality level 3 programmes.
- Further developing links and relationships with the local authority and community.

7.2 Income diversification

The College has been relatively successful in generating income from a number of non funding body sources. This has involved improving the utilisation of both sites by making them available for lettings and other income generating activities. The risk for the College is that the budget targets are not met.

This risk is mitigated in a number of ways:

- By ensuring that the facilities available for income generating activities are of a standard expected by paying customers.
- Close management of expenditure in relation to all income generating activities to ensure that they are self—financing.
- Appropriate and relevant marketing of facilities.

7.3 Learner engagement

The Board approved a revised curriculum strategy to ensure that the course offer continues to meet both learner and community needs and enables learners from all backgrounds to progress towards their individual goals.

The risk of not achieving this objective will be mitigated in a number of ways:

- By providing the foundation skills of English, Maths, Digital and problem—solving skills that enable adults to become independent learners and progress to further study.
- By Providing routes into good work and new careers.
- By improving wellbeing and developing resilience and engaging those at risk of isolation.
- By narrowing achievement gaps between the most and least advantaged residents by supporting e.g. people who have a disability and carers to learn, work and thrive.
- By supporting older residents to return to work and/or make a contribution to their community.
- By creating social capital through our employer and community partnerships in the Creative, Green, Digital and Business sectors.
- The learner groups targeted are:
 - Adults facing social marginalisation due to age, gender, disability, poor mental health or caring commitments.
 - Adults seeking wellbeing and personal development.
 - The unemployed and adults seeking career change or development.

STRATEGIC REPORT (continued)

- Adults who lack the basic skills of English, Maths and Digital Skills
 - Businesses, particularly ones that deliver a social outcome such as Health, Care, Green or Creative and Community sectors.
- By providing financial support through bursaries to learners who are having difficulty accessing provision due to hardship.
- By providing additional learning support to learners who require help to be able to undertake programmes of study.
- By on—going review of the marketing strategy of the College and how we recruit our learners.
- By continuously improving learner achievement rates and teaching quality.

7.4 Long term financial sustainability

Achieving and maintaining at least 'Good' financial health and long—term financial sustainability is a priority for the College. However, the College was unable to achieve this goal in 2023/24, with reduced tuition fee income having an impact on financial performance. The College continues to operate with no external borrowings, however, it is recognised that the reducing cash position requires close and careful monitoring.

This risk of not achieving financial sustainability is mitigated in a number of ways:

- The implementation of a realistic financial action plan that is monitored by the Finance & Resources Committee.
- Planned deficit is manageable within the College's cash reserves.
- Efficiencies in staffing will be achieved to generate staff cost savings.
- New sources of income generation are being explored.

8. KEY PERFORMANCE INDICATORS

The College is committed to observing the importance of sector measures and indicators. The College uses key performance indicators internally as well as external measures to assess its performance. These measures include learner retention, pass and achievement (success) rates, minimum standards, financial health, delivery against funding targets and Ofsted judgements.

At the most recent inspection by Ofsted in December 2023 the College was judged as 'Good' in all areas. This was the second inspection of the College following merger in October 2017.

The College is required to complete the annual Finance Record for the ESFA. The Finance Record produces a financial health grading. The grade for 2022/23 was confirmed as 'Requires Improvement' by the ESFA. The financial results for 2023/24 also indicate a financial health grade of 'Requires Improvement'. It is anticipated that the College will also have a financial health grade of 'Requires Improvement' in 2024/25.

STRATEGIC REPORT (continued)

The Colleges key performance indicators are set out below.

Key Performance Indicator	Measure/Target	Actual for 2023/24
Financial Health	Good	Requires Improvement
Ofsted rating	Outstanding	Good
Student Achievement	87.3%	90.2%
Student Numbers	7,300	7,706
EBITDA as % of Income	2.82%	-6.5%

8.1 Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the year to 31 July 2024, the College paid 92% per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

9. EQUALITY DIVERSITY & INCLUSION

The College is committed to providing a positive and supportive learning and working environment for all students and staff, consistent with an ethos of respect and tolerance. The College aims to promote best practice in the advancement of equality, diversity and inclusion and to fulfil its mission in such a way that promotes equality of opportunity, embraces diversity, eliminates unlawful discrimination and addresses disadvantage.

The College is committed to eliminating discrimination and advancing equality, diversity and inclusion. The College seeks to ensure that students, staff, prospective students, visitors, governors, contractors and suppliers are treated with respect, dignity and equity regardless of their individual protected characteristics – age, disability, gender, gender reassignment, pregnancy or maternity, marriage or civil partnership status, race, religion or belief, or sexual orientation (as defined in the Equality Act 2010).

The College's Equality, Diversity and Inclusion Policy is published on the College's web site.

The College complies with its public duty under the Equality Act 2010 by having due regard when carrying out its functions. Specifically the College has:

- Considered access to the College's resources by giving assistance to applicants, staff and learners with learning disabilities or difficulties, making the appropriate reasonable adjustments where necessary.
- Maintained its disability symbol employer status year on year through demonstrating its commitment to the principles and objectives of the Disability Confident Employer standards.

STRATEGIC REPORT (continued)

- Implemented an updated Equality and Diversity training programme. Information and refresher training is carried out on an ongoing basis.
- Allocated specific resource to providing information, guidance and a range of support where necessary to learners with learning difficulties and/or disabilities. There are also a number of learning support assistants who provide a range of support for learning.
- Provided a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.
- Provided a list of specialist equipment which the College makes available for learner use and a range of assistive technology is also available in the learning centres.
- Highlighted its commitment to Equality and Diversity through staff and learner policies and information such as the Equality and Diversity policy and action plan. Specific reference to our commitment is made explicit in the staff and learner handbooks.
- Offered specialist programmes in College prospectuses.
- All staff of the College and its partners are expected to demonstrate a positive attitude towards diversity.

9.1 Disability statement

The College is a 'Disability Confident' employer and has committed to the principles and objectives of the Positive about Disabled People standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the minimum criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College seeks to achieve the objectives set down in the Equality Act 2010 and takes appropriate account of the Special Education Needs and Disability (SEND) Code of Practice 2014 (updated in 2015) for young people up to the age of 25 years in the following ways:

- Assessing the needs of individual students declaring a disability and providing tailored support for these students.
- Providing Additional Learning Support (ALS) for students – particularly in relation to dyslexia, dyspraxia and dyscalculia.
- Developing links with specialist support agencies and organisations and signposting students to these where appropriate.
- Training staff in Mental Health First Aid and Awareness.

STRATEGIC REPORT (continued)

10. ENVIRONMENTAL SUSTAINABILITY

The College acknowledges the importance of being responsible, sustainable and ethical in order to meet the needs of the present, and leave a better environment for future generations. The College recognises the need to reduce pollution and conserve energy, water and other natural resources and the urgent need to conserve the limited stock of fossil fuels.

It is therefore the intention of the College to minimise the usage, the disposal and consumption of resources commensurate with the need to provide the necessary utilities and well-being for all students, staff, visitors and other stakeholders and to ensure their health and safety.

Through this strategy Richmond and Hillcroft Adult and Community College aims to:

- Comply with all applicable legal requirements and other requirements to which the College subscribes;
- Put in place appropriate controls to prevent pollution;
- Reduce the College's carbon dioxide emissions;
- Encourage the adoption of sustainable travel practices by staff, students and visitors travelling to and from College;
- Reduce the environmental impact of the College through conservation of its material resources;
- Put in place measures to promote reduction, re—use and recycling of waste;
- Ensure new building developments take into account sustainable construction principles;
- Take positive action to promote biodiversity on any site that the College owns or manages;
- Engage with the wider community to promote environmental best practice and seek collaborative opportunities in order to facilitate developments in this area;
- Develop an Environmental Sustainability Policy that is communicated to all students and individuals working for or on behalf of the College and to provide training and awareness for staff and students where appropriate;
- Consider sustainability in the procurement of goods and services.

11. TRADE UNION FACILITY TIME

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the college. However, the College has no recognition agreements in place with any union and therefore no disclosure is necessary.

STRATEGIC REPORT (continued)

12. GOING CONCERN

In anticipation of another difficult year the Board recognised that the College would be facing a deficit position in 2024/25. The budget approved in July 2024 planned for a deficit of £941,000 and a negative EBITDA of £241,000.

The College has net current liabilities of £824,000. The College's cash balance at 31 July 2024 was £596,000 which represented an in—year cash decrease of £1,386,000, of which £600,000 related to the part repayment to the ESFA of an overpayment of £1,799,485 made in 2017/18.

A financial action plan has been developed with the objective of improving the underlying financial performance of the College and consequently the cash position. The key assumptions underpinning this action plan include £150,000 staff savings resulting from a re-alignment of curriculum provision to ensure provision does not exceed funding allocations and the delay to the filling of some vacant posts.

Recurring full year savings, both pay and non-pay, of c£350,000 p.a. have also been identified, generated from operating from one site when the Hillcroft site is sold. As at December 2025 only 3 months of savings are included in the cash flow forecast.

After taking the above actions into account the College's cash forecast for December 2025 indicates a cash balance of £435,000 after further repayment to the ESFA totalling £350,000. The repayment will be fully settled in February 2025.

These savings, taken together with the expected receipts from the sale of the Hillcroft site will significantly improve the cash position of the College in the period to December 2025 and beyond. It is recognised that the cash generated from the sale of Hillcroft can only be used for reinvestment in fixed assets or other specific purposes outlined in the College Financial Handbook, some of which will require DfE approval.

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

13. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no significant events that occurred after the reporting period.

14. DISCLOSURE OF INFORMATION TO AUDITOR

The members of the Board (who are also directors of the company for the purpose of company law) who held office at the date of approval of this report confirm that:

- * so far as they are each aware, there is no relevant audit information of which the College's auditor is unaware; and
- * each member has taken all the steps that he or she ought to have taken as a member in order to make himself or herself aware of any relevant audit information and to establish that the company'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.

Strategic Report 31 July 2024

The report of the members of the Board, including the strategic report, has been approved by the members of the Board and signed on their behalf by:

Sharon Raj
Chair

A handwritten signature in black ink, appearing to be 'SR' followed by a stylized flourish.

Approved on:

13/12/24

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the year from 1 August 2023 to 31 July 2024 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of corporate governance. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon the best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector.

In the opinion of the members of the Board, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2024. 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 members of the Board, who are also trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

Statement of Corporate Governance and Internal Control 31 July 2024

Members of the Board

The members of the Board who served during the year were as follows:

	Expiry of term of office	Term of office	Date of resignation	Status of appointment	Working Groups/ Committees served (2023/24)	Attendance record for period concerned
Ms Kate Clarke	01 04 2024	4 years	26/06/2024	Independent	Quality & Standards Committee Search & Governance Committee	10 of a possible 11
Ms Rosa Chu	04 04 2027	4 years	n/a	Independent	Finance & Resources Committee	6 of a possible 9
Ms Gabrielle Flint	n/a	n/a	n/a	Principal & Chief Executive (ex officio)	Search & Governance Committee, Quality & Standards Committee as member. All other Committees (not Audit) as ex—officio	19 of a possible 22
Mr Nick Jones	13 03 2025	4 years	n/a	Independent	Finance & Resources Committee, Capital Projects Steering Group Search & Governance Committee	15 of a possible 17
Ms Claire O'Donnell	23 03 2026	4 years	n/a	Independent	Quality & Standards Committee	8 of a possible 9
Ms Jane O'Shea	11 07 2024	1 year	n/a	Independent	Quality & Standards Committee Audit Committee	10 of a possible 11
Mr Dave Munby	13 03 2025	4 years	n/a	Independent	Audit Committee	6 of a possible 7
Mr Matthew Pope	13 07 2027	4 years	n/a	Independent	Finance & Resources Committee, Capital Project Steering Group	12 of a possible 13
Ms Sharon Raj	20 05 2024	4 years	n/a	Independent	Search & Governance Committee, Capital Project Steering Group	14 of a possible 14
Mr John Riglin	23 03 2026	4 years	n/a	Independent	Audit Committee, Search & Governance Committee	11 of a possible 12
Mr Graham Tharp	14 12 2025**	4 years	n/a	Staff	Finance & Resources Committee	9 of a possible 9
Dr Siu Wo Im	19 10 2027	4 years	n/a	Independent	Quality & Standards Committee	4 of a possible 5
Dr Elaine Hawkins	19 10 2027	4 years	n/a	Independent	Quality & Standards Committee	4 of a possible 4
Robert Dykes	11 07 2028	4 years	n/a	Independent	Audit Committee	n/a appointed at last Board meeting of the year
Sue Preston	11 07 2028	4 years	n/a	Independent	Finance & Resources Committee	n/a appointed at last Board meeting of the year
Mr Nigel Ware	01 08 2027	4 years	n/a	Co—opted	Capital Project Steering Group	5 of a possible 5

** Unless employment with the College ceases before that date.

* Laura Morgan was Clerk to the Board during the period 2 August 2023 – 31 July 2024.

Statement of Corporate Governance and Internal Control 31 July 2024

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 College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues.

The Board

The Board conducted its business through a number of committees during the year ended 31 July 2024. Each committee has terms of reference, which have been approved by the Board. These committees are Quality and Standards, Audit, Finance and Resources, Search and Governance. In addition, there is a Capital Project Steering Group.

Full minutes of all meetings (except those deemed to be confidential by the Board) are available from the Clerk to the Board at the registered address. The Clerk to the Board maintains a register of financial and personal interests of the members. The register is available for inspection at the registered address and also on the College website.

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

Appointments to the Board

Any new appointments to the Board are a matter for the consideration of the Board as a whole.

Members of the Board are appointed for a term of office not exceeding four years.

Board performance

During the course of the year Board members have considered the performance of the Board as a whole and this has been reported to a Board meeting. Governance is assessed in addition as part of the overall College Self—Assessment Report which is completed annually.

The Board considered DfE guidance on board reviews and commissioned an external reviewer (Stone King) to carry out a formal review in 2022/23. An action plan to address the recommendations of the review has been developed.

Statement of Corporate Governance and Internal Control 31 July 2024

Search and Governance Committee

The Board has a Search and Governance Committee, consisting of five members of the Board in 2023/24 to include the Chairs of each sub-committee, the Chair of the Board and the Principal, which reviews governance matters and is responsible for the selection and nomination of any new member for the Board's consideration. The Remuneration Committee is a sub-committee of the Search and Governance Committee and comprises all members of Search and Governance aside from the Principal. Its responsibilities include making recommendations to the Board on the remuneration and benefits of the Principal and other senior post—holders.

Details of remuneration of the Principal for the year ended 31 July 2024 are set out in note 6 to the financial statements.

Finance and Resources Committee

This Committee comprises Four members of the Board and has terms of reference approved by the Board. The Committee meets at least five times a year and reviews financial performance and items of expenditure requiring committee approval. The Committee also has responsibility for HR, IT, Estates and Health and Safety and Sustainability matters.

Audit Committee

The Audit Committee comprised three members of the Board. The Committee operates in accordance with written terms of reference approved by the Board.

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

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

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

The Audit 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 Audit Committee met on three occasions during the year.

Quality and Standards Committee

The Quality and Standards Committee comprises four members of the Board. The Committee operates in accordance with written terms of reference approved by the Board. The Committee meets at least three times a year and provides a forum for reporting on teaching and learning matters including quality improvement, learner outcomes and self—assessment.

Statement of Corporate Governance and Internal Control 31 July 2024

Internal control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2024 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 College 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 College's significant risks that has been in place for the year ended 31 July 2024 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board at least once every term.

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board;
- Regular reviews by the Board 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.

Statement of Corporate Governance and Internal Control 31 July 2024

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

Risks faced by the Board

The College analysed the risks to which it was exposed and a programme of assurance was agreed with the Audit Committee. The Committee was provided with reports on this assurance activity in the College.

The College has a risk register that is reviewed by the Audit Committee, sections relevant to each sub-committee are also subject to scrutiny by those committees. The risk register is a regular item on the Board agenda. The register identifies the key risks faced by the College together with an impact and likelihood rating for each risk.

Control weaknesses identified

The reviews did not identify any significant internal control weaknesses or failures.

Responsibilities under funding agreements

The College maintains learner records in support of funding claims to the ESFA and the GLA. Claims are made in accordance with the funding regulations in place at the time and are submitted in accordance with the timescale set out by the two funding bodies.

The Department for Education and Education and Skills Funding Agency introduced new controls for colleges on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

Statement from the Audit Committee

The Audit Committee has advised the Board that the College has an effective framework of governance and risk management in place. The Audit Committee believes that the Board has effective internal controls in place.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditors.
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- Comments made by the College's financial statements and reporting accountants for regularity assurance in their management letters and other reports.

Statement of Corporate Governance and Internal Control 31 July 2024

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

The Executive 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 Executive Team and the Audit Committee also receive regular reports from internal audit, and other sources of assurance which include recommendations for improvement. The Audit Committee's role in this area is confined to a high—level review of the arrangements for internal control. The Board's agenda includes a regular item for consideration of risk and control and it receives reports thereon from the Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2024 meeting, the Board carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the Executive Team and internal audit, and taking account of events since 31 July 2024.

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

Approved by order of the members of the Board and signed on its behalf by:

Signed:



Sharon Raj
Chair

Date: 13/12/2024

Signed:



Gabrielle Flint
Principal and Accounting Officer

Date: 13.12.24.

Statement of regularity, propriety and compliance 31 July 2024

As accounting officer I confirm that the Board has had due regard to the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non—compliance with terms and conditions of funding.

I confirm on behalf of the Board that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the Board, or material non—compliance with the terms and conditions of funding, under the Board's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

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

Signed:



Gabrielle Flint
Principal and Accounting Officer

Date: 13.12.24

Statement of the chair of governors

On behalf of the Board, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the Board and that I am content that it is materially accurate.

Signed:



Sharon Raj
Chair

Date: 13/12/2024

Statement of the responsibilities of the members of the Board 31 July 2024

The members of the Board, as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the College's grant funding agreements and contracts with the ESFA and any other relevant funding bodies, the Board, through is required to prepare financial statements which give a true and fair view of the financial performance and position of the College for the relevant period. The Board must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and the strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess whether the College is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Board is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP that describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the Companies Act 2006, the relevant legislation of incorporation, including the Further and Higher Education Act 1992, the Charities Act 2011 and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

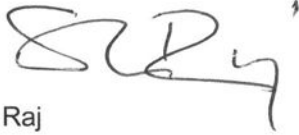
The Board is responsible for the maintenance and integrity of the College website; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they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

Members of the Board are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the Board must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and

Statement of the responsibilities of the members of the Board 31 July 2024

ensure they are used properly. In addition, members of the Board are responsible for securing economic, efficient and effective management of the Board's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the Board on 12 December 2024 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'SRJ', with a small mark above the final 'y'.

Sharon Raj
Chair

Date: 13/12/2024

Independent auditor's report to the members of the Board of Richmond and Hillcroft Adult and Community College 31 July 2024

Independent auditor's report to the members of the Board of Richmond and Hillcroft Adult and Community College

Opinion

We have audited the financial statements of Richmond and Hillcroft Adult and Community College (the 'College') for the year ended 31 July 2024 which comprise the statement of comprehensive income and expenditure, statement of changes in reserves and balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the College Accounts Direction 2023 to 2024 issued by the Education and Skills Funding Agency).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2024 and of its deficit of expenditure over income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006;
- have been prepared in accordance with the Statement of Recommended Practice; Accounting for Further and Higher Education (the 2019 FE HE SORP) and the Accounts Direction 2023 to 2024 issued by the ESFA; and
- In all material respects, funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. The

Independent auditor's report to the members of the Board of Richmond and Hillcroft Adult and Community College 31 July 2024

members of the Board are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the report of the members of the Board, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the members of the Board, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the annual report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Post 16 Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

Responsibilities of the members of the Board

As explained more fully in the statement of responsibilities of members of the Board, the members of the Board 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 members of the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our 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 identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Further and Higher Education Act 1992, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; 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 College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, 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; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

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 Board meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC and the College's legal advisors (although none was noted as being received by the College).

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 members of the Board and other management and the inspection of regulatory and legal correspondence, if any.

Independent auditor's report to the members of the Board of Richmond and Hillcroft Adult and Community College 31 July 2024

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 is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



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

Date: 17 December 2024

Reporting accountant's assurance report on regularity 31 July 2024

Reporting accountant's assurance report on regularity to the Members of the Board of Richmond and Hillcroft Adult and Community College ("the Board") and the Secretary of State for Education, acting through the Education and Skills Funding Agency ("the ESFA")

In accordance with the terms of our engagement letter dated 21 June 2021 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Richmond and Hillcroft Adult and Community College during the period 1 August 2023 to 31 July 2024 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of the Board of Richmond and Hillcroft Adult and Community College and the reporting accountant

The Board of Richmond and Hillcroft Adult and Community College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them. Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not

Reporting accountant's assurance report on regularity 31 July 2024

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

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



Buzzacott LLP
Chartered Accountants
130 Wood Street London
EC2V 6DL

Date: 17 December 2024

Statement of comprehensive income and expenditure Year to 31 July 2024

	Notes	2024 £'000	2023 £'000
Income			
Funding body grants	1	6,761	6,504
Tuition fees and education contracts	2	1,763	1,907
Other grants and contracts	3	7	5
Other income	4	430	461
Investment income	5	953	613
Total income		9,914	9,490
Expenditure			
Staff costs	6	6,452	6,419
Other operating expenses	7	2,824	2,773
Depreciation	9	967	918
Interest payable	15	761	637
Total expenditure		11,004	10,747
Deficit before other gains and losses		(1,090)	(1,257)
Loss on disposal of assets	9	(1,004)	—
Deficit before tax		(2,094)	(1,257)
Taxation	8	—	—
Deficit for the year		(2,094)	(1,257)
Actuarial (loss) gain in respect of pension schemes	15	(325)	1,110
Total Comprehensive Expenditure for the year		(2,419)	(147)
Represented by:		(2,419)	(147)
Unrestricted comprehensive expenditure		(2,419)	(147)

The Statement of Comprehensive Income and Expenditure items are in respect of continuing activities.

Statement of changes in reserves Year to 31 July 2024

	Income and expend —iture account £'000	Revalua —tion reserve £'000	Restricted Benefac —tion fund £'000	Restricted other funds £'000	Restricted Endow— ment fund £'000	Total £'000
Balance at 1 August 2022	40,160	4,905	17	1,068	3	46,153
Deficit from the income and expenditure account	(1,257)	—	—	—	—	(1,257)
Other comprehensive income – Actuarial loss in respect of pension schemes	1,110	—	—	—	—	1,110
Transfers between revaluation and income and expenditure reserves	89	(89)	—	—	—	—
Total comprehensive expenditure for the year	(58)	(89)	—	—	—	(147)
Balance at 31 July 2023	40,102	4,816	17	1,068	3	46,006
Deficit from the income and expenditure account	(2,094)	—	—	—	—	(2,094)
Other comprehensive expenditure Actuarial loss in respect of pension schemes	(325)	—	—	—	—	(325)
Transfers between revaluation and income and expenditure reserves	89	(89)	—	—	—	—
Total comprehensive expenditure for the year	(2,330)	(89)	—	—	—	(2,419)
Balance at 31 July 2024	37,772	4,727	17	1,068	3	43,587

Balance sheet 31 July 2024

	Notes	2024 £'000	2024 £'000	2023 £'000	2023 £'000
Non-current assets					
Tangible fixed assets	9		50,569		52,161
Current assets					
Trade and other receivables	10	670		529	
Cash and cash equivalents	14	596		1,982	
		1,266		2,511	
Creditors — amounts falling due within one year	11	(2,090)		(1,955)	
Net current (liabilities)/ assets			(824)		556
Total assets less current liabilities			49,745		52,717
Creditors — amounts falling due after more than one year	12		(6,158)		(6,711)
Provisions					
Net pension liability	15		—		—
Total net assets			43,587		46,006
Restricted reserves					
Benefaction fund			17		17
Endowment fund			3		3
Other restricted funds			1,068		1,068
			1,088		1,088
Unrestricted reserves					
Income and expenditure reserve			37,772		40,102
Revaluation reserve			4,727		4,816
TOTAL RESERVES			43,587		46,006

The financial statements on pages 35 to 58 were approved by the Directors and signed on their behalf by:

Signed:



Sharon Raj
Chair

Date: 13/12/2024

Signed:



Gabrielle Flint
Principal & Accounting Officer

Date: 13.12.24.

Company Limited by Guarantee
Registration Number 00201528 (England and Wales)

Statement of cash flows 31 July 2024

	Notes	2024 £'000	2023 £'000
Cash flow from operating activities			
Deficit for the year		(2,094)	(1,257)
Adjustment for non-cash items			
Depreciation		967	918
(Increase) in trade and other receivables		(140)	(99)
Increase/(Decrease) in creditors due within one year		135	(331)
(Decrease)/increase in creditors due after one year		(554)	141
Pensions costs less contributions payable		(325)	109
Adjustment for investing or financing activities			
Investment income		(15)	(12)
Loss on disposal of assets under construction		1,004	—
Net cash flow from operating activities		(1,022)	(531)
Cash flows from investing activities			
Investment income (excluding pension)		15	12
Payments made to acquire fixed assets		(379)	(240)
		(364)	(228)
Decrease in cash and cash equivalents in the year		(1,386)	(759)
		2024 £'000	2023 £'000
Cash and cash equivalents at 1 August 2023	14	1,982	2,741
Cash and cash equivalents at 31 July 2024	14	596	1,982

Principal accounting policies 31 July 2024

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 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2023 to 2024 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the higher relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

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

Going concern

The College has net current liabilities of £824,000. The College's cash balance at 31 July 2024 was £596,000 which represented an in—year cash decrease of £1,386,000, of which £600,000 related to the part repayment to the ESFA of an overpayment of £1,799,485 made in 2017/18.

A financial action plan has been developed with the objective of improving the underlying financial performance of the College and consequently the cash position. The key assumptions underpinning this action plan include £150,000 staff savings resulting from a re-alignment of curriculum provision to ensure provision does not exceed funding allocations and the delay to the filling of some vacant posts.

Recurring full year savings, both pay and non-pay, of c£350,000 p.a. have also been identified, generated from operating from one site when the Hillcroft site is sold. As at December 2025 only 3 months of savings are included in the cash flow forecast.

After taking the above actions into account the College's cash forecast for December 2025 indicates a cash balance of £435,000 after further repayment to the ESFA totalling £350,000. The repayment will be fully settled in February 2025.

These savings, taken together with the expected receipts from the sale of the Hillcroft site will significantly improve the cash position of the College in the period to December 2025 and beyond. It is recognised that the cash generated from the sale of Hillcroft can only be used for reinvestment in fixed assets or other specific purposes outlined in the College Financial Handbook, some of which will require DfE approval.

Principal accounting policies 31 July 2024

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

Recognition of income

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depends on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element 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 October following the year end. Adult Skills grant income is recognised based on a year end reconciliation of income claimed and actual delivery. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102.

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

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

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

Accounting for post—employment benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 16, the TPS is a multi—employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Principal accounting policies 31 July 2024

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

Actuarial losses are recognised immediately in the Statement of comprehensive income. Recognition of the surplus has been restricted to £nil as the LGPS surplus is irrecoverable.

Short term employment benefits

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

Non-current Assets - Tangible fixed assets

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

Land and buildings

Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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

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

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

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

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

Principal accounting policies 31 July 2024

Assets under construction are accounted for at cost, based on direct costs in relation to planning permission and other professional fees, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

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

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

Equipment

Equipment costing less than £3,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

- land and buildings over life expectancy of asset up to 50 years
- computer equipment 3 years
- furniture, fixtures and fittings 3 -10 years (dependant on its life expectancy)

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

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

Principal accounting policies 31 July 2024

Borrowing costs

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

Cash and cash equivalents

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

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College receives no exemption in respect of Value Added Tax.

Provisions and contingent liabilities

Provisions are recognised when

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises. A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Principal accounting policies 31 July 2024

Agency arrangements

The College acts as an agent in the collection and payment of the Advanced Learner Loans Bursary. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 18 except for: the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant; and unspent funds not reclaimed by the ESFA.

Judgements in applying accounting policies

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

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

Other key sources of estimation uncertainty

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the financial statements 31 July 2024

1. Funding body grants

	2024 £'000	2023 £'000
Recurrent grants		
Education and Skills Funding Agency — adult	589	569
Education and Skills Funding Agency 16—18	105	52
Greater London Authority — Devolved Grant	5,534	5,382
Specific grants		
Release of deferred capital grants	271	262
Education and Skills Funding Agency – ALL Bursary	43	58
Teachers' Pension Scheme contribution grant	219	181
	6,761	6,504

2. Tuition fees and education contracts

	2024 £'000	2023 £'000
Adult education fees	1,476	1,597
Fees for loan supported courses	136	162
Total tuition fees	1,612	1,759
Education contracts	151	148
Total	1,763	1,907

3. Other grants and contracts

	2024 £'000	2023 £'000
Other grants and contracts	—	5
LSIF	7	—
	7	5

4. Other income

	2024 £'000	2023 £'000
Other income generating activities	358	306
Creche income	—	73
Rent income	—	—
Other income	72	82
	430	461

Notes to the financial statements 31 July 2024

5. Investment income

	2024 £'000	2023 £'000
Bank interest receivable	15	12
Net return on pension scheme (note 16)	938	601
	953	613

6. Staff costs

The average head count (including key management personnel) employed by the College during the year was:

	2024 No	2023 No
Teaching staff	194	185
Non—teaching staff	121	118
	315	303

Staff costs for the above persons:

	2024 £'000	2023 £'000
Wages and salaries	4,756	4,601
Social security costs	358	351
Other pension costs	956	1,048
Payroll sub total	6,070	6,000
Contracted out staffing services	374	382
Restructuring costs – contractual	5	28
Non-contractual	3	9
Total staff costs	6,452	6,419

Severance payments for all staff

"Severance payments" include contractual payments, statutory payments, and special staff severance payments. Special staff severance payments are amounts paid to employees outside of statutory and contractual requirements.

College must disclose all severance payments made by the College during the period of the financial statements, in the bands below.

The college paid 3 severance payments in the year, disclosed in the following bands:

0 — £25,000	3
£25,001 — £50,000	—
£50,001 — £100,000	—
£100,001 — £150,000	—
£150,001 +	—

6. Staff costs (continued)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team which comprises the Principal; the Vice Principal Teaching and Learning; Vice Principal Finance and Resources.

	2024 No	2023 No
The number of key management personnel including the Accounting Officer was:	3	5

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

	Key management personnel		Other staff	
	2024	2023	2024	2023
£30,000 to £35,000*	—	1	—	—
£40,000 to £45,000**	—	1	—	—
£55,000 to £60,000*	—	1	—	—
£80,001 to £85,000	1	1	—	—
£85,001 to £90,000	1	—	—	—
£95,001 to £100,000	—	1	—	—
£105,001 to £110,000	1	—	—	—
	3	5	—	—

*Relates to key management personnel who worked only part of the financial year.

**Including part time worker grossed up to full time equivalent. 1 member of key management personnel was paid in the £40,000 to £45,000 banding in 2022/2023.

Notes to the financial statements 31 July 2024

6 Staff costs (continued)

Key management personnel (continued)

Key management personnel emoluments are made up as follows:

	2024 £'000	2023 £'000
Salaries	279	315
Pension contributions	65	70
National Insurance — Employer's contributions	35	40
Total emoluments	379	425

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

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

	2024 £'000	2023 £'000
Salaries	108	98
Pension contributions	25	23
Total remuneration	133	121

The Board adopted the AoC's Senior Staff Remuneration Code in 2019 and assesses pay in line with its principles. The remuneration of the Accounting Officer is reviewed annually by the Remuneration Committee and is benchmarked, using the ESFA benchmark tool and the AoC Senior Staff Salary Survey.

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

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

	2024 £'000	2023 £'000
Principal's basic salary as a multiple of the median of all staff	2.74	2.99
Principal's total remuneration as a multiple of the median of all staff	2.81	2.99

Notes to the financial statements 31 July 2024

7 Other operating expenses

	2024 £'000	2023 £'000
Teaching costs	736	799
Non—teaching costs	1,041	1,045
Premises costs	1,047	929
Total	2,824	2,773

Other operating expenses include:

	2024 £'000	2023 £'000
Auditors' remuneration		
• Financial statements audit	36	30
• Other services provided by the financial statement's auditor (Regularity and Teachers' Pensions Audit)	9	17
Internal audit	18	12
Hire of assets under operating leases	19	23

8 Taxation

Richmond and Hillcroft Adult and Community College is a charity with no additional trading activities. The Members of the Board of the College do not believe any corporation tax liability was incurred in 2023/24.

Notes to the financial statements 31 July 2024

9 Tangible fixed assets

	Freehold land and buildings £'000	Equipment, fixtures and fittings £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation				
At 1 August 2023	55,381	893	886	57,161
Additions	38	223	118	379
Disposals	—	—	(1,004)	(1,004)
At 31 July 2024	55,419	1,116	—	56,536
Depreciation				
At 1 August 2023	4,584	416	—	5,000
Charge for the year	730	237	—	967
At 31 July 2024	5,314	653	—	5,967
Net book value at 31 July 2024	50,105	463	—	50,569
Net book value at 31 July 2023	50,797	478	886	52,161

The land and buildings owned by Hillcroft College prior the merger were revalued by the District Valuer based at Wimbledon at 31 July 2012. The Valuation conformed to Practice Statement 5 of the RICS Appraisal and Valuation Manual. The land was valued at £4,018,800 and the buildings at a depreciated replacement cost of £2,294,554. This value excludes VAT. The historical cost was £1,000 for the land and £126,240 for the buildings.

Land and buildings transferred on merger at 1 October 2017 from Richmond Adult and Community College were adjusted to fair value based on independent professional advice. The gain on the adjustment to fair value of these assets was £30,151,000 which was included in the Consolidated Statement of Comprehensive Income in 2017/18.

If fixed assets had not been revalued before being deemed as cost on transition, they would have been included at the following historical cost amounts:

	£
Cost	127,240
Aggregate depreciation based on cost	(114,516)
Net book value based on cost	12,724

Capital and other commitments

	2024 £'000	2023 £'000
Capital commitment contracted at 31 July 2024	—	—

Notes to the financial statements 31 July 2024

10 Trade and other receivables

	2024 £'000	2023 £'000
<i>Amounts falling due within one year</i>		
Trade receivables	209	321
Other debtors	—	35
Prepayments and accrued income	279	171
Amounts owed by the ESFA	182	—
Benefaction account	—	2
	670	529

11 Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Trade payables	471	93
Other payables	8	11
Other taxation and social security	95	99
Accruals and deferred income	895	867
Deferred income – government capital grants	271	262
Amounts owed to the Education and Skills Funding Agency	350	623
	2,090	1,955

	2024 £'000	2023 £'000
Deferred income at 1 August	428	510
Released from previous years	(428)	(510)
Resources deferred during the year	518	428
Deferred income at 31 July	518	428

At the balance sheet date, the College was holding tuition fees £496,000 received in advance for courses starting or continuing in 2024/25 (2023 £404,000) and £22,000 for other income including lettings, donations, and grants (2023: £24,000)

12 Creditors: amounts falling due after more than one year

	2024 £'000	2023 £'000
Deferred income – government capital grants	6,158	6,361
Amounts owed to the Education and Skills Funding Agency	—	350
	6,158	6,711

Notes to the financial statements 31 July 2024

13 Lease obligations

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

	2024 £'000	2023 £'000
Equipment		
Not later than one year	19	25
Later than one year and not later than five years	—	—
	19	25

14 Cash and cash equivalents and reconciliation of net debt

	At 1 August 2023 £'000	Cash flows £'000	At 31 July 2024 £'000
Cash and cash equivalents	1,982	(1,386)	596
	1,982	(1,386)	596

15 Defined benefit obligations

The College's employees belong to two principal post—employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Wandsworth Council Pension Fund (LGPS) for non—teaching staff, which is managed by London Borough of Kingston upon Thames. Both are multi—employer defined—benefit plans. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was as at 31 March 2020 and of the LGPS 31 March 2022.

	2024 Total £'000	2023 Total £'000
Teachers' Pension Scheme contributions paid	617	503
Local Government Pension Scheme:		
. Contributions paid	492	510
. FRS 102 (28) charge	(148)	73
Charge to the Statement of Comprehensive Income	344	583
Total pension cost for year within staff costs (note 6)	961	1,086

15 Defined benefit obligations (continued)

The pension costs are assessed in accordance with the advice of independent qualified actuaries. Prior to 31 August 2023, the latest actuarial valuation of the TPS was at 31 March 2016. A further valuation of the TPS, relating to the period ended 31 March 2020 was published in October 2023.

The Government Actuary is due to complete the TPS valuation by October 2023 with increases currently scheduled for April 2024 and with DfE promising to cover additional costs of any increase for colleges as well as schools above the amounts agreed in 2019. This valuation will report on TPS as at 31 March 2020.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

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

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

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

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

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The actuarial valuation that of the TPS which applied during the year ended 31 July 2024 was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation)

Notes to the financial statements 31 July 2024

As a result of the valuation, new employer contribution rates were set at 28.68% of pensionable pay from April 2024 onwards (compared to 23.68% during 2018/9). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2023—24 academic year.

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

The pension costs paid to TPS in the year amounted to £617,000 (2023: £503,000).

Local Government Pension Scheme

The LGPS is a funded defined—benefit plan, with the assets held in separate funds administered by the Wandsworth Council Pension Fund. The total contributions made for the year ended 31 July 2024 were £606,000, of which employer's contributions totalled £492,000 and employees' contributions totalled £114,000. The agreed contribution rates for future years are 21.5% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2023 updated to 31 July 2024 by a qualified independent actuary.

	At 31 July 2024	At 31 July 2023
Rate of increase in salaries	2.60%	2.60%
Future pension increases	2.90%	2.85%
Discount rate for scheme liabilities	5.05%	5.15%
Inflation assumption (CPI)	3.20%	2.85%

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

	At 31 July 2024 Years	At 31 July 2023 Years
Retiring today		
Males	20.7	20.7
Females	23.3	23.2
Retiring in 20 years		
Males	22.0	22.0
Females	24.7	24.6

15 Defined benefit obligations (continued)

Sensitivity analysis is provided below:

	2024 Approx monetary amount (£'000's)
Discount rate + 0.1%	14,975
Discount rate — 0.1%	15,475
Mortality assumption – 1 year increase	15,746
Mortality assumption – 1 year decrease	14,717
CPI rate +0.1%	15,480
CPI rate —0.1%	14,970

The sensitivity analysis represents the present value of plan liabilities as a result of the change in each underlying assumption.

Local Government Pension Scheme

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

	Value at 31 July 2024 £'000	Value at 31 July 2023 £'000
Equity instruments	11,669	10,529
Gilts	—	—
Bonds	2,933	2,830
Property	2,578	2,469
Cash	905	786
Multi—asset fund	2,048	1,884
Total fair value of plan assets	20,133	18,498
Actual return on plan assets	2,239	626

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

	2024 Total £'000	2023 Total £'000
Fair value of plan assets	20,133	18,498
Present value of plan liabilities	(15,222)	(14,962)
Adjustment recognised in actuarial gains to cap*	(5,236)	(3,536)
Net pensions liability	(325)	—

15 Defined benefit obligations (continued)

**As the LGPS surplus is irrecoverable, recognition of the surplus on the balance sheet has been restricted to £Nil. The adjustment of £5,236K has been offset against the overall actuarial gain for the year.*

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

	2024 Total £'000	2023 Total £'000
Amounts included in staff cost		
Current service cost	(344)	(583)
Past service cost	—	—
Total	(344)	(583)
Amounts included in investment income	938	601
Amounts included in interest costs	(743)	(627)
Administration expenses	(18)	(10)
Net interest cost	177	(36)
Return on pension plan assets	1,301	25
Other actuarial losses on assets	—	(6)
Experience gains/losses arising on defined benefit obligations	81	(1,123)
Changes in assumptions underlying the present value of plan liabilities	(332)	5,750
Adjustment recognised in actuarial gains to cap	(1,375)	(3,536)
Amount recognised in Other Comprehensive	(325)	1,110

Local Government Pension Scheme

Movement in net defined benefit liability during year

	2024 Total £'000	2023 Total £'000
Net defined benefit liability in scheme at 1 August	—	(1,001)
Movement in year:		
. Current service cost	(344)	(583)
. Employer contributions	492	510
. Net interest on the defined liability	(5)	(36)
. Changes in impact of asset ceiling	(4,911)	—
. Actuarial gain	4,768	4,646
Net defined benefit liability at 31 July	—	3,536

15 Defined benefit obligations (continued)

Asset and liability reconciliation

	2024 Total £'000	2023 Total £'000
Defined benefit obligations at 1 August	14,962	18,485
Current service cost	344	583
Interest cost	743	627
Contributions by Scheme participants	114	129
Change in demographic assumptions	(34)	(551)
Experience losses on defined benefit obligations	(81)	1,123
Changes in financial assumptions	366	(5,199)
Estimated benefits paid	(1,192)	(235)
Defined benefit obligations at 31 July	15,222	14,962

Changes in fair value of plan assets

	2024 Total £'000	2023 Total £'000
Fair value of plan assets at 1 August	18,498	17,484
Interest on plan assets	938	601
Return on plan assets	1,301	25
Other actuarial losses	—	(6)
Employer contributions	492	510
Contributions by Scheme participants	114	129
Estimated benefits paid	(1,192)	(235)
Administration expenses	(18)	(10)
Fair value of plan assets at 31 July	20,133	18,498

16 Related party transactions

Owing to the nature of the College'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 in accordance with the College's financial regulations and normal procurement procedures. Transactions with the ESFA are detailed in note 1.

The total expenses paid to or on behalf of the members of the Board during the year was £nil (2023: £nil).

No Board member received any remuneration or waived payments from the College or its subsidiaries during the year (2023: £nil).

The College discloses all related party transactions in accordance with the College's financial regulations. There were none in 2023/24 (2022/23: none).

Notes to the financial statements 31 July 2024

17 Learner support funds

	Year ended 31 July 2024 £'000	Year ended 31 July 2023 £'000
<i>Learner Support Funds</i>		
Other Learner Support Funds (Advanced Learner Loans Bursary)		
Grant received – current year	55	63
Less: Disbursed to students	(52)	(58)
Less: Administration fee	(1)	(1)
Less: Retained income	—	—
Underspend for the year	2	5

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

Accounts

**Richmond and Hillcroft
Adult and Community
College**

**Annual Report and Financial
Statements**

31 July 2023

Company Limited by Guarantee
Registration Number
0201528 (England and Wales)

Charity Registration Number
312825

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Legal and administrative information

Members of the Board (as at date of approval of the financial statements)

Sharon Raj (Chair)
Rosa Chu
Kate Clarke
Gabrielle Flint (Principal)
Elaine Hawkins
Siu Wo Im
Nick Jones
Dave Munby
Claire O'Donnell
Jane O'Shea
Matthew Pope
John Riglin
Graham Tharp (Staff Governor)

Principal and Accounting Officer of the College

Gabrielle Flint

Clerk to the Board

Laura Morgan

Principal and Registered office

Parkshot
Richmond
Surrey
TW9 2RE

Company registration number

0201528 (England and Wales)

Charity registration number

312825

Key management personnel, and professional advisors

Key management personnel

Key management personnel are defined as members of the Executive Team and were represented by the following in 2022/23:

Gabrielle Flint, Principal

Gaynor Bray, Vice Principal (To December 2022)

Haifa Abdul Amir, Vice Principal Quality & Curriculum (From October 2022)

Neil Wallbank, Vice Principal Finance and Resources

Paul Smith, Executive Director – Commercial (To February 2023)

The College's solicitors

Stone King
Bateman House
82–88 Hills Road
Cambridge
CB2 1LQ

Financial statements auditor and reporting accountants

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Internal auditors

RSM Risk Assurance Services LLP
25 Farringdon Street
London
EC4A 4AB

Bankers

HSBC Plc
South West London Commercial Centre
Hampton Wick
Kingston upon Thames, Surrey

Barclays Bank plc
Level 27
1 Churchill Place
London
E14 5HP

STRATEGIC REPORT

1 Objectives and Strategy

The members of the Board (governors) present their report and the audited financial statements for Richmond and Hillcroft Adult and Community College ('the College') for the year ended 31 July 2023.

The charitable objects of the College are as follows:

"The objects for which the College is established are to provide education for the public benefit to include, without limitation:

- *to enable adult men and/or women disadvantaged by educational or social factors to progress into Higher Education, vocational training and employment.*
- *to contribute to the national development of women's education.*
- *to maintain one or more residential colleges for the education of men and/or women with the aim of enlarging and enriching the vision of its students, developing their capacities for leadership and contribution to society and stimulating their personal growth."*

1.1 Legal status

Richmond and Hillcroft Adult and Community College is a company limited by guarantee (registration number 0201528) incorporated in 1924 and a registered charity (registration number 312825). It is designated for funding by the Education and Skills Funding Agency (ESFA).

1.2 Mission

The College's mission statement, as approved by the members of the Board in December 2021 is:

Enabling adults and communities to thrive through education.

1.3 Strategic plan

The Board approved the strategic plan at its meeting in December 2021.

The three key strategic goals for 2022-2025 are:

- To provide an outstanding customer experience that supports learners to achieve high standards, take pride in their achievements and enjoy learning;
- To increase our reach to enable more adults to benefit from learning; and
- To achieve the long term financial sustainability to meet adult learner needs.

We will achieve our goals through our plans to develop:

- Our People - the RHACC staff team;
- Technology;
- The RHACC Estate;
- The Curriculum; and
- Partnerships.

STRATEGIC REPORT (continued)

The following strategic priorities were identified in the Strategic Plan 2022-2025 for implementation during this period.

1. Our People

- We will invest in training for our sector expert staff to ensure they have the skills and knowledge to stay at the top of their game in the classroom and workplace.
- We will recruit, engage and support staff to ensure that we have a committed team of adult learning practitioners who share our values and the capacity to support growth and excellence.
- We will provide employment opportunities for those adults who face barriers to employment and who are from disadvantaged or underrepresented backgrounds.

2. Technology

- We have an ambitious digital strategy that will enable us to reach more learners online, work more efficiently and make information on learning and support more widely available.
- We will develop the same sense of safe community space in our online campus as at our two terrestrial sites.

3. Estates

- We will develop our Hillcroft site in Surbiton to provide an accessible adult learning and community hub for the Kingston upon Thames community and beyond. A safe and inclusive resource for the whole community.
- We will support informal learning and business development by making our facilities available to partners and the community within a safety framework that takes account of best practice in Safeguarding and Covid management.

4. Curriculum

- We will further develop our curriculum to provide clear routes to work in Health, Care, Digital, Creative Industries and Professional Services.
- We will expand the foundation skills of English, Maths, Digital and 'soft skills' to ensure that adults and employers have the skills they need for the workplace.
- We will develop capacity building training to support the growth of small businesses and grass roots organisations with a social purpose.
- We will continue to develop the wellbeing provision required to support personal and community resilience and enable adults to stay well, independent and active in the community.
- We will further develop opportunities for people who have a disability and complex needs and those who care for them. We will use small enterprises to enable the most marginalised to take centre stage, achieve their potential and progress to work and greater independence.
- We will further develop Hillcroft Women's Education provision to ensure that it equips women with the skills to take control of their lives and achieve career and personal goals.
- We will make more modular and part time provision, guidance and support available

STRATEGIC REPORT (continued)

- We will make more modular and part time provision, guidance and support available online to widen access.
- We will ensure that all provision is delivered as efficiently as possible to provide best value to the learner, funders and RHACC.

5. Partnerships

- We will develop partnerships with community organisations, employers, education and care providers that enable us to create accessible and direct routes to work and community engagement. This network will ensure there is no wrong door for adult learners whatever their needs and interests.
- We will use The Bridge, coworking centre as a forum for collaboration with SMEs and tailored support for business growth.

1.4 Financial objectives

The College's financial objectives that support the strategic objective of ensuring financial sustainability are to:

- Implement a robust financial strategy over the period 2022 to 2025.
- Review and continuously monitor the cost effectiveness of provision and back office support services.
- Establish and monitor targets for contribution to central overheads from teaching departments.
- Improve the efficiency of the College in order to generate funds available for investment in the curriculum and the estate.

2. RESOURCES

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

2.1. Tangible

Tangible resources include the Parkshot site in Richmond and the Hillcroft site in Surbiton.

2.2 Financial

At 31 July 2023 the College had £46,006,000 (2021/22: £46,153,000) of net assets and no external debt. The College had a cash balance of £1,982,000 at 31 July 2023 (2021/22 £2,741,000), part of which it is intended to use for the redevelopment of the Hillcroft site. The balance included £973,000 repayable to the ESFA in respect of an overpayment made to the College in 2018.

2.3 People

During the year ended 31 July 2023 the College employed 303 people (expressed as average head count), of whom 185 were teaching staff.

2.4 Reputation

The College has a good reputation. Maintaining a quality brand and good reputation continues to be essential for the College's success in attracting students and developing external relationships.

STRATEGIC REPORT (continued)

3. STAKEHOLDER RELATIONSHIPS

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

- Learners;
- Education sector funding bodies;
- FE commissioner;
- Staff;
- Partner referral organisations;
- Local employers;
- Local authorities and the GLA;
- Local charities;
- Government offices;
- The local community;
- Trade Unions;
- Other FE institutions; and
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through face to face meetings, by email and letter contact, by staff newsletters, by press releases and through the College web site.

Feedback from learners is encouraged, to help the management team to judge performance and ensure areas of weakness are addressed.

3.1 Engagement with employees

The College consults with staff, providing employees with information on matters of concern to them. Key performance indicators are produced and shared with the College Management Team. Communication with staff takes a variety of forms, including open meetings on a termly basis for all staff, regular management meetings, and an 'all staff' email is produced weekly.

The College has adopted a Recruitment and Selection Policy and Procedure that is in line with all relevant legislation. This includes a policy in respect of applications for employment from disabled persons.

With respect to finance, budget holders are consulted during the budget setting process. The consultation is undertaken by the Vice Principal Finance and Resources and the Head of Finance.

3.2 Engagement with suppliers, customers and others in a business relationship with the College

The College continues to foster good working relations with suppliers by ensuring:

- Payments are made to suppliers within required timescales;

STRATEGIC REPORT (continued)

- Where payments are delayed a dialogue is maintained with the supplier;
- Tender processes are clear and transparent; and
- Clear escalation procedures are in place in case of a dispute with the College.

3.3. Promoting the success of the College to achieve its purposes

The College has its own website, which is kept updated with the latest news and events that are taking place. Social media is also used to promote the College and its activities. A new web site is planned for 2023/24.

4. PUBLIC BENEFIT

RHACC is a company limited by guarantee and a registered charity. The members of the Board, who are directors of the charity for the purposes of company law, are disclosed on page 1.

In setting and reviewing the College'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 College provides identifiable public benefit through the advancement of education to around 7,000 students.

The College provides courses without charge to young people and to those who are unemployed or on low income. The College also provides a number of concessions to learners. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

5. DEVELOPMENT AND PERFORMANCE

5.1 Financial results

The College incurred a deficit (deficit before other gains and losses) in the year of £1,257,000 (2021/22: deficit £1,782,000). This deficit is after charging depreciation of £918,000 and pension adjustments of £109,000. Total Comprehensive Income for the year is a deficit of £147,000 (2021/22: surplus of £5,997,000) after allowing for an actuarial gain on the pension scheme of £3,536,000 (2021/22: £7,779,000). The actual gain for the year on the pension scheme was £4,646,000 but for accounting purposes this is capped at the level which would move the fund into a surplus position.

Activity for the year showed an increasing willingness of learners to return to learning following three years of operation impacted by Covid. Income after interest and release of capital grants increased by £805,000. This was largely due to increased funding body income of £480,000 and increased tuition fee income of £307,000. The College overachieved the funding allocation from the GLA by 3%, which represents additional income of £147,000. Although tuition fees still remain below the pre-pandemic level the 21% year on year increase is a positive sign of recovery.

STRATEGIC REPORT (continued)

The College received income from 'other income' sources of £461,000 (2021/22 £457,000). Income generation from events and hires has failed to recover to pre-pandemic levels although income from joint workspace facilities has recovered well.

Financial performance was also affected by general inflationary pressures and in particular the rising cost of energy. Energy costs increased by 90% from £178,000 to £337,000 in the year.

The College has total net assets of £46,006,000 (2021/22 £46,153,000), including cash balances of £1,982,000 (2020/21 £2,741,000). The Local Government Pension Fund is now in surplus by £3,536,000 but this is not recognised on the balance sheet as it is not considered to be recoverable (2021/22: deficit £1,001,000).

At 31 July 2023, the College had accumulated reserves of £46,006,000 (2021/22 £46,153,000). The Income and Expenditure Reserve has a surplus of £40,102,000 (2021/22 £40,160,000). The College continues to operate without the requirement of any external financing.

Tangible fixed asset additions during the year amounted to £240,000. This included equipment purchased of £65,000 and £116,000 of assets in the course of construction for the Hillcroft campus.

The College has significant reliance on the education sector funding bodies, the ESFA and GLA, for its principal funding source of recurrent grants. In 2022/23 the ESFA and GLA recurrent grants provided 65% (2021/22: 69%) of the College's total income.

The LGPS pension shows a surplus of assets over liabilities of £3,536,000 (2021/22: deficit £1,001,000) which is a significant in year movement. The Members of the Board have been advised that pension accounting surplus/deficits have no effect on the contribution rate, which is determined using long-term funding assumptions based on the investment strategy of the pension fund, rather than solely on the yields of corporate bonds.

5.2 Cash flows and liquidity

There was a decrease in cash at 31 July 2023 of £759,000 resulting from operating cash outflows of £531,000 and cash outflows from investment activities of £228,000. The College is aware of the need to maintain control of its cash resource to enable it to mitigate potential risks from falls in income and increased inflationary pressures.

In 2017/18 the ESFA erroneously paid to the College £1,799,485 in respect of its AEB grant. The College made the ESFA aware of the error but were assured that the payment was correct. The College accounted for the overpayment on its balance sheet as a short term creditor and did not include the amount as income. In August 2021, the ESFA acknowledged its error and requested that the College repays the funding. The College accepts that the funds are due to the ESFA and agreed a three year repayment schedule with the ESFA commencing in March 2022 of £50,000 per month. An amount of £600,000 has been repaid in 2022/23. The overall effect will be for the College to have a significant reduction in its cash balance when the repayment has been finalised. The amount outstanding at the end of the year was £950,000.

STRATEGIC REPORT (continued)

5.3 Taxation

As a registered charity for the purposes of the Charities Act 2011, the College's activities do not fall to be charged to corporation tax.

5.4 Reserves

As at the balance sheet date, the Income and Expenditure Reserve is in surplus by £40,102,000 (2021/22: £40,160,000).

5.5 Streamlined Energy & Carbon Reporting

Under the Streamlined Energy and Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 the College is mandated to include energy consumption, related emissions, intensity metrics and energy efficiency improvements implemented during the financial year. The College is required to comply with these regulations as it meets two of the three criteria of a large company, as defined by the Companies Act 2006; the College employs more than 250 employees and has a balance sheet total of greater than £18million.

This information is summarised below.

The total consumption (kWh) figures for energy supplies reportable are as follows:

Utility and Scope	2022/23 UK consumption (kWh)	2021/22 UK consumption (kWh)
Natural gas (Scope 1)	1,122,673	1,337,903
Grid-supplied electricity (Scope 2)	702,810	695,481
Total	1,825,483	2,033,384

The total emissions (tCO₂e) figures for energy supplies reportable are as follows:

Utility and Scope	2022/23 UK emission (tCO ₂ e)	2021/22 UK emission (tCO ₂ e)
Natural gas (Scope 1)	204,955	243,753
Grid-supplied electricity (Scope 2)	145,534	134,492
Total	350,489	378,245

STRATEGIC REPORT (continued)

An intensity metric of tCO₂e per headcount number of employees for the annual UK consumption has been calculated as follows:

	2022/23	2021/22
Total tCO ₂ e emissions	350,489	378,245
Average headcount employees for the year	303	313
Intensity metric	1,157	1,208

The reporting methodology is as follows: Scope 1 and Scope 2 consumption and Co₂e emissions data has been calculated in line with the 2023 UK Government environmental reporting guidance. The Emission Factor Database 2021/22, Version 2 has been used.

The intensity metric has been calculated utilising the annualised average employee numbers for the whole College, totalling 303 employees (313 2021/22), and has been applied to all the carbon emissions reported.

The above represents a 10% reduction in consumption and a 7.3% reduction in emissions. The College is in the process of developing a sustainability strategy with an intended net zero target. A first step in the process has been to implement some energy saving factors such as installation of LED lighting, purchase of energy efficient computer monitors and the purchase of a more energy efficient kiln for ceramics provision.

6. FUTURE PROSPECTS

6.1 Future developments

The College continues with its plans for the redevelopment of the Hillcroft site. This involves the sale of the existing building and part of the site with a new college being constructed on the remaining land. The development will be primarily funded through the sale proceeds and also an initial grant allocation of £3.2m from the GLA Skills for Londoners Capital Fund. A planning application has been submitted to the Royal Borough of Kingston upon Thames. The College remains in discussion with the Council regarding aspects of the scheme, particularly around the impact on the bio-diversity of the site. In an attempt to address this outstanding issue, revised plans are being developed prior to the submission of a revised planning application and discussion by the Planning Committee.

The impact of Brexit on the construction material supply chain and labour availability, the current levels of inflation and delays caused due to the lengthy planning discussions have resulted in budgeted project costs exceeding those originally planned. The GLA recognised that a number of schemes funded through the Skills for Londoners Capital Fund are experiencing similar financing issues. The GLA issued an invite for existing schemes to request additional contingency funds. The College submitted a bid and an additional £1.7m has been awarded to the College bringing the total to c£5m.

STRATEGIC REPORT (continued)

6.2 Financial Plan

The Board approved a budget in July 2023 that indicated a deficit of £751,000 and a negative EBITDA of £100,000 with a financial health grade of 'Requires Improvement'. It was agreed that the budget would be reviewed following the start of year enrolment period. A financial recovery plan was developed in 2022/23 and will continue to be monitored throughout 2023/24 by the Finance & Resources Committee.

6.3 Treasury policies and objectives

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

The College has a separate treasury management policy in place.

Following the re-classification of Colleges in November 2022 any borrowings will now require the approval of the DfE. No borrowings, either short or long term were required in the year or are anticipated in 2023/24.

6.4 Reserves

The College has no formal Reserves Policy, but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business. A Reserves Policy has been discussed by the Finance & Resources Committee and will be recommended for approval by the Board for implementation in 2023/24. The College is targeting a return to generating a positive EBITDA by 2025/26.

It is the intention of the College to increase reserves by the generation of annual operating surpluses. However, in the short term, with the impact of Covid-19 it is recognised that this will not be possible, but it still remains the medium to longer term goal. The Board members consider it of prime importance that the College is able to meet its on-going commitments through its cash reserves and by the generation of annual operating surpluses to increase its ability to invest in the infrastructure.

7. PRINCIPAL RISKS AND UNCERTAINTIES

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

Based on the strategic plan, the Executive Team undertakes a comprehensive review of the risks to which the College is exposed. It identifies systems and procedures, including specific actions which should mitigate any potential impact on the College. Additional internal controls are then implemented as necessary and subsequent appraisal will review their effectiveness and progress against risk mitigation actions.

STRATEGIC REPORT (continued)

In addition to the ongoing review, the Executive Team also considers any risks which may arise as a result of a new area of work being undertaken by the College. A risk register is maintained at the College level which is reviewed each term by the Audit Committee and the Board. Each sub-committee also reviews the risks associated with its own area of responsibility.

The risk register identifies the key risks, controls, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are ranked using a consistent scoring system. This is supported by a risk management communication programme to raise awareness of risk throughout the College.

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

7.1 Government funding

The College has had considerable reliance on continued funding from the GLA and the ESFA. In 2022/23 the College received 65% (2021/22: 69%) of its funding from these two bodies. The GLA is now the College's largest single funder. Given the current economic climate and the likelihood of reductions in public sector spending there can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of the following issues which may impact future funding:

- As more courses are eligible for public funding, which have previously been subject to a tuition fee paid by learners, although having a positive impact on the College's ability to achieve its funding body targets, this may also have an adverse impact on tuition fee income as more learners become eligible for government funding.
- Despite recent falls in the rate of inflation there still remains uncertainty around the future economic outlook for the UK. As the government re-assesses its public sector spending plans there is a significant risk that inflationary pressures from pay, and non-pay costs will not be met by increased funding. As has been evident, most of the increased funding for the sector announced over recent months has been allocated via the 16-18 budget with providers such as RHACC, that receives the majority of its funding through the Adult Education Budget, not receiving any of this increase.
- Funding for adult education in London has been devolved to the GLA from 2020/21. The College will continue to work with the GLA to ensure that the impact on funding is minimised.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training.
- Funding is derived through a number of contractual arrangements with funding bodies and other funders e.g. local authorities.
- Considerable focus and investment are placed on maintaining and managing key relationships with the various funding bodies.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.

STRATEGIC REPORT (continued)

- Developing the range of quality level 3 programmes.
- Further developing links and relationships with local authorities and the community.

7.2 Income diversification

The College has been relatively successful in generating income from a number of non funding body sources. This has involved improving the utilisation of both sites by making them available for lettings and other income generating activities. The risk for the College is that the budget targets are not met.

This risk is mitigated in a number of ways:

- By ensuring that the facilities available for income generating activities are of a standard expected by paying customers.
- Close management of expenditure in relation to all income generating activities to ensure that they are self-financing.
- Appropriate and relevant marketing of facilities.
- Further development of the joint-workspace facility at both Parkshot and Hillcroft campus.

7.3 Learner engagement

The Board approved a revised curriculum strategy to ensure that the course offer continues to meet both learner and community needs and enables learners from all backgrounds to progress towards their individual goals.

The risk of not achieving this objective will be mitigated in a number of ways:

- By providing the foundation skills of English, Maths, Digital and problem-solving skills that enable adults to become independent learners and progress to further study.
- By Providing routes into good work and new careers.
- By improving wellbeing and developing resilience and engaging those at risk of isolation.
- By narrowing achievement gaps between the most and least advantaged residents by supporting e.g. people who have a disability and carers to learn, work and thrive.
- By supporting older residents to return to work and/or make a contribution to their community.
- By creating social capital through our employer and community partnerships in the Creative, Green, Digital and Business sectors.
- The learner groups targeted are:
 - Adults facing social marginalisation due to age, gender, disability, poor mental health or caring commitments.
 - Adults seeking wellbeing and personal development.
 - The unemployed and adults seeking career change or development.
 - Adults who lack the basic skills of English, Maths and Digital Skills
 -

STRATEGIC REPORT (continued)

- Businesses, particularly ones that deliver a social outcome such as Health, Care, Green or Creative and Community sectors.
- By providing financial support through bursaries to learners who are having difficulty accessing provision due to hardship.
- By providing additional learning support to learners who require help to be able to undertake programmes of study.
- By on-going review of the marketing strategy of the College and how we recruit our learners.
- By continuously improving learner achievement rates and teaching quality.

7.4 Long term financial sustainability

Achieving and maintaining at least 'Good' financial health and long term financial sustainability is a priority for the College. The College was unable to achieve this goal in 2022/23, with high inflation and increased energy costs having an impact on financial performance. The College continues to have a strong balance sheet with good cash reserves and no external borrowings. However, it is recognised that 2023/24 will be another difficult year with a budgeted deficit that will require careful monitoring.

This risk of not achieving financial sustainability is mitigated in a number of ways:

- The implementation of a realistic financial recovery plan that is monitored by the Finance & Resources Committee.
- Planned deficit is manageable within the College's cash reserves.
- Efficiencies in staffing will be achieved to generate staff cost savings.
- New sources of income generation are being explored.

8. KEY PERFORMANCE INDICATORS

The College is committed to observing the importance of sector measures and indicators. The College uses key performance indicators internally as well as external measures to assess its performance. These measures include learner retention, pass and achievement (success) rates, minimum standards, financial health, delivery against funding targets and Ofsted judgements.

At the most recent inspection by Ofsted in January 2020 the College was judged as good in all areas. This was the first inspection of the College following merger in October 2017.

The College is required to complete the annual Finance Record for the ESFA. The Finance Record produces a financial health grading. The grade for 2021/22 was confirmed as 'Requires Improvement' by the ESFA. The financial results for 2022/23 also indicate a financial health grade of 'Requires Improvement'. It is anticipated that the College will also have a financial health grade of 'Requires Improvement' in 2023/24.

STRATEGIC REPORT (continued)

The Colleges key performance indicators are set out below.

Key Performance Indicator	Measure/Target	Actual for 2022/23
Financial Health	Good	Requires Improvement
Ofsted rating	Outstanding	Good
Student Achievement	87.3%	91%
Student Numbers	7,300	7,507
EBITDA as % of Income	2.82%	-5%

8.1 Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the year to 31 July 2023, the College paid 92% per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

9. EQUALITY DIVERSITY & INCLUSION

The College is committed to providing a positive and supportive learning and working environment for all students and staff, consistent with an ethos of respect and tolerance. The College aims to promote best practice in the advancement of equality, diversity and inclusion and to fulfil its mission in such a way that promotes equality of opportunity, embraces diversity, eliminates unlawful discrimination and addresses disadvantage.

The College is committed to eliminating discrimination and advancing equality, diversity and inclusion. The College seeks to ensure that students, staff, prospective students, visitors, governors, contractors and suppliers are treated with respect, dignity and equity regardless of their individual protected characteristics – age, disability, gender, gender reassignment, pregnancy or maternity, marriage or civil partnership status, race, religion or belief, or sexual orientation (as defined in the Equality Act 2010).

The College's Equality, Diversity and Inclusion Policy is published on the College's web site.

The College complies with its public duty under the Equality Act 2010 by having due regard when carrying out its functions. Specifically the College has:

- Considered access to the College's resources by giving assistance to applicants, staff and learners with learning disabilities or difficulties, making the appropriate reasonable adjustments where necessary.
- Maintained its disability symbol employer status year on year through demonstrating its commitment to the principles and objectives of the Disability Confident Employer standards.

STRATEGIC REPORT (continued)

- Implemented an updated Equality and Diversity training programme. Information and refresher training is carried out on an ongoing basis.
- Allocated specific resource to providing information, guidance and a range of support where necessary to learners with learning difficulties and/or disabilities. There are also a number of learning support assistants who provide a range of support for learning.
- Provided a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.
- Provided a list of specialist equipment which the College makes available for learner use and a range of assistive technology is also available in the learning centres.
- Highlighted its commitment to Equality and Diversity through staff and learner policies and information such as the Equality and Diversity policy and action plan. Specific reference to our commitment is made explicit in the staff and learner handbooks.
- Offered specialist programmes in College prospectuses.
- All staff of the College and its partners are expected to demonstrate a positive attitude towards diversity.

9.1 Disability statement

The College is a 'Disability Confident' employer and has committed to the principles and objectives of the Positive about Disabled People standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the minimum criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College seeks to achieve the objectives set down in the Equality Act 2010 and takes appropriate account of the Special Education Needs and Disability (SEND) Code of Practice 2014 (updated in 2015) for young people up to the age of 25 years in the following ways:

- Assessing the needs of individual students declaring a disability and providing tailored support for these students.
- Providing Additional Learning Support (ALS) for students – particularly in relation to dyslexia, dyspraxia and dyscalculia.
- Developing links with specialist support agencies and organisations and signposting students to these where appropriate.
- Training staff in Mental Health First Aid and Awareness.

STRATEGIC REPORT (continued)

10. ENVIRONMENTAL SUSTAINABILITY

The College acknowledges the importance of being responsible, sustainable and ethical in order to meet the needs of the present, and leave a better environment for future generations. The College recognises the need to reduce pollution and conserve energy, water and other natural resources and the urgent need to conserve the limited stock of fossil fuels.

It is therefore the intention of the College to minimise the usage, the disposal and consumption of resources commensurate with the need to provide the necessary utilities and well-being for all students, staff, visitors and other stakeholders and to ensure their health and safety.

Through this strategy Richmond and Hillcroft Adult and Community College aims to:

- Comply with all applicable legal requirements and other requirements to which the College subscribes;
- Put in place appropriate controls to prevent pollution;
- Reduce the College's carbon dioxide emissions;
- Encourage the adoption of sustainable travel practices by staff, students and visitors travelling to and from College;
- Reduce the environmental impact of the College through conservation of its material resources;
- Put in place measures to promote reduction, re-use and recycling of waste;
- Ensure new building developments take into account sustainable construction principles;
- Take positive action to promote biodiversity on any site that the College owns or manages;
- Engage with the wider community to promote environmental best practice and seek collaborative opportunities in order to facilitate developments in this area;
- Develop an Environmental Sustainability Policy that is communicated to all students and individuals working for or on behalf of the College and to provide training and awareness for staff and students where appropriate;
- Consider sustainability in the procurement of goods and services.

11. TRADE UNION FACILITY TIME

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the college. However, the College has no recognition agreements in place with any union and therefore no disclosure is necessary.

STRATEGIC REPORT (continued)

12. GOING CONCERN

In anticipation of another difficult year the Board recognised that the College would be facing a deficit position in 2023/24. The budget approved in July 2023 planned for a deficit of £751,000 and a negative EBITDA of £100,000.

The College has a strong balance sheet with net assets of £46,006,000 and net current assets of £557,000. The College's cash balance at 31 July 2023 was £1,982,000 which represented an in-year cash decrease of £759,000, of which £600,000 related to the part repayment to the ESFA of an overpayment of £1,799,485 made in 2017/18. The College's worse case cash forecast for December 2025 indicates a cash balance of £1,123,000 after further repayment to the ESFA totalling £600,000. The amount outstanding at December 2024 will be £100,000.

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

13. EVENTS AFTER THE END OF THE REPORTING PERIOD

The College was inspected by Ofsted from 5th to 8th December, the result of the inspection will be published in early 2024.

14. DISCLOSURE OF INFORMATION TO AUDITOR

The members of the Board (who are also directors of the company for the purpose of company law) who held office at the date of approval of this report confirm that:

- so far as they are each aware, there is no relevant audit information of which the College's auditor is unaware; and
- each member has taken all the steps that he or she ought to have taken as a member in order to make himself or herself aware of any relevant audit information and to establish that the company'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 report of the members of the Board, including the strategic report, has been approved by the members of the Board and signed on their behalf by:



Sharon Raj
Chair

Approved on: 15/12/2023

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the year from 1 August 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of corporate governance. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon the best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector.

In the opinion of the members of the Board, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2023. 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 members of the Board, who are also trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

Statement of Corporate Governance and Internal Control 31 July 2023

Members of the Board

The members of the Board who served during the year were as follows:

	Expiry of term of office	Term of office	Date of resignation	Status of appointment	Working Groups/ Committees served (2022/23)	Attendance record for period concerned
Mr Richard Brewster	30 06 2023	4 years	13 07 2023	Independent	Finance & Resources Committee	9 of a possible 11
Ms Kate Clarke	01 04 2024	4 years	n/a	Independent	Quality & Standards Committee, Search & Governance Committee, Remuneration Committee	13 of a possible 13
Ms Rosa Chu	04 04 2027	4 years	n/a	Independent	Finance & Resources Committee	3 of a possible 3
Ms Renuka Fernando	23 03 2026	4 years	18 04 2023	Independent	Finance & Resources Committee	6 of a possible 8
Ms Gabrielle Flint	n/a	n/a	n/a	Principal & Chief Executive (ex officio)	Search & Governance Committee, Quality & Standards Committee as member. All other Committees (not Audit) as ex-officio	10 of a possible 10
Prof Andrew George (Chair of the Board)	01 10 2024	4 years	13 07 2023	Independent	Search & Governance Committee (Chair), Remuneration Committee, Capital Project Steering Group	12 of a possible 15
Mr David Izett	01 04 2024	4 years	23 03 2023	Independent	Finance & Resources Committee, Capital Project Steering Group	6 of a possible 9
Mr Nick Jones	13 03 2025	4 years	n/a	Independent	Finance & Resources Committee, Capital Projects Steering Group, Search & Governance Committee, Remuneration Committee	18 of a possible 20
Ms Claire O'Donnell	23 03 2026	4 years	n/a	Independent	Quality & Standards Committee	10 of a possible 10
Ms Jane O'Shea	11 07 2024	1 year	n/a	Independent	Quality & Standards Committee, Capital Project Steering Group	14 of a possible 15

Statement of Corporate Governance and Internal Control 31 July 2023

	Expiry of term of office	Term of office	Date of resignation	Status of appointment	Working Groups/ Committees served (2022/23)	Attendance record for period concerned
Mr Dave Munby	13 03 2025	4 years	n/a	Independent	Audit Committee	8 of a possible 9
Mr Matthew Pope	13 07 2027	4 years	n/a	Independent	Capital Project Steering Group	N/A - Formal appointment at last meeting of the Board
Ms Sharon Raj	20 05 2024	4 years	n/a	Independent	Audit Committee, Search & Governance Committee, Remuneration Committee	13 of a possible 13
Mr John Riglin	23 03 2026	4 years	n/a	Independent	Audit Committee	8 of a possible 9
Mr Graham Tharp	14 12 2025**	4 years	n/a	Staff	Finance & Resources Committee	9 of a possible 11
Mr Nigel Ware	31 07 2023	2 years	13 07 2023	Independent	Capital Project Steering Group	11 of a possible 11

** Unless employment with the College ceases before that date.

* Sara George acted as Clerk to the Board during the period 1 August 2022 – 31 July 2023.

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 College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues.

The Board

The Board conducted its business through a number of committees during the year ended 31 July 2023. Each committee has terms of reference, which have been approved by the Board. These committees are Quality and Standards, Audit, Finance and Resources, Search and Governance. In addition there is a Capital Project Steering Group.

Statement of Corporate Governance and Internal Control 31 July 2023

The Board (continued)

Full minutes of all meetings (except those deemed to be confidential by the Board) are available from the Clerk to the Board at the registered address. The Clerk to the Board maintains a register of financial and personal interests of the members. The register is available for inspection at the registered address and also on the College website.

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

Appointments to the Board

Any new appointments to the Board are a matter for the consideration of the Board as a whole.

Members of the Board are appointed for a term of office not exceeding four years.

Board performance

During the course of the year Board members have considered the performance of the Board as a whole and this has been reported to a Board meeting. Governance is assessed in addition as part of the overall College Self-Assessment Report which is completed annually.

The Board considered DfE guidance on board reviews and commissioned an external reviewer (Stone King) to undertake a formal review of Board performance and governance arrangements in 2022/23. An action plan to address the recommendations of the review has been developed and its implementation will be monitored by the Board.

Search and Governance Committee

The Board has a Search and Governance Committee, consisting of five members of the Board in 2022/23 to include the Chairs of each sub-committee, the Chair of the Board and the Principal, which reviews governance matters and is responsible for the selection and nomination of any new member for the Board's consideration. The Remuneration Committee is a sub-committee of the Search and Governance Committee and comprises all members of Search and Governance aside from the Principal. Its responsibilities include making recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders.

Details of remuneration of the Principal for the year ended 31 July 2023 are set out in note 6 to the financial statements.

Finance and Resources Committee

This Committee comprises five members of the Board and has terms of reference approved by the Board. The Committee meets at least five times a year and reviews financial performance and items of expenditure requiring committee approval. The Committee also has responsibility for HR, IT, Estates and Health and Safety matters.

Audit Committee

The Audit Committee comprised three members of the Board plus one co-opted member. The Committee operates in accordance with written terms of reference approved by the Board.

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

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

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

The Audit 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 Audit Committee met on three occasions during the year.

Quality and Standards Committee

The Quality and Standards Committee comprises four members of the Board. The Committee operates in accordance with written terms of reference approved by the Board. The Committee meets at least three times a year and provides a forum for reporting on teaching and learning matters including quality improvement, learner outcomes and self-assessment.

Internal control

Scope of responsibility

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

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

Internal control (continued)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2023 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 College 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 College's significant risks that has been in place for the year ended 31 July 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board at least once every term.

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board;
- Regular reviews by the Board 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 College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board on the recommendation of the Audit Committee.

Risks faced by the Board

The College analysed the risks to which it was exposed and a programme of assurance was agreed with the Audit Committee. The Committee was provided with reports on this assurance activity in the College.

Risks faced by the Board (continued)

The College has a risk register that is reviewed by the Audit Committee, sections relevant to each sub committee are also subject to scrutiny by those committees. The risk register is a regular item on the Board agenda. The register identifies the key risks faced by the College together with an impact and likelihood rating for each risk.

Control weaknesses identified

The reviews did not identify any significant internal control weaknesses or failures.

Responsibilities under funding agreements

The College maintains learner records in support of funding claims to the ESFA and the GLA. Claims are made in accordance with the funding regulations in place at the time and are submitted in accordance with the timescale set out by the two funding bodies.

The Department for Education and Education and Skills Funding Agency introduced new controls for colleges on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

Statement from the Audit Committee

The Audit Committee has advised the Board that the College has an effective framework of governance and risk management in place. The Audit Committee believes that the Board has effective internal controls in place.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditors;
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- Comments made by the College's financial statements and reporting accountants for regularity assurance in their management letters and other reports.

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

Statement of Corporate Governance and Internal Control 31 July 2023

Review of effectiveness (continued)

The Executive 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 Executive Team and the Audit Committee also receive regular reports from internal audit, and other sources of assurance which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board's agenda includes a regular item for consideration of risk and control and it receives reports thereon from the Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the Board carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the Executive Team and internal audit, and taking account of events since 31 July 2023.

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

Approved by order of the members of the Board and signed on its behalf by:

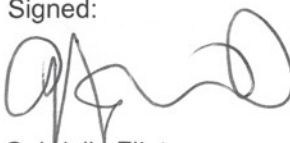
Signed:



Sharon Raj
Chair

Date: 15/12/2023

Signed:



Gabrielle Flint
Principal and Accounting Officer

Date: 15.12.23

Statement of regularity, propriety and compliance 31 July 2023

As accounting officer I confirm that the Board has had due regard to the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding.

I confirm on behalf of the Board that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the Board, or material non-compliance with the terms and conditions of funding, under the Board's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

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

Signed:



Gabrielle Flint
Principal and Accounting Officer

Date: 15.12.23

Statement of the chair of governors

On behalf of the Board, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the Board and that I am content that it is materially accurate.

Signed:



Sharon Raj
Chair

Date: 15/12/2023

Statement of the responsibilities of the members of the Board 31 July 2023

The members of the Board, as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the College's grant funding agreements and contracts with the ESFA and any other relevant funding bodies, the Board, through is required to prepare financial statements which give a true and fair view of the financial performance and position of the College for the relevant period. The Board must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and the strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess whether the College is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Board is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP that describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

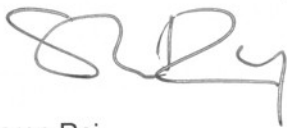
The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the Companies Act 2006, the relevant legislation of incorporation, including the Further and Higher Education Act 1992, the Charities Act 2011 and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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

Statement of the responsibilities of the members of the Board 31 July 2023

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

Approved by order of the members of the Board on 14 December 2023 and signed on its behalf by:



Sharon Raj
Chair

Date: 15/12/2023

Independent auditor's report to the members of the Board of Richmond and Hillcroft Adult and Community College

Opinion

We have audited the financial statements of Richmond and Hillcroft Adult and Community College (the 'College') for the year ended 31 July 2023 which comprise the statement of comprehensive income and expenditure, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023 and of its deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. The members of the Board are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the report of the members of the Board, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the members of the Board, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the members of the Board including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of the members of the Board

As explained more fully in the statement of responsibilities of members of the Board, the members of the Board 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 members of the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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 Senior Statutory Auditor 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 identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Further and Higher Education Act 1992, Companies Act 2006, funding agreements with the ESFA and GLA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; 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.

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

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

- making enquiries of management as to where they considered there was susceptibility to fraud, 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; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

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 Board meetings; and
- 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 members of the Board and other management and the inspection of regulatory and legal correspondence, if any.

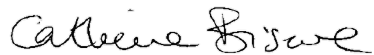
Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Independent auditor's report to the members of the Board 31 July 2023

Use of our report

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



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

Date: 15 December 2023

Reporting accountant's assurance report on regularity 31 July 2023

Reporting accountant's assurance report on regularity to the Members of the Board of Richmond and Hillcroft Adult and Community College ("the Board") and the Secretary of State for Education, acting through the Education and Skills Funding Agency ("the ESFA")

In accordance with the terms of our engagement letter dated 21 June 2021 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Richmond and Hillcroft Adult and Community College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA has other assurance arrangements in place.

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

Respective responsibilities of the Board of Richmond and Hillcroft Adult and Community College and the reporting accountant

The Board of Richmond and Hillcroft Adult and Community College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them. Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Reporting accountant's assurance report on regularity 31 July 2023

Approach

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

15 December 2023

Statement of comprehensive income and expenditure Year to 31 July 2023

	Notes	2023 £'000	2022 £'000
Income			
Funding body grants	1	6,504	6,025
Tuition fees and education contracts	2	1,907	1,547
Other grants and contracts	3	5	14
Other income	4	461	457
Investment income	5	613	292
Total income		9,490	8,335
Expenditure			
Staff costs	6	6,419	6,277
Other operating expenses	7	2,773	2,518
Depreciation	9	918	895
Interest payable	16	637	427
Total expenditure		10,747	10,117
Deficit before other gains and losses		(1,257)	(1,782)
Deficit before tax		(1,257)	(1,782)
Taxation	8	—	—
Deficit for the year		(1,257)	(1,782)
Actuarial gain in respect of pension schemes	16	1,110	7,779
Total Comprehensive (Expenditure)/income the year		(147)	5,997
Represented by:		(147)	5,997
Unrestricted comprehensive (expenditure)/income		(147)	5,997

The Statement of Comprehensive Income and Expenditure items are in respect of continuing activities.

Statement of changes in reserves Year to 31 July 2023

	Income and expend- -iture account £'000	Revalua- -tion reserve £'000	Restricted Benefac- -tion fund £'000	Restricted other funds £'000	Restricted Endow- ment fund £'000	Total £'000
Balance at 1 August 2021	34,074	4,994	17	1,068	3	40,156
Deficit from the income and expenditure account	(1,782)	—	—	—	—	(1,782)
Other comprehensive income – Actuarial loss in respect of pension schemes	7,779	—	—	—	—	7,779
Transfers between revaluation and income and expenditure reserves	89	(89)	—	—	—	—
Total comprehensive income/ (expenditure) for the year	6,086	(89)	—	—	—	5,997
Balance at 31 July 2022	40,160	4,905	17	1,068	3	46,153
Deficit from the income and expenditure account	(1,257)	—	—	—	—	(1,257)
Other comprehensive income – Actuarial gain in respect of pension schemes	1,110	—	—	—	—	1,110
Transfers between revaluation and income and expenditure reserves	89	(89)	—	—	—	—
Total comprehensive expenditure for the year	(58)	(89)	—	—	—	(147)
Balance at 31 July 2023	40,102	4,816	17	1,068	3	46,006

Balance sheet 31 July 2023

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Non-current assets					
Tangible fixed assets	9		52,161		52,839
Current assets					
Trade and other receivables	10	529		431	
Cash and cash equivalents	15	1,982		2,741	
		2,511		3,172	
Creditors - amounts falling due within one year	11	(1,955)		(2,287)	
Net current assets			556		885
Total assets less current liabilities			52,717		53,724
Creditors - amounts falling due after more than one year	12		(6,711)		(6,570)
Provisions					
Net pension liability	16				(1,001)
Total net assets			46,006		46,153
Restricted reserves					
Benefaction fund			17		17
Endowment fund			3		3
Other restricted funds			1,068		1,068
			1,088		1,088
Unrestricted reserves					
Income and expenditure reserve			40,102		40,160
Revaluation reserve			4,816		4,905
TOTAL RESERVES			46,006		46,153

The financial statements on pages 37 to 60 were approved by the Directors and signed on their behalf by:

Signed:



Sharon Raj
Chair

Date: 15/12/2023

Signed:



Gabrielle Flint
Principal & Accounting Officer

Date: 15.12.23

Company Limited by Guarantee
Registration Number: 0201528 (England and Wales)

Statement of cash flows 31 July 2023

	Notes	2023 £'000	2022 £'000
Cash flow from operating activities			
Deficit for the year		(1,257)	(1,782)
Adjustment for non-cash items			
Depreciation		918	895
(Increase)/decrease in trade and other receivables		(99)	311
(Decrease) in creditors due within one year		(331)	(1,414)
Increase in creditors due after one year		141	837
Pensions costs less contributions payable		109	714
Adjustment for investing or financing activities			
Investment income		(12)	(1)
Net cash flow from operating activities		(531)	(440)
Cash flows from investing activities			
Investment income (excluding pension)		12	1
Payments made to acquire fixed assets		(240)	(944)
		(228)	(943)
Decrease in cash and cash equivalents in the year		(759)	(1,383)
		2023 £'000	2022 £'000
Cash and cash equivalents at 1 August 2022	15	2,741	4,124
Cash and cash equivalents at 31 July 2023	15	1,982	2,741

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 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2022 to 2023 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the higher relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

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

Going concern

The College has a strong balance sheet with net assets of £46,006,000 and net current assets of £557,000. The College's cash balance at 31 July 2023 was £1,982,000 which represented an in-year cash decrease of £759,000. The College's worse case cash forecast for December 2024 indicates a cash balance of £2,612,000 after part repayment to the ESFA of funding made in 2017/18 to the College in error of £1,799,485. The amount outstanding at December 2024 will be £100,000.

In anticipation of another difficult year the Board recognised that the College would be facing a deficit position in 2023/24. The budget approved in July 2023 planned for a deficit of £736,000 and a negative EBITDA of £99,000.

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

Recognition of income

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depends on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element 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 October following the year end. Adult Skills grant income is recognised based on a year end reconciliation of income claimed and actual delivery. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102.

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

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

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

Accounting for post-employment benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 16, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Accounting for post-employment benefits (continued)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial losses are recognised immediately in the Statement of comprehensive income. Recognition of the surplus has been restricted to £nil as the LGPS surplus is irrecoverable.

Short term employment benefits

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

Non-current Assets - Tangible fixed assets

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

Land and buildings

Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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

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

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

Principal accounting policies 31 July 2023

Land and buildings (continued)

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

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

Assets under construction are accounted for at cost, based on direct costs in relation to planning permission and other professional fees, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

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

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

Equipment

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

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

- computer equipment 3 years
- furniture, fixtures and fittings 3, 5 or 10 years relevant to expected useful economic life

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Leased assets

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

Leased assets (continued)

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

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

Borrowing costs

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

Cash and cash equivalents

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

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College receives no exemption in respect of Value Added Tax.

Provisions and contingent liabilities

Provisions are recognised when:

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises. A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either

Principal accounting policies 31 July 2023

it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Provisions and contingent liabilities (continued)

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

Agency arrangements

The College acts as an agent in the collection and payment of the Advanced Learner Loans Bursary. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 18 except for: the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant; the income for Childcare support provided by the College's Crèche; and unspent funds not reclaimed by the ESFA.

Judgements in applying accounting policies

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

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

Other key sources of estimation uncertainty

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would

Principal accounting policies 31 July 2023

impact on the carrying amount of the pension liability.

Notes to the financial statements 31 July 2023

1. Funding body grants

	2023 £'000	2022 £'000
Recurrent grants		
Education and Skills Funding Agency - adult	569	419
Education and Skills Funding Agency 16-18	52	77
Greater London Authority - Devolved Grant	5,382	5,079
Specific grants		
Release of deferred capital grants	262	233
Education and Skills Funding Agency – ALL Bursary	58	55
Teachers' Pension Scheme contribution grant	181	162
	6,504	6,025

2. Tuition fees and education contracts

	2023 £'000	2022 £'000
Adult education fees	1,597	1,276
Fees for loan supported courses	162	176
Total tuition fees	1,759	1,452
Education contracts	148	95
Total	1,907	1,547

3. Other grants and contracts

	2023 £'000	2022 £'000
Other grants and contracts	5	1
Coronavirus Job Retention Scheme grant	—	4
Covid Testing grant	—	9
	5	14

4. Other income

	2023 £'000	2022 £'000
Other income generating activities	306	338
Creche income	73	46
Rent income	—	1
Other income	82	72
	461	457

Notes to the financial statements 31 July 2023

5. Investment income

	2023 £'000	2022 £'000
Bank interest receivable	12	1
Net return on pension scheme (note 16)	601	291
	613	292

6. Staff costs

The average head count (including key management personnel) employed by the College during the year was:

	2023 No	2022 No
Teaching staff	185	176
Non-teaching staff	118	137
	303	313

Staff costs for the above persons:

	2023 £'000	2022 £'000
Wages and salaries	4,601	4,128
Social security costs	351	329
Other pension costs (including FRS 102 adjustment of £73,000; 2022 – £578,000)	1,048	1,444
Payroll sub total	6,000	5,901
Contracted out staffing services	382	376
Restructuring costs – contractual	28	—
Non-contractual	9	—
Total staff costs	6,419	6,277

Severance payments for all staff

"Severance payments" include contractual payments, statutory payments, and special staff severance payments. Special staff severance payments are amounts paid to employees outside of statutory and contractual requirements.

College must disclose all severance payments made by the College during the period of the financial statements, in the bands below.

The college paid 7 severance payments in the year, disclosed in the following bands:

0 - £25,000	7
£25,001 - £50,000	—
£50,001 - £100,000	—
£100,001 - £150,000	—
£150,001 +	—

6. Staff costs (continued)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team which comprises the Principal; the Vice Principal – Teaching and Learning; Director of Finance and Resources; and the Commercial Director.

	2023 No	2022 No
The number of key management personnel including the Accounting Officer was:	5	4

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

	Key management personnel		Other staff	
	2023 No.	2022 No.	2023 No.	2022 No.
£30,000 to £35,000*	1	—	—	—
£40,000 to £45,000**	1	—	—	—
£55,000 to £60,000*	1	—	—	—
£65,000 to £70,000	—	1	—	—
£75,000 to £80,000	—	2	—	—
£80,001 to £85,000	1	—	—	—
£85,001 to £90,000	—	1	—	—
£95,001 to £100,000	1	—	—	—
£100,001 to £110,000	—	—	—	—
	5	4	—	—

*Relates to key personnel who worked only part of the financial year.

**Including part time worker grossed up to full time equivalent. 1 member of key management personnel was paid in the £40,000 to £45,000 banding in 2022/2023 (£65,001 to £70,000 banding in 2021/2022).

Notes to the financial statements 31 July 2023

6. Staff costs (continued)

Key management personnel (continued)

Key management personnel emoluments are made up as follows:

	2023 £'000	2022 £'000
Salaries	315	324
Pension contributions	70	71
National Insurance - Employer's contributions	40	41
Total emoluments	425	436

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

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

	2023 £'000	2022 £'000
Salaries	98	97
Pension contributions	23	23
Total remuneration	121	120

The Board adopted the AoC's Senior Staff Remuneration Code in 2019 and assesses pay in line with its principles. The remuneration of the Accounting Officer is reviewed annually by the Remuneration Committee and is benchmarked, using the ESFA benchmark tool and the AoC Senior Staff Salary Survey.

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

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

	2023 £'000	2022 £'000
Principal's basic salary as a multiple of the median of all staff	2.99	3.2
Principal's total remuneration as a multiple of the median of all staff	2.99	3.4

7 Other operating expenses

	2023 £'000	2022 £'000
Teaching costs	799	826
Non-teaching costs	1,045	944
Premises costs	929	748
Total	2,773	2,518

Notes to the financial statements 31 July 2023

7 Other operating expenses (continued)

Other operating expenses include:

	2023 £'000	2022 £'000
Auditors' remuneration		
• Financial statements audit	30	28
• Other services provided by the financial statement's auditor (Regularity and Teachers' Pensions Audit)	17	6
Internal audit	12	13
Hire of assets under operating leases	23	22

8 Taxation

Richmond and Hillcroft Adult and Community College is a charity with no additional trading activities. The Members of the Board of the College do not believe any corporation tax liability was incurred in 2022/23

9 Tangible fixed assets

	Freehold land and buildings £'000	Equipment, fixtures and fittings £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation				
At 1 August 2022	55,323	828	770	56,921
Additions	58	66	116	240
Disposals	—	—	—	—
At 31 July 2023	55,381	894	886	57,161
Depreciation				
At 1 August 2022	3,856	226	—	4,082
Charge for the year	728	190	—	918
Elimination in respect of disposals	—	—	—	—
At 31 July 2023	4,584	416	—	5,000
Net book value at 31 July 2023	50,797	478	886	52,161
Net book value at 31 July 2022	51,467	602	770	52,839

The land and buildings owned by Hillcroft College prior the merger were revalued by the District Valuer based at Wimbledon at 31 July 2012. The Valuation conformed to Practice Statement 5 of the RICS Appraisal and Valuation Manual. The land was valued at £4,018,800 and the buildings at a depreciated replacement cost of £2,294,554. This value excludes VAT. The historical cost was £1,000 for the land and £126,240 for the buildings.

Land and buildings transferred on merger at 1 October 2017 from Richmond Adult and Community College were adjusted to fair value based on independent professional advice. The gain on the adjustment to fair value of these assets was £30,151,000 which was included in the Consolidated Statement of Comprehensive Income in 2017/18.

Notes to the financial statements 31 July 2023

9 Tangible fixed assets (continued)

If fixed assets had not been revalued before being deemed as cost on transition, they would have been included at the following historical cost amounts:

	£
Cost	127,240
Aggregate depreciation based on cost	(114,516)
Net book value based on cost	12,724

Capital and other commitments

	2023 £'000	2022 £'000
Capital commitment contracted at 31 July 2023	—	30

10 Trade and other receivables

	2023 £'000	2022 £'000
<i>Amounts falling due within one year</i>		
Trade receivables	321	259
Other debtors	35	8
Prepayments and accrued income	171	162
Benefaction account	2	2
	529	431

11 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade payables	93	216
Other payables	11	33
Other taxation and social security	99	91
Accruals and deferred income	867	895
Deferred income – government capital grants	262	233
Amounts owed to the Education and Skills Funding Agency	623	819
	1,955	2,287

	2023 £'000	2022 £'000
Deferred income at 1 August	510	458
Released from previous years	(510)	(458)
Resources deferred during the year	428	510
Deferred income at 31 July	428	510

At the balance sheet date, the College was holding tuition fees (£404,000) received in advance for courses starting or continuing in 2023/24 (2022: £475,000) and £24,000 for other income including lettings, donations, and grants (2021: £35,000)

Notes to the financial statements 31 July 2023

12 Creditors: amounts falling due after more than one year

	2023 £'000	2022 £'000
Deferred income – government capital grants	6,361	5,620
Amounts owed to the Education and Skills Funding Agency	350	950
	6,711	6,570

13 Lease obligations

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

	2023 £'000	2022 £'000
Equipment		
Not later than one year	25	32
Later than one year and not later than five years	—	22
	25	54

14 Provisions

	Defined benefit obligations £'000	Total £'000
At 1 August 2022	1,001	1,001
Movement in the year (note 16)	(4,537)	(4,537)
Adjustment recognised in actuarial gains to cap	3,536	3,536
At 31 July 2023	—	—

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 16.

15 Cash and cash equivalents and reconciliation of net debt

	At 1 August 2022 £'000	Cash flows £'000	At 31 July 2023 £'000
Cash and cash equivalents	2,741	(759)	1,982
	2,741	(759)	1,982

16 Defined benefit obligations

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

Notes to the financial statements 31 July 2023

16 Defined benefit obligations (continued)

	2023 Total £'000	2022 Total £'000
Teachers' Pension Scheme contributions paid	503	445
Local Government Pension Scheme:		
. Contributions paid	510	421
. FRS 102 (28) charge	73	578
Charge to the Statement of Comprehensive Income	583	999
Total pension cost for year within staff costs (note 6)	1,086	1,444

The pension costs are assessed in accordance with the advice of independent qualified actuaries. Prior to 31 August 2023, the latest actuarial valuation of the TPS was at 31 March 2016. A further valuation of the TPS, relating to the period ended 31 March 2020 was published in October 2023.

The Government Actuary is due to complete the TPS valuation by October 2023 with increases currently scheduled for April 2024 and with Dfe promising to cover additional costs of any increase for colleges as well as schools above the amounts agreed in 2019. This valuation will report on TPS as at 31 March 2020.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

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

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

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

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

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

16 Defined benefit obligations (continued)

Teachers' Pension Scheme (continued)

The actuarial valuation that of the TPS which applied during the year ended 31 July 2023 was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

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

The latest actuarial TPS valuation results, as at 31 March 2020, were released in October 2023. The valuation result is due to be implemented from 1 April 2024, from this date employer contribution rates will increase to 28.68% (including a 0.08% administration levy).

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

The pension costs paid to TPS in the year amounted to £503,000 (2022: £445,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the Wandsworth Council Pension Fund. The total contributions made for the year ended 31 July 2023 were £639,000, of which employer's contributions totalled £510,000 and employees' contributions totalled £129,000. The agreed contribution rates for future years are 21.5% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by a qualified independent actuary.

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	2.60%	2.50%
Future pension increases	2.85%	2.75%
Discount rate for scheme liabilities	5.15%	3.40%
Inflation assumption (CPI)	2.85%	2.75%

16 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 31 July 2023 Years	At 31 July 2022 Years
Retiring today		
Males	20.7	21.0
Females	23.2	23.5
Retiring in 20 years		
Males	22.0	22.3
Females	24.6	24.9

Sensitivity analysis is provided below:

	2023 Approx monetary amount (£'000's)
Discount rate + 0.1%	14,388
Discount rate - 0.1%	14,852
Mortality assumption – 1 year increase	15,113
Mortality assumption – 1 year decrease	14,138
CPI rate +0.1%	14,854
CPI rate -0.1%	14,384

The sensitivity analysis represents the present value of plan liabilities as a result of the change in each underlying assumption.

Local Government Pension Scheme

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

	Value at 31 July 2023 £'000	Value at 31 July 2022 £'000
Equity instruments	10,529	10,237
Gilts	—	214
Bonds	2,830	2,586
Property	2,469	2,277
Cash	786	216
Multi-asset fund	1,884	1,954
Total fair value of plan assets	18,498	17,484
Actual return on plan assets	626	(730)

16 Defined benefit obligations (continued)

Local Government Pension Scheme (continued)

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

	2023 Total £'000	2022 Total £'000
Fair value of plan assets	18,498	17,484
Present value of plan liabilities	(14,962)	(18,485)
Adjustment recognised in actuarial gains to cap*	(3,536)	—
Net pensions liability	—	(1,001)

**As the LGPS surplus is irrecoverable, recognition of the surplus on the balance sheet has been restricted to £nil. The adjustment of £3,536K has been offset against the overall actuarial gain for the year.*

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

	2023 Total £'000	2022 Total £'000
Amounts included in staff cost		
Current service cost	(583)	(999)
Past service cost	—	—
Total	(583)	(999)
 Amounts included in investment income	 601	 291
Amounts included in interest costs	(627)	(416)
Administration expenses	(10)	(11)
Net interest cost	(36)	(136)
 Return on pension plan assets	 25	 (1,021)
Other actuarial losses on assets	(6)	—
Experience gains/losses arising on defined benefit obligations	(1,123)	(1,792)
Changes in assumptions underlying the present value of plan liabilities	5,750	10,592
Adjustment recognised in actuarial gains to cap	(3,536)	—
Amount recognised in Other Comprehensive Income	1,110	7,779

16 Defined benefit obligations (continued)

Movement in net defined benefit liability during year

	2023 Total £'000	2022 Total £'000
Net defined benefit liability in scheme at 1 August	(1,001)	(8,066)
Movement in year:		
. Current service cost	(583)	(999)
. Employer contributions	510	421
. Net interest on the defined liability	(36)	(136)
. Actuarial gain	4,646	7,779
Net defined benefit liability at 31 July	3,536	(1,001)

Asset and liability reconciliation

	2023 Total £'000	2022 Total £'000
Defined benefit obligations at 1 August	18,485	26,160
Current service cost	583	999
Interest cost	627	416
Contributions by Scheme participants	129	109
Change in demographic assumptions	(551)	(973)
Changes in financial assumptions	1,123	1,792
Estimated benefits paid	(5,199)	(9,619)
Experience (losses) on defined benefit obligations	(235)	(399)
Defined benefit obligations at 31 July	14,962	18,485

Changes in fair value of plan assets

	2023 Total £'000	2022 Total £'000
Fair value of plan assets at 1 August	17,484	18,094
Interest on plan assets	601	291
Return on plan assets	25	(1,021)
Other actuarial losses	(6)	—
Employer contributions	510	421
Contributions by Scheme participants	129	109
Estimated benefits paid	(235)	(399)
Administration expenses	(10)	(11)
Fair value of plan assets at 31 July	18,498	17,484

17 Related party transactions

Owing to the nature of the College'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 in accordance with the College's financial regulations and normal procurement procedures. Transactions with the ESFA are detailed in note 1.

Notes to the financial statements 31 July 2023

17 Related party transactions (continued)

The total expenses paid to or on behalf of the members of the Board during the year was £nil (2022: £nil).

No Board member received any remuneration or waived payments from the College or its subsidiaries during the year (2022: £nil).

The College discloses all related party transactions in accordance with the College's financial regulations. There were none in 2022/23 (2021/22: none).

18 Learner support funds

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
<i>Learner Support Funds</i>		
Other Learner Support Funds (Advanced Learner Loans Bursary)		
Grant received – current year	63	76
Less: Disbursed to students	(58)	(53)
Less: Administration fee	(1)	(1)
Less: Retained income	—	—
Underspend for the year	5	22

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

Accounts

**Richmond and Hillcroft
Adult and Community
College**

**Annual Report and Financial
Statements**

31 July 2022

Company Limited by Guarantee
Registration Number
0201528 (England and Wales)

Charity Registration Number
312825

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Legal and administrative information

Members of the Board (as at date of approval of the financial statements)

Prof. Andrew George (Chair)
Richard Brewster
Kate Clarke
Ms Renuka Fernando
Gabrielle Flint (Principal)
David Izett
Nick Jones
Dave Munby
Ms Claire O'Donnell
Jane O'Shea
Sharon Raj
Mr John Riglin
Graham Tharp (Staff Governor)
Nigel Ware

Principal and Accounting Officer of the College

Gabrielle Flint

Interim Clerk to the Board

Sara George

Principal and Registered office

Parkshot
Richmond
Surrey
TW9 2RE

Company registration number

0201528 (England and Wales)

Charity registration number

312825

Key management personnel, and professional advisors

Key management personnel

Key management personnel are defined as members of the Executive Team and were represented by the following in 2021/22:

Gabrielle Flint, Principal

Gaynor Bray, Vice Principal, Curriculum & Quality

Neil Wallbank, Vice Principal, Finance and Resources

Paul Smith, Vice Principal, Operations

The College's solicitors

Stone King
Bateman House
82–88 Hills Road
Cambridge
CB2 1LQ

Financial statements auditor and reporting accountants

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Internal auditors

RSM Risk Assurance Services LLP
25 Farringdon Street
London
EC4A 4AB

Bankers

HSBC Plc
South West London Commercial Centre
Hampton Wick
Kingston upon Thames, Surrey

Barclays Bank plc
Level 27
1 Churchill Place
London
E14 5HP

National Westminster Bank plc
10 Victoria Road
Surrebiton
Surrey

STRATEGIC REPORT

1 Objectives and Strategy

The members of the Board (governors) present their report and the audited financial statements for Richmond and Hillcroft Adult and Community College ('the College') for the year ended 31 July 2022.

The charitable objects of the College are as follows:

"The objects for which the College is established are to provide education for the public benefit to include, without limitation:

- *to enable adult men and/or women disadvantaged by educational or social factors to progress into Higher Education, vocational training and employment.*
- *to contribute to the national development of women's education.*
- *to maintain one or more residential colleges for the education of men and/or women with the aim of enlarging and enriching the vision of its students, developing their capacities for leadership and contribution to society and stimulating their personal growth."*

1.1 Legal status

Richmond and Hillcroft Adult and Community College is a company limited by guarantee (registration number 0201528) incorporated in 1924 and a registered charity (registration number 312825). It is designated for funding by the Education and Skills Funding Agency (ESFA).

1.2 Mission

The College's mission statement, as approved by the members of the Board in December 2021 is:

Enabling adults and communities to thrive through education.

1.3 Strategic plan

The Board approved a new strategic plan at its meeting in December 2021.

The three key strategic goals for 2022-2025 are:

- To provide an outstanding customer experience that supports learners to achieve high standards, take pride in their achievements and enjoy learning;
- To increase our reach to enable more adults to benefit from learning; and
- To achieve the long term financial sustainability to meet adult learner needs.

We will achieve our goals through our plans to develop:

- Our People - the RHACC staff team;
- Technology;
- The RHACC Estate;
- The Curriculum; and
- Partnerships

STRATEGIC REPORT (continued)

The following strategic priorities were identified in the Strategic Plan 2022-2025 for implementation during this period.

1. Our People

- We will invest in training for our sector expert staff to ensure they have the skills and knowledge to stay at the top of their game in the classroom and workplace.
- We will recruit, engage and support staff to ensure that we have a committed team of adult learning practitioners who share our values and the capacity to support growth and excellence.
- We will provide employment opportunities for those adults who face barriers to employment and who are from disadvantaged or underrepresented backgrounds.

2. Technology

- We have an ambitious digital strategy that will enable us to reach more learners online, work more efficiently and make information on learning and support more widely available.
- We will develop the same sense of safe community space in our online campus as at our two terrestrial sites.

3. Estates

- We will develop our Hillcroft site in Surbiton to provide an accessible adult learning and community hub for the Kingston upon Thames community and beyond. A safe and inclusive resource for the whole community.
- We will support informal learning and business development by making our facilities available to partners and the community within a safety framework that takes account of best practice in Safeguarding and Covid management.

4. Curriculum

- We will further develop our curriculum to provide clear routes to work in Health, Care, Digital, Creative Industries and Professional Services.
- We will expand the foundation skills of English, Maths, Digital and 'soft skills' to ensure that adults and employers have the skills they need for the workplace.
- We will develop capacity building training to support the growth of small businesses and grass roots organisations with a social purpose.
- We will continue to develop the wellbeing provision required to support personal and community resilience and enable adults to stay well, independent and active in the community.
- We will further develop opportunities for people who have a disability and complex needs and those who care for them. We will use small enterprises to enable the most marginalised to take centre stage, achieve their potential and progress to work and greater independence.
- We will further develop Hillcroft Women's Education provision to ensure that it equips women with the skills to take control of their lives and achieve career and personal goals.

STRATEGIC REPORT (continued)

- We will make more modular and part time provision, guidance and support available online to widen access.
- We will ensure that all provision is delivered as efficiently as possible to provide best value to the learner, funders and RHACC.

5. Partnerships

- We will develop partnerships with community organisations, employers, education and care providers that enable us to create accessible and direct routes to work and community engagement. This network will ensure there is no wrong door for adult learners whatever their needs and interests.
- We will use The Bridge, coworking centre as a forum for collaboration with SMEs and tailored support for business growth.

1.4 Financial objectives

The College's financial objectives that support the strategic objective of ensuring financial sustainability are to:

- Implement a robust financial strategy over the period 2022 to 2025.
- Review and continuously monitor the cost effectiveness of provision and back office support services.
- Establish and monitor targets for contribution to central overheads from teaching departments.
- Improve the efficiency of the College in order to generate funds available for investment in the curriculum and the estate.

2. RESOURCES

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

2.1. Tangible

Tangible resources include the Parkshot site in Richmond and the Hillcroft site in Surbiton.

2.2 Financial

At 31 July 2022 the College had £46,153,000 (2020/21: £40,156,000) of net assets, including a £1,001,000 pension liability (2020/21: 8,066,000) and no external debt. The College had a cash balance of £2,741,000 at 31 July 2022 (2020/21 £4,124,000). The balance included £1,550,000 repayable to the ESFA in respect of an overpayment made to the College in 2018.

2.3 People

During the year ended 31 July 2022 the College employed 313 people (expressed as average head count), of whom 176 were teaching staff.

2.4 Reputation

The College has a good reputation both locally and nationally. Maintaining a quality brand and good reputation continues to be essential for the College's success in attracting students and developing external relationships.

STRATEGIC REPORT (continued)

3. STAKEHOLDER RELATIONSHIPS

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

- Learners;
- Education sector funding bodies;
- FE commissioner;
- Staff;
- Partner referral organisations;
- Local employers;
- Local authorities and the GLA;
- Local charities;
- Government offices;
- The local community;
- Trade Unions;
- Other FE institutions; and
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through face to face meetings, by email and letter contact, by staff newsletters, by press releases and through the College web site.

Feedback from learners is encouraged, to help the management team to judge performance and ensure areas of weakness are addressed.

3.1 Engagement with employees

The College consults with the staff through staff forums providing employees with information on matters of concern to them. Key performance indicators are produced and shared with the College Management Team and with members of the staff forum enabling employee participation in the performance of the College.

The College has adopted a Recruitment and Selection Policy and Procedure that is in line with all relevant legislation. This includes a policy in respect of applications for employment from disabled persons.

With respect to finance, budget holders are consulted during the budget setting process. The consultation is undertaken by the Vice Principal Finance and Resources and the Head of Finance.

3.2 Engagement with suppliers, customers and others in a business relationship with the College

The College continues to foster good working relations with suppliers by ensuring:

- Payments are made within required timescales;

STRATEGIC REPORT (continued)

- Where payments are delayed a dialogue is maintained with the supplier;
- Tender processes are clear and transparent; and
- Clear escalation procedures are in place in case of a dispute with the College.

3.3. Promoting the success of the College to achieve its purposes

The College has its own website, which is kept updated with the latest news and events that are taking place. Social media sites are also used to promote the College and its activities.

4. PUBLIC BENEFIT

RHACC is a company limited by guarantee and a registered charity. The members of the Board, who are directors of the charity for the purposes of company law, are disclosed on page 1.

In setting and reviewing the College'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 College provides identifiable public benefit through the advancement of education to around 7,000 students.

The College provides courses without charge to young people and to those who are unemployed or on low income. The College also provides a number of concessions to learners. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

5. DEVELOPMENT AND PERFORMANCE

5.1 Financial results

The College incurred a deficit (deficit before other gains and losses) in the year of £1,782,000 (2020/21: deficit £1,484,000). This deficit is after charging depreciation of £895,000 and pension adjustments of £714,000. Total Comprehensive Income for the year is a surplus of £5,997,000 (2020/21: £775,000) after allowing for an actuarial gain on the pension scheme of £7,779,000 (2020/21: £2,259,000).

The performance for the year has once again been significantly impacted by Covid-19 during the autumn term. There remained some hesitancy from learners to return to on-site learning which resulted in a slow start to the year, and this was then further compounded by further Covid restrictions during the winter of 2021/22. The College generates a significant amount of tuition fee income at its Parkshot site in a normal year but its ability to do this over the past three financial years has been severely impacted. Although tuition fee income shows a marginal increase on the previous year it remains significantly short of pre-pandemic levels, with a total for the year of £1,452,000 (2020/21 £1,437,000).

STRATEGIC REPORT (continued)

The College received income from 'other income' sources of £457,000 (2020/21 £601,000), a decline of £144,000. Although there was increased income from the joint-workspace facility this was offset by a reduction in events and hires activity as a result of the Covid-19 restrictions and also the loss of rental income from a school that had previously rented classroom space from the College.

The College has total net assets of £46,153,000 (2020/21 £40,156,000), including cash balances of £2,741,000 (2020/21 £4,124,000). This includes the accumulated deficit on the pension fund of £1,001,000 (2020/21: £8,066,000).

At 31 July 2022, the College had accumulated reserves of £46,153,000 (2020/21 £40,156,000). The Income and Expenditure Reserve has a surplus of £40,160,000 (2020/21 £34,074,000). The College continues to operate without the requirement of any external financing.

Tangible fixed asset additions during the year amounted to £944,000. This included equipment purchased of £315,000 and £315,000 of assets in the course of construction for the Hillcroft campus. The College was allocated £248,000 in 2020/21 from the DfE as part of the national College Capital Improvement Fund. This grant was utilised in 2021/22 to address external remedial works on the roof and windows at the Parkshot site.

The College has significant reliance on the education sector funding bodies, the ESFA and GLA, for its principal funding source of recurrent grants. In 2021/22 the ESFA and GLA recurrent grants provided 69% (2020/21: 66%) of the College's total income.

The LGPS pension shows a deficit of £1,001,000 (2020/21: £8,066,000) which is a significant decrease on the previous year. Approximately £9.6m of the gross movement is accounted for by changes relating to the financial assumptions used by the actuaries. The Members of the Board have been advised that pension accounting deficits have no effect on the contribution rate, which is determined using long-term funding assumptions based on the investment strategy of the pension fund, rather than solely on the yields of corporate bonds.

5.2 Cash flows and liquidity

There was a decrease in cash at the 31 July 2022 of £1,383,000 resulting from operating cash outflows of £440,000 and cash outflows from investment activities of £943,000. Despite the fall in income for the year the College has been able to maintain a healthy level of cash balance. When considering the uncertainty of financial performance as a result of Covid-19, the College is aware of the need to maintain control of its cash resource to enable it to mitigate potential further falls in income.

STRATEGIC REPORT (continued)

In 2017/18 the ESFA erroneously paid to the College £1,799,485 in respect of its AEB grant. The College made the ESFA aware of the error but were assured that the payment was correct. The College accounted for the overpayment on its balance sheet as a short term creditor and did not include the amount as income. In August 2021, the ESFA acknowledged its error and has requested that the College repays the funding. The College accepts that the funds are due to the ESFA and agreed a three year repayment schedule with the ESFA commencing in March 2022 of £50,000 per month. The overall effect will be for the College to have a significant reduction in its cash balance when the repayment has been finalised.

The ESFA has finalised the audit of the College's Residential Access fund claim in respect of 2017/18, 2018/19 and 2019/20. This resulted in a clawback of funding of £28,781 which was repaid to the ESFA in 2021/22.

5.3 Taxation

As a registered charity for the purposes of the Charities Act 2011, the College's activities do not fall to be charged to corporation tax.

5.4 Reserves

As at the balance sheet date, the Income and Expenditure Reserve was in surplus by £40,160,000 (2020/21: £34,074,000). The balance on the Income and Expenditure Reserve has increased in 2020/21 as a result of the actuarial gain in respect of the pension scheme of £7,779,000 (2020/21: £2,259,000).

5.5 Streamlined Energy & Carbon Reporting

Under the Streamlined Energy and Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 the College is mandated to include energy consumption, related emissions, intensity metrics and energy efficiency improvements implemented during the financial year. The College is required to comply with these regulations as it meets two of the three criteria of a large company, as defined by the Companies Act 2006; the College employs more than 250 employees and has a balance sheet total of greater than £18million.

This information is summarised below.

The total consumption (kWh) figures for energy supplies reportable are as follows:

Utility and Scope	2020/21 UK consumption (kWh)	2021/22 UK consumption (kWh)
Natural gas (Scope 1)	1,435,661	1,337,903
Grid-supplied electricity (Scope 2)	662,763	695,481
Total	2,098,424	2,033,384

STRATEGIC REPORT (continued)

The total emissions (tCO₂e) figures for energy supplies reportable are as follows:

Utility and Scope	2020/21 UK emission (tCO ₂ e)	2021/22 UK emission (tCO ₂ e)
Natural gas (Scope 1)	262,956	243,753
Grid-supplied electricity (Scope 2)	140,724	134,492
Total	403,680	378,245

An intensity metric of tCO₂e per headcount number of employees for the annual UK consumption has been calculated as follows:

	2020/21	2021/22
Total tCO ₂ e emissions	403,680	378,245
Average headcount employees for the year	443	313
Intensity metric	911	1,208

The reporting methodology is as follows: Scope 1 and Scope 2 consumption and CO₂e emissions data has been calculated in line with the 2022 UK Government environmental reporting guidance. The Emission Factor Database 2021/22, Version 2 has been used.

The intensity metric has been calculated utilising the annualised average employee numbers for the whole College, totalling 313 employees (443 2020/21), and has been applied to all the carbon emissions reported.

6. FUTURE PROSPECTS

6.1 Future developments

The College continues with its plans for the redevelopment of the Hillcroft site. This involves the sale of the existing building and part of the site with a new college being constructed on the remaining land. The development will be primarily funded through the sale proceeds and also a grant of £3.2m from the GLA Skills for Londoners Capital Fund. A planning application has been submitted to the Royal Borough of Kingston upon Thames. The College is currently in discussion with the Council regarding aspects of the scheme prior to it being discussed by the Planning Committee.

STRATEGIC REPORT (continued)

The impact of Brexit on the construction material supply chain and labour availability, the current levels of inflation and delays caused due to the lengthy planning discussions have resulted in budgeted project costs exceeding those originally planned. The GLA has recognised that a number of schemes funded through the Skills for Londoners Capital Fund are experiencing similar financing issues. The GLA has therefore issued an invite for existing schemes to request additional contingency funds. The College submitted a request for additional funds in November and it is likely that a decision will be made early in 2023.

6.2 Financial Plan

The Board approved a budget in July 2022 that indicated a deficit of £674,000 and a negative EBITDA of £37,000 with a financial health grade of 'Requires Improvement' for the year ending 31 July 2023. It was agreed that the budget would be reviewed during the autumn term following the start of year enrolment period to take any further account of the impact of Covid-19 on enrolments. Enrolments and funding projections for 2022/23 are largely in line with budget. It was also agreed that a financial recovery plan would be developed with the objective of returning the College to 'Good' financial health. The financial recovery plan includes a review of pay and non-pay costs and an assessment of ways in which additional income can be generated.

6.3 Treasury policies and objectives

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

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Board and shall comply with the requirements of the Financial Memorandum. No borrowings, either short or long term were required in the year.

6.4 Reserves

The College has no formal Reserves Policy, but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business.

It is the intention of the College to increase reserves by the generation of annual operating surpluses. However, in the short term, with the impact of Covid-19 it is recognised that this will not be possible but it still remains the medium to longer term goal. The Board members consider it of prime importance that the College is able to meet its on-going commitments through its cash reserves and by the generation of annual operating surpluses to increase its ability to invest in the infrastructure.

STRATEGIC REPORT (continued)

7. PRINCIPAL RISKS AND UNCERTAINTIES

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

Based on the strategic plan, the Executive Team undertakes a comprehensive review of the risks to which the College is exposed. It identifies systems and procedures, including specific actions which should mitigate any potential impact on the College. Additional internal controls are then implemented as necessary and subsequent appraisal will review their effectiveness and progress against risk mitigation actions.

In addition to the ongoing review, the Executive Team also considers any risks which may arise as a result of a new area of work being undertaken by the College. A risk register is maintained at the College level which is reviewed each term by the Audit Committee and the Board. Each sub-committee also reviews the risks associated with its own area of responsibility.

The risk register identifies the key risks, controls, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are ranked using a consistent scoring system. This is supported by a risk management communication programme to raise awareness of risk throughout the College.

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

7.1 Government funding

The College has had considerable reliance on continued funding from the GLA and the ESFA. In 2021/22 the College received 69% (2020/21: 66%) of its funding from these two bodies. Following devolved funding, the GLA is now the College's largest single funder. Given the current economic climate and the likelihood of reductions in public sector spending there can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

- The potential impact of Covid-19 on enrolments for 2022/23 remains a challenge for the College in achieving its funding allocation or being within the accepted 3% tolerance level. There is a need to maximise the funding potential for each learner that is enrolled in addition to the efforts made to rebuild learner numbers to pre-pandemic levels.
- There remains uncertainty around the future economic outlook for the UK but as the government re-assesses its public sector spending plans there is a significant risk that inflationary pressures, energy costs and the impact of the conflict in the Ukraine will impact on the future funding of adult education.

STRATEGIC REPORT (continued)

- Funding for adult education in London has been devolved to the GLA from 2020/21. The College will continue to work with the GLA to ensure that the impact on funding is minimised.
- Potential changes to funding rules could impact on the College's ability to meet its funding allocations.

This risk is mitigated in a number of ways:

- Responding to the challenges imposed by the Covid-19 pandemic by implementing alternative forms of delivery where possible i.e. on-line and blended learning.
- Implementing a thorough risk assessment process to make sure that the College's sites are as Covid-19 secure as possible, giving learners confidence that they are returning to a safe physical learning environment.
- By ensuring the College is rigorous in delivering high quality education and training.
- Funding is derived through a number of direct and indirect contractual arrangements.
- Considerable focus and investment are placed on maintaining and managing key relationships with the various funding bodies.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Developing the range of quality level 3 programmes.
- Further developing and maintaining links and relationships with the GLA and community.

7.2 Income diversification

The College has been relatively successful in generating income from a number of non funding body sources. This has involved improving the utilisation of both sites by making them available for lettings and other income generating activities. The risk for the College is that the budget targets are not met. In 2021/22 this income stream was particularly affected due to Covid-19 lock down when facilities were unavailable for hire. The loss of income from the hire of classroom space to a primary school impacted on this area in 2021/22.

This risk is mitigated in a number of ways:

- By ensuring the College can demonstrate to potential users that it is a Covid-19 secure environment and that risk assessments are kept fully up to date. Ensuring that the facilities available for income generating activities are of a standard expected by paying customers.
- Close management of expenditure in relation to all income generating activities to ensure that they are self-financing.
- Appropriate and relevant marketing of facilities.
- Further development of the joint-workspace facility at Parkshot and the introduction of a similar facility at the Hillcroft campus.

STRATEGIC REPORT (continued)

7.3 Learner engagement

The College is in the process of revising its curriculum strategy to ensure that the course offer continues to meet both learner and community needs and enables learners from all backgrounds to progress towards their individual goals. However, the College is now faced with an additional challenge of engaging with, and attracting, learners who may be reluctant to physically attend College following the pandemic but who may not have the necessary IT capability and/or facilities to engage in on-line learning.

The risk of not achieving this objective will be mitigated in a number of ways:

- By providing support to learners who are having difficulty accessing on-line learning due to lack of IT equipment through the loan of laptops.
- By providing a Covid-19 secure environment to re-assure those learners who might have a reluctance to return to physical learning.
- By providing timely IT support to learners having difficulty using on-line platforms.
- By on-going review of the marketing strategy of the College and how we recruit our learners.
- By embedding an on-going communications programme for staff, learner voice and other stakeholders.
- By continuously improving learner achievement rates and teaching quality.
- By engaging with learners, employers and stakeholders to facilitate learner progression and course development.

7.4 Long term financial sustainability

Achieving and maintaining at least 'Good' financial health and long term financial sustainability is a priority for the College. The College was unable to achieve this goal in 2021/22 due to the impact of Covid-19. The College continues to have a strong balance sheet with good cash reserves and no external borrowings. However, it is recognised that 2022/23 will also be a difficult year that will require careful monitoring.

This risk of not achieving financial sustainability is mitigated in a number of ways:

- A realistic financial recovery plan is being developed to deliver short to medium term financial sustainability.
- Implementation of new software will enable a critical appraisal of course contribution to assess financial performance of curriculum areas.
- The planned deficit is manageable within the College's cash reserves.
- Efficiencies in staffing will be achieved to generate staff cost savings.
- New sources of income generation are being explored.

STRATEGIC REPORT (continued)

7.5 Covid-19

As highlighted above, Covid-19 has had a major impact on the College over the past three years and it is likely that some of this will continue into 2022/23 during the post-Covid recovery period. The College is aware of the need to provide a Covid-19 secure environment.

The College is seeking to mitigate the risks in a number of ways, including:

- Ensuring there is oversight of the College's Covid-19 response actions by a governance group.
- Having a comprehensive risk assessment process.
- Regular communication with staff and learners on the precautions implemented by the College and actions they should take if they show symptoms of Covid-19.
- Providing appropriate sanitisation facilities and other Covid-19 protection measures.
- Continuing to deliver provision wherever possible in order to be able to demonstrate to funding bodies that the College has attempted to continue operations and achieve its funding allocation.

7.6 ONS Reclassification of Colleges

The implications for RHACC of the ONS reclassification of colleges from the private to the public sector has yet to be fully determined. Although in the short term there is little impact anticipated, the longer term impact will need to be considered and addressed by the Board.

The College will seek to mitigate the risk by:

- Identifying the impact of the ONS reclassification on the College.
- Developing an action plan and strategy to address the key changes.
- Ensuring that any changes to regulatory requirements are fully complied with.

8. KEY PERFORMANCE INDICATORS

The College is committed to observing the importance of sector measures and indicators. The College uses key performance indicators internally as well as external measures to assess its performance. These measures include learner retention, pass and achievement (success) rates, minimum standards, financial health, delivery against funding targets and Ofsted judgements.

At the most recent inspection by Ofsted in January 2020 the College was judged as good in all areas. This was the first inspection of the College following merger in October 2017.

The College is required to complete the annual Finance Record for the ESFA. The Finance Record produces a financial health grading. The grade for 2020/21 was confirmed as 'Requires Improvement' by the ESFA. The financial results for the year also indicate a financial health grade of 'Requires Improvement'. It is anticipated that the College will also have a financial health grade of 'Requires Improvement' in 2022/23.

STRATEGIC REPORT (continued)

The Colleges key performance indicators are set out below.

Key Performance Indicator	Measure/Target	Actual for 2021/22
Financial Health	Good	Requires Improvement
Ofsted rating	Outstanding	Good
Student Achievement	87.3%	91.7%
Student Numbers	7,300	7,423
EBITDA as % of Income	2.82%	-7.07%

8.1 Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the year to 31 July 2022, the College paid 92% per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

9. EQUALITY AND DIVERSITY

The College is committed to providing a positive and supportive learning and working environment for all students and staff, consistent with an ethos of respect and tolerance. The College aims to promote best practice in the advancement of equality and diversity and to fulfil its mission in such a way that promotes equality of opportunity, embraces diversity, eliminates unlawful discrimination and addresses disadvantage.

The College is committed to eliminating discrimination and advancing equality and diversity. The College seeks to ensure that students, staff, prospective students, visitors, governors, contractors and suppliers are treated with respect, dignity and equity regardless of their individual protected characteristics – age, disability, gender, gender reassignment, pregnancy or maternity, marriage or civil partnership status, race, religion or belief, or sexual orientation (as defined in the Equality Act 2010).

The College's Equality and Diversity policy is published on the College's web site and on the shared drive.

The College complies with its public duty under the Equality Act 2010 by having due regard when carrying out its functions. Specifically the College has:

- Considered access to the College's resources by giving assistance to applicants, staff and learners with learning disabilities or difficulties, making the appropriate reasonable adjustments where necessary.
- Maintained its disability symbol employer status year on year through demonstrating its commitment to the principles and objectives of the Disability Confident Employer standards.

STRATEGIC REPORT (continued)

- Implemented an updated Equality and Diversity training programme. Information and refresher training is carried out on an ongoing basis.
- Allocated specific resource to providing information, guidance and a range of support where necessary to learners with learning difficulties and/or disabilities. There are also a number of learning support assistants who provide a range of support for learning.
- Provided a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.
- Provided a list of specialist equipment which the College makes available for learner use and a range of assistive technology is also available in the learning centres.
- Highlighted its commitment to Equality and Diversity through staff and learner policies and information such as the Equality and Diversity policy and action plan. Specific reference to our commitment is made explicit in the staff and learner handbooks.
- Offered specialist programmes in College prospectuses.
- All staff of the College and its partners are expected to demonstrate a positive attitude towards diversity.

9.1 Disability statement

The College is a 'Disability Confident' employer and has committed to the principles and objectives of the Positive about Disabled People standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the minimum criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College seeks to achieve the objectives set down in the Equality Act 2010 and takes appropriate account of the Special Education Needs and Disability (SEND) Code of Practice 2014 (updated in 2015) for young people up to the age of 25 years in the following ways:

- Assessing the needs of individual students declaring a disability and providing tailored support for these students.
- Providing Additional Learning Support (ALS) for students – particularly in relation to dyslexia, dyspraxia and dyscalculia.
- Developing links with specialist support agencies and organisations and signposting students to these where appropriate.
- Training staff in Mental Health First Aid and Awareness.

STRATEGIC REPORT (continued)

10. ENVIRONMENTAL SUSTAINABILITY

The College acknowledges the importance of being responsible, sustainable and ethical in order to meet the needs of the present, and leave a better environment for future generations. The College recognises the need to reduce pollution and conserve energy, water and other natural resources.

It is therefore the intention of the College to minimise the usage, the disposal and consumption of resources commensurate with the need to provide the necessary utilities and well-being for all students, staff, visitors and other stakeholders and to ensure their health and safety.

Through this strategy Richmond and Hillcroft Adult and Community College aims to:

- Comply with all applicable legal requirements and other requirements to which the College subscribes;
- Put in place appropriate controls to prevent pollution;
- Reduce the College's carbon dioxide emissions through the delivery of a Carbon Management Plan;
- Encourage the adoption of sustainable travel practices by staff, students and visitors travelling to and from College;
- Reduce the environmental impact of the College through conservation of its material resources;
- Put in place measures to promote reduction, re-use and recycling of waste;
- Ensure new building developments take into account sustainable construction principles;
- Take positive action to promote biodiversity on any site that the College owns or manages;
- Engage with the wider community to promote environmental best practice and seek collaborative opportunities in order to facilitate developments in this area;
- Ensure that the Environmental Sustainability Policy is communicated to all students and individuals working for or on behalf of the College and to provide training and awareness for staff and students where appropriate;
- Consider sustainability in the procurement of goods and services.

11. TRADE UNION FACILITY TIME

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college. However, the College has no recognition agreements in place with any union and therefore no disclosure is necessary.

STRATEGIC REPORT (continued)

12. GOING CONCERN

The College has a strong balance sheet with net assets of £46,153,000 and net current assets of £885,000. The College's cash balance at 31 July 2022 was £2,741,000 which represented an in-year cash decrease of £1,383,000. The College's worst case cash forecast for December 2023 indicates a cash balance of £1,796,000 after part repayment to the ESFA of funding made in 2017/18 to the College in error of £1,799,485. The amount outstanding at December 2023 will be £700,000.

In anticipation of another difficult year the Board recognised that the College would be facing a deficit position in 2022/23. The budget approved in July 2022 planned for a deficit of £674,000 and a negative EBITDA of £37,000.

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

13. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no significant events that occurred after the reporting period.

14. DISCLOSURE OF INFORMATION TO AUDITOR

The members of the Board (who are also directors of the company for the purpose of company law) who held office at the date of approval of this report confirm that:

- * so far as they are each aware, there is no relevant audit information of which the College's auditor is unaware; and
- * each member has taken all the steps that he or she ought to have taken as a member in order to make himself or herself aware of any relevant audit information and to establish that the company'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 report of the members of the Board, including the strategic report, has been approved by the members of the Board and signed on their behalf by:

Professor Andrew George
Chair



Approved on: 6/12/22

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the year from 1 August 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the Board has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon the best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector.

In the opinion of the members of the Board, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2022. 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 members of the Board, who are also trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

Statement of Corporate Governance and Internal Control 31 July 2022

Members of the Board

The members of the Board who served during the year were as follows:

	Expiry of term of office	Term of office	Date of resignation	Status of appointment	Working Groups/ Committees served (2021/22)	Attendance record for period concerned
Mr Mark Albrow	31 10 2021	4 years	31 10 2021	Independent		1 of a possible 1
Mr Richard Brewster	30 06 2023	4 years	n/a	Independent	Audit Committee, Search & Governance Committee, Remuneration Committee	10 of a possible 10 2 of 2 Audit Committee
Ms Kate Clarke	01 04 2024	4 years	n/a	Independent	Quality & Standards Committee, Search & Governance Committee, Remuneration Committee, Women's Education Steering Group	13 of a possible 14
Ms Helen Darracott	01 10 2021	4 years	19 10 2021	Independent		1 of a possible 1
Ms Gabrielle Flint	n/a	n/a	n/a	Principal & Chief Executive (ex officio)	Search & Governance Committee, Quality & Standards Committee as member. Women's Education Steering Group. All other Committees (not Audit) as ex-officio	10 of a possible 10
Prof Andrew George (Chair of the Board)	01 10 2024	4 years	n/a	Independent	Search & Governance Committee (Chair), Remuneration Committee, Capital Project Steering Group	12 of a possible 14
Mr David Izett	01 04 2024	4 years	n/a	Independent	Finance & Resources Committee, Capital Project Steering Group	13 of a possible 14
Ms Jane O'Shea	13 07 2023	4 years	n/a	Independent	Quality & Standards Committee, Capital Project Steering Group, Women's Education Steering Group	15 of a possible 15
Ms Farah Rachlin	20 10 2024	4 years	24 03 2022	Independent	Search & Governance Committee, Quality & Standards Committee (Chair), Remuneration Committee, Capital Project Steering Group, Women's Education Steering Group	13 of a possible 14

Statement of Corporate Governance and Internal Control 31 July 2022

	Expiry of term of office	Term of office	Date of resignation	Status of appointment	Working Groups/ Committees served (2021/22)	Attendance record for period concerned
Ms Sharon Raj	20 05 2024	4 years	n/a	Independent	Audit Committee, Search & Governance Committee, Remuneration Committee, Women's Education Steering Group	13 of a possible 13
Mr Graham Tharp	14 12 2025**	4 years	n/a	Staff	Finance & Resources Committee	11 of a possible 11
Mr Nigel Ware	31 07 2023	2 years	n/a	Independent	Search & Governance committee, Remuneration Committee, Finance & Resources Committee (Chair), Capital Project Steering Group	18 of a possible 18
Mr Nick Jones	13 03 2025	4 years	n/a	Independent	Audit Committee, Finance & Resources Committee	10 of a possible 11 2 of 2 Audit
Mr Dave Munby	13 03 2025	4 years	n/a	Independent	Audit Committee	7 of a possible 9 3 of 3 Audit Committee
Mr Paul Simmons	13 03 2025 *	4 years	14 07 2022	Student	Finance & Resources Committee	8 of a possible 11
Ms Claire O'Donnell	23 03 2026	4 years	n/a	Independent	Quality & Standards Committee	2 of a possible 2
Ms Renuka Fernando	23 03 2026	4 years	n/a	Independent	Finance & Resources Committee	3 of a possible 4
Mr John Riglin	23 03 2026	4 years	n/a	Independent	Audit Committee	2 of a possible 2 1 of 1 Audit Committee
Ms Elizabeth Ayles	31 07 2023	1 year	n/a	Co-opted	Audit Committee	2 of 2 Audit Committee

* Unless enrolment as a College student ceases before that date

** Unless employment with the College ceases before that date.

* Neil Wallbank acted as Clerk to the Board during the period 1 August 2021 – 13 December 2021.

* Sara George acted as Clerk to the Board during the period 14 December 2021 – 31 July 2022.

Statement of Corporate Governance and Internal Control 31 July 2022

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 College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues.

The Board

The Board conducted its business through a number of committees during the year ended 31 July 2022. Each committee has terms of reference, which have been approved by the Board. These committees are Quality and Standards, Audit, Finance and Resources, Search and Governance.

Full minutes of all meetings (except those deemed to be confidential by the Board) are available from the Clerk to the Board at the registered address. The Clerk to the Board maintains a register of financial and personal interests of the members. The register is available for inspection at the registered address and also on the College website.

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

Appointments to the Board

Any new appointments to the Board are a matter for the consideration of the Board as a whole.

Members of the Board are appointed for a term of office not exceeding four years.

Board performance

During the course of the year Board members have considered the performance of the Board as a whole and this has been reported to a Board meeting. Governance is assessed in addition as part of the overall College Self-Assessment Report which is completed annually.

Search and Governance Committee

The Board has a Search and Governance Committee, consisting of five members of the Board in 2021/22 to include the Chairs of each sub-committee, the Chair of the Board and the Principal, which reviews governance matters and is responsible for the selection and nomination of any new member for the Board's consideration. The Remuneration Committee is a sub-committee of the Search and Governance Committee and comprises all members of Search and Governance aside from the

Statement of Corporate Governance and Internal Control 31 July 2022

Principal. Its responsibilities include making recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders.

Details of remuneration for the year ended 31 July 2022 are set out in note 6 to the financial statements.

Finance and Resources Committee

This Committee comprises five members of the Board and has terms of reference approved by the Board. The Committee met five times during 2021/22 and is planned to meet four times in 2022/23. The Committee reviews financial performance and items of expenditure requiring committee approval. The Committee also has responsibility for HR, IT, Estates and Health and Safety matters.

Audit Committee

The Audit Committee comprises three members of the Board plus one co-opted member. The Committee operates in accordance with written terms of reference approved by the Board.

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

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

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

The Audit 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 Audit Committee met on three occasions during the year

Quality and Standards Committee

The Quality and Standards Committee comprises four members of the Board. The Committee operates in accordance with written terms of reference approved by the Board. The Committee meets at least three times a year and provides a forum for reporting on teaching and learning matters including quality improvement, learner outcomes and self-assessment.

Internal control

Scope of responsibility

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

Statement of Corporate Governance and Internal Control 31 July 2022

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2022 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 College 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 College's significant risks that has been in place for the year ended 31 July 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board at least once every term.

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board;
- Regular reviews by the Board 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 College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board on the recommendation of the Audit Committee.

Statement of Corporate Governance and Internal Control 31 July 2022

Risks faced by the Board

The College analysed the risks to which it was exposed and a programme of assurance was agreed with the Audit Committee. The Committee was provided with reports on this assurance activity in the College.

The College has a risk register that is reviewed by the Audit Committee, sections relevant to each sub committee are also subject to scrutiny by those committees. The risk register is a regular item on the Board agenda. The register identifies the key risks faced by the College together with an impact and likelihood rating for each risk.

Control weaknesses identified

The reviews did not identify any significant internal control weaknesses or failures.

Responsibilities under funding agreements

The College maintains learner records in support of funding claims to the ESFA and the GLA. Claims are made in accordance with the funding regulations in place at the time and are submitted in accordance with the timescale set out by the two funding bodies.

Statement from the Audit Committee

The Audit Committee has advised the Board that the College has an effective framework of governance and risk management in place. The Audit Committee believes that the Board has effective internal controls in place.

Activities undertaken to develop governors

Governors have undertaken a variety of training activities during the year, provided by external organisations. These have included new governor induction sessions and training relating to risk; effective governance; audit; financial management; Board assurance and networking events. In addition, internal training has been provided through induction training and sessions at the commencement of Board meetings on a variety of topics.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditors;
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- Comments made by the College's financial statements and reporting accountants for regularity assurance in their management letters and other reports.

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

Statement of Corporate Governance and Internal Control 31 July 2022

The Executive 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 Executive Team and the Audit Committee also receive regular reports from internal audit, and other sources of assurance which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board's agenda includes a regular item for consideration of risk and control and it receives reports thereon from the Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2022 meeting, the Board carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the Executive Team and internal audit, and taking account of events since 31 July 2022.

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

Approved by order of the members of the Board and signed on its behalf by:

Signed:



Professor Andrew George
Chair
Date: 16.12.22

Signed:



Gabrielle Flint
Principal and Accounting Officer
Date: 16.12.22

Statement of regularity, propriety and compliance 31 July 2022

As accounting officer I confirm that the Board has had due regard to the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding.

I confirm on behalf of the Board that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the Board, or material non-compliance with the terms and conditions of funding, under the Board's grant funding agreements and contracts with ESFA, or any other public funder.

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

Signed:



Gabrielle Flint
Principal and Accounting Officer

Date: 16.12.22

Statement of the chair of governors

On behalf of the Board, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the Board and that I am content that it is materially accurate.

Signed:



Professor Andrew George
Chair

Date: 16/12/22

Statement of the responsibilities of the members of the Board 31 July 2022

The members of the Board, as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the College's grant funding agreements and contracts with the ESFA and any other relevant funding bodies, the Board, is required to prepare financial statements which give a true and fair view of the financial performance and position of the College for the relevant period. The Board must also prepare a strategic report which includes an operating and financial review for the year. The basis for the preparation of the financial statements and the strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess whether the College is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Board is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP that describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the Companies Act 2006, the relevant legislation of incorporation, including the Further and Higher Education Act 1992, the Charities Act 2011 and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Board are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the

Statement of the responsibilities of the members of the Board 31 July 2022

corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the Board on 8 December 2022 and signed on its behalf by:



Professor Andrew George
Chair

Date:

16/12/22

Independent auditor's report to the members of the Board of Richmond and Hillcroft Adult and Community College

Opinion

We have audited the financial statements of Richmond and Hillcroft Adult and Community College (the 'College') for the year ended 31 July 2022 which comprise the statement of comprehensive income and expenditure, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2022 and of its surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. The members of the Board are responsible for the other information contained within the annual report. 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.

Independent auditor's report to the members of the Board 31 July 2022

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the report of the members of the Board, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the members of the Board, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the members of the Board including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of the members of the Board

As explained more fully in the statement of responsibilities of members of the Board, the members of the Board 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 members of the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report to the members of the Board 31 July 2022

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 Senior Statutory Auditor 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 identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Further and Higher Education Act 1992, Companies Act 2006, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; 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 College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, 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; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

Independent auditor's report to the members of the Board 31 July 2022

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 Board meetings; and
- 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 members of the Board 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 is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



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

Date: 21 December 2022

Reporting accountant's assurance report on regularity 31 July 2022

Reporting accountant's assurance report on regularity to the Members of the Board of Richmond and Hillcroft Adult and Community College ("the Board") and the Secretary of State for Education, acting through the Education and Skills Funding Agency ("the ESFA")

In accordance with the terms of our engagement letter dated 21 June 2021 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Richmond and Hillcroft Adult and Community College during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA has other assurance arrangements in place.

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

Respective responsibilities of the Board of Richmond and Hillcroft Adult and Community College and the reporting accountant

The Board of Richmond and Hillcroft Adult and Community College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them. Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and

Reporting accountant's assurance report on regularity 31 July 2022

consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

Buzzacott LLP

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

21 December 2022

Statement of comprehensive income and expenditure Year to 31 July 2022

	Notes	2022 £'000	2021 £'000
Income			
Funding body grants	1	6,025	5,410
Tuition fees and education contracts	2	1,547	1,789
Other grants and contracts	3	14	139
Other income	4	457	601
Investment income	5	292	202
Total income		8,335	8,141
Expenditure			
Staff costs	6	6,277	6,242
Other operating expenses	7	2,518	2,217
Depreciation	9	895	830
Interest payable	16	427	336
Total expenditure		10,117	9,625
Deficit before other gains and losses		(1,782)	(1,484)
Deficit before tax		(1,782)	(1,484)
Taxation	8	—	—
Deficit for the year		(1,782)	(1,484)
Actuarial gain in respect of pension schemes	16	7,779	2,259
Total Comprehensive income for the year		5,997	775
Represented by:			
Unrestricted comprehensive income		5,997	775
		5,997	775

The Statement of Comprehensive Income and Expenditure items are in respect of continuing activities.

Statement of changes in reserves Year to 31 July 2022

	Income and expend- -iture account £'000	Revalua- -tion reserve £'000	Restricted Benefac- -tion fund £'000	Restricted other funds £'000	Restricted Endow- -ment fund £'000	Total £'000
Balance at 1 August 2020	33,210	5,083	17	1,068	3	39,381
Deficit from the income and expenditure account	(1,484)	-	-	-	-	(1,484)
Other comprehensive income – Actuarial gain in respect of pension schemes	2,259	-	-	-	-	2,259
Transfers between revaluation and income and expenditure reserves	89	(89)	-	-	-	-
Total comprehensive income for the year	864	(89)	-	-	-	775
Balance at 31 July 2021	34,074	4,994	17	1,068	3	40,156
Deficit from the income and expenditure account	(1,782)	-	-	-	-	(1,782)
Other comprehensive income – Actuarial gain in respect of pension schemes	7,779	-	-	-	-	7,779
Transfers between revaluation and income and expenditure reserves	89	(89)	-	-	-	-
Total comprehensive income for the year	6,086	(89)	-	-	-	5,997
Balance at 31 July 2022	40,160	4,905	17	1,068	3	46,153

Balance sheet 31 July 2022

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Non-current assets					
Tangible fixed assets	9		52,839		52,790
Current assets					
Trade and other receivables	10	431		742	
Cash and cash equivalents	15	2,741		4,124	
		3,172		4,866	
Creditors - amounts falling due within one year	11	(2,287)		(3,701)	
Net current assets			885		1,165
Total assets less current liabilities			53,724		53,955
Creditors - amounts falling due after more than one year	12		(6,570)		(5,733)
Provisions					
Net pension liability	16		(1,001)		(8,066)
Total net assets			46,153		40,156
Restricted reserves					
Benefaction fund			17		17
Endowment fund			3		3
Other restricted funds			1,068		1,068
			1,088		1,088
Unrestricted reserves					
Income and expenditure reserve			40,160		34,074
Revaluation reserve			4,905		4,994
TOTAL RESERVES			46,153		40,156

The financial statements on pages 36 to 57 were approved by the Directors and signed on their behalf by:

Signed:



Andrew George
Chair

Signed:



Gabrielle Flint
Principal & Accounting Officer

Date:

6/1/22

Date:

16.12.22

Company Limited by Guarantee
Registration Number: 0201528 (England and Wales)

Statement of cash flows 31 July 2022

	Notes	2022 £'000	2021 £'000
Cash flow from operating activities			
Deficit for the year		(1,782)	(1,484)
Adjustment for non-cash items			
Depreciation		895	830
Decrease / (increase) in trade and other receivables		311	(213)
(Decrease) / increase in creditors due within one year		(1,414)	222
Increase in creditors due after one year		837	359
Pensions costs less contributions payable		714	609
Adjustment for investing or financing activities			
Investment income		(1)	—
Net cash flow from operating activities		(440)	323
Cash flows from investing activities			
Investment income (excluding pension)		1	—
Payments made to acquire fixed assets		(944)	(580)
		(943)	(580)
Decrease in cash and cash equivalents in the year		(1,383)	(257)
		2022 £'000	2021 £'000
Cash and cash equivalents at 1 August 2021	15	4,124	4,381
Cash and cash equivalents at 31 July 2022	15	2,741	4,124

Principal accounting policies 31 July 2022

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 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2021 to 2022 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the higher relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

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

Going concern

The College has again been affected by Covid-19 both operationally and financially in 2021/22. It is likely that some of this impact will continue into 2022/23 together with the challenges faced by rising levels of inflation and energy costs. Enrolment in 2022/23 is showing positive signs of recovery from the pandemic and there will be emphasis on ensuring that this continues throughout the remainder of 2022/23.

The College has a strong balance sheet with net assets of £46,153,000 and net current assets of £885,000. The College's cash balance at 31 July 2022 was £2,741,000 which represented an in-year cash decrease of £1,383,000. The College's worse case cash forecast for December 2023 indicates a cash balance of £1,796,000 after part repayment to the ESFA of funding made in 2017/18 to the College in error of £1,799,485. The amount outstanding at December 2023 will be £700,000.

In anticipation of another difficult year the Board recognised that the College would be facing a deficit position in 2022/23. The budget approved in July 2022 planned for a deficit of £674,000 and a negative EBITDA of £37,000.

Principal accounting policies 31 July 2022

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

Recognition of income

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depends on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element 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 October following the year end. Adult Skills grant income is recognised based on a year end reconciliation of income claimed and actual delivery. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102.

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

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

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

Accounting for post-employment benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 16, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Principal accounting policies 31 July 2022

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

Actuarial gains and losses are recognised immediately in 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 College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Non-current Assets - Tangible fixed assets

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

Land and buildings

Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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

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

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

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

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

Principal accounting policies 31 July 2022

Assets under construction are accounted for at cost, based on direct costs in relation to planning permission and other professional fees, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

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

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

Equipment

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

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

- computer equipment 3 years
- furniture, fixtures and fittings 10 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

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

Borrowing costs

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

Cash and cash equivalents

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

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College receives no exemption in respect of Value Added Tax.

Provisions and contingent liabilities

Provisions are recognised when

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises. A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Agency arrangements

The College acts as an agent in the collection and payment of the Advanced Learner Loans Bursary. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 18 except for: the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant; the income for Childcare support provided by the College's Crèche; and unspent funds not reclaimed by the ESFA.

Judgements in applying accounting policies

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

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

Other key sources of estimation uncertainty

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the financial statements 31 July 2022

1. Funding body grants

	2022 £'000	2021 £'000
Recurrent grants		
Education and Skills Funding Agency - adult	419	641
Education and Skills Funding Agency 16-18	77	78
Greater London Authority - Devolved Grant	5,079	4,278
Specific grants		
Release of deferred capital grants	233	162
Education and Skills Funding Agency – ALL Bursary	55	74
Teachers' Pension Scheme contribution grant	162	177
	6,025	5,410

2. Tuition fees and education contracts

	2022 £'000	2021 £'000
Adult education fees	1,276	1,214
Fees for loan supported courses	176	223
Total tuition fees	1,452	1,437
Education contracts	95	352
Total	1,547	1,789

3. Other grants and contracts

	2022 £'000	2021 £'000
Other grants and contracts	1	6
Coronavirus Job Retention Scheme grant	4	125
Covid Testing grant	9	8
	14	139

The College furloughed some of the administration, estates staff and variable hour teachers under the government's Coronavirus Job Retention Scheme. The funding received of £4k (2021: £125k) relates to staff costs which are included within the staff costs note below as appropriate.

4. Other income

	2022 £'000	2021 £'000
Other income generating activities	338	213
Creche income	46	20
Rent income	1	333
Other income	72	35
	457	601

Notes to the financial statements 31 July 2022

5. Investment income

	2022 £'000	2021 £'000
Bank interest receivable	1	—
Net return on pension scheme (note 16)	291	202
	292	202

6. Staff costs

The average head count (including key management personnel) employed by the College during the year was:

	2022 No	2021 No
Teaching staff	176	301
Non-teaching staff	137	142
	313	443

Staff costs for the above persons:

	2022 £'000	2021 £'000
Wages and salaries	4,128	4,334
Social security costs	329	313
Other pension costs	1,444	1,336
Payroll sub total	5,901	5,983
Contracted out staffing services	376	259
Total staff costs	6,277	6,242

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team which comprises the Principal; the Vice Principal, Curriculum and Quality; Vice Principal, Finance and Resources; and the Vice Principal, Operations.

	2022 No	2021 No
The number of key management personnel including the Accounting Officer was:	4	4

6 Staff costs (continued)

Key management personnel (continued)

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

	Key management personnel		Other staff	
	2022	2021	2022	2021
£65,001 - £70,000 p.a.	1	1	—	—
£75,001 - £80,000 p.a.	2	2	—	—
£95,001 - £100,000 p.a.	1	1	—	—
	4	4	—	—

Including part time workers grossed up to full time equivalent and staff on maternity, paternity or sickness leave at their usual rate of pay, 1 member of key management personnel was paid in the £90,001 to £95,000 banding in 2022(2021: 1).

Key management personnel emoluments are made up as follows:

	2022 £'000	2021 £'000
Salaries	324	322
Pension contributions	71	70
National Insurance - Employer's contributions	41	40
Total emoluments	436	432

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

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

	2022 £'000	2021 £'000
Salaries	97	97
Pension contributions	23	23
Total remuneration	120	120

The Board adopted the AoC's Senior Staff Remuneration Code in 2019 and assesses pay in line with its principles. The remuneration of the Accounting Officer is reviewed annually by the Remuneration Committee and is benchmarked, using the ESFA benchmark tool and the AoC Senior Staff Salary Survey.

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

6 Staff costs (continued)

Key management personnel (continued)

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

	2022 £'000	2021 £'000
Principal's basic salary as a multiple of the median of all staff	3.2	4.4
Principal's total remuneration as a multiple of the median of all staff	3.4	4.7

7 Other operating expenses

	2022 £'000	2021 £'000
Teaching costs	826	634
Non-teaching costs	944	847
Premises costs	748	736
Total	2,518	2,217

Other operating expenses include:

	2022 £'000	2021 £'000
Auditors' remuneration		
• Financial statements audit	28	31
• Other services provided by the financial statements auditor (Regularity and Teachers' Pensions Audit)	6	6
Internal audit	13	12
Hire of assets under operating leases	22	65

8 Taxation

Richmond and Hillcroft Adult and Community College is a charity with no additional trading activities. The Members of the Board of the College do not believe any corporation tax liability was incurred in 2021/22.

9 Tangible fixed assets

	Freehold land and buildings £'000	Equipment, fixtures and fittings £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation				
At 1 August 2021	55,010	522	455	55,987
Additions	314	315	315	944
Disposals	(1)	(9)	—	(10)
At 31 July 2022	55,323	828	770	56,921
Depreciation				
At 1 August 2021	3,126	71	—	3,197
Charge for the year	731	164	—	895
Elimination in respect of disposals	(1)	(9)	—	(10)
At 31 July 2022	3,856	226	—	4,082
Net book value at 31 July 2022	51,467	602	770	52,839
Net book value at 31 July 2021	51,884	451	455	52,790

The land and buildings owned by Hillcroft College prior the merger were revalued by the District Valuer based at Wimbledon at 31 July 2012. The Valuation conformed to Practice Statement 5 of the RICS Appraisal and Valuation Manual. The land was valued at £4,018,800 and the buildings at a depreciated replacement cost of £2,294,554. This value excludes VAT. The historical cost was £1,000 for the land and £126,240 for the buildings.

Land and buildings transferred on merger at 1 October 2017 from Richmond Adult and Community College were adjusted to fair value based on independent professional advice. The gain on the adjustment to fair value of these assets was £30,151,000 which was included in the Consolidated Statement of Comprehensive Income in 2017/18.

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	£
Cost	127,240
Aggregate depreciation based on cost	(114,516)
Net book value based on cost	12,724

Notes to the financial statements 31 July 2022

10 Trade and other receivables

	2022 £'000	2021 £'000
<i>Amounts falling due within one year</i>		
Trade receivables	259	440
Other debtors	8	4
Prepayments and accrued income	162	296
Benefaction account	2	2
	431	742

11 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade payables	216	322
Other payables	33	33
Other taxation and social security	91	89
Accruals and deferred income	895	1,145
Deferred income – government capital grants	233	162
Amounts owed to the Education and Skills Funding Agency	819	1,950
	2,287	3,701

	2022 £'000	2021 £'000
Deferred income at 1 August	458	554
Released from previous years	(458)	(554)
Resources deferred during the year	510	458
Deferred income at 31 July	510	458

At the balance sheet date, the College was holding tuition fees (£475,000) received in advance for courses starting or continuing in 2022/23 (2021: £371,000) and £35,000 for other income including lettings, donations and grants (2021: £34,000)

12 Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Deferred income – government capital grants	5,620	5,373
Amounts owed to the Education and Skills Funding Agency	950	—
	6,570	5,373

Notes to the financial statements 31 July 2022

13 Lease obligations

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

	2022 £'000	2021 £'000
Equipment		
Not later than one year	32	37
Later than one year and not later than five years	22	54
	54	91

14 Provisions

	Defined benefit obligations £'000	Total £'000
At 1 August 2021	8,066	8,066
Movement in the year (note 16)	(7,065)	(7,065)
At 31 July 2022	1,001	1,001

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 16.

15 Cash and cash equivalents and reconciliation of net debt

	At 1 August 2021 £'000	Cash flows £'000	At 31 July 2022 £'000
Cash and cash equivalents	4,124	(1,383)	2,741
	4,124	(1,383)	2,741

16 Defined benefit obligations

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

	2022 Total £'000	2021 Total £'000
Teachers' Pension Scheme contributions paid	445	456
Local Government Pension Scheme:		
. Contributions paid	421	405
. FRS 102 (28) charge	578	475
Charge to the Statement of Comprehensive Income	999	880
Total pension cost for year within staff costs (note 6)	1,444	1,336

16 Defined benefit obligations (continued)

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

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

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

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

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

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 academic year.

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

The pension costs paid to TPS in the year amounted to £445,000 (2021: £456,000).

16 Defined benefit obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the Wandsworth Council Pension Fund. The total contributions made for the year ended 31 July 2022 were £530,000, of which employer's contributions totalled £421,000 and employees' contributions totalled £109,000. The agreed contribution rates for future years are 17.3% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary.

	At 31 July 2022	At 31 July 2021
Rate of increase in salaries	2.50%	2.55%
Future pension increases	2.75%	2.80%
Discount rate for scheme liabilities	3.40%	1.60%
Inflation assumption (CPI)	2.75%	2.80%

Due to high periods of inflation up to 31 July 2022, an adjustment has been made to the year end valuation to account for the estimated impact on the Pension Order Increase due to be implemented from 1 April 2023. The estimated impact of the defined benefit obligation has been recognised as an experience loss of £1,792,000. This charge has been made against the actuarial movement for the year, however is not directly reflected within the listed actuarial assumptions above.

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

	At 31 July 2022 Years	At 31 July 2021 Years
Retiring today		
Males	21.0	21.6
Females	23.5	24.3
Retiring in 20 years		
Males	22.3	22.9
Females	24.9	25.7

16 Defined benefit obligations (continued)

Sensitivity analysis is provided below:

	2022 Approx monetary amount (£'000's)
Discount rate + 0.1%	18,089
Discount rate - 0.1%	18,890
Mortality assumption – 1 year increase	19,192
Mortality assumption – 1 year decrease	17,805
CPI rate +0.1%	18,491
CPI rate -0.1%	18,479

The sensitivity analysis represents the present value of plan liabilities as a result of the change in each underlying assumption.

Local Government Pension Scheme

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

	Value at 31 July 2022 £'000	Value at 31 July 2021 £'000
Equity instruments	10,237	11,123
Gilts	214	380
Bonds	2,586	2,444
Property	2,277	1,753
Cash	216	696
Multi-asset fund	1,954	1,698
Total fair value of plan assets	17,484	18,094
Actual return on plan assets	(730)	3,008

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

	2022 Total £'000	2021 Total £'000
Fair value of plan assets	17,484	18,094
Present value of plan liabilities	(18,485)	(26,160)
Net pensions liability	(1,001)	(8,066)

16 Defined benefit obligations (continued)

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

	2022 Total £'000	2021 Total £'000
Amounts included in staff cost		
Current service cost	(999)	(880)
Past service cost	—	—
Total	(999)	(880)
Amounts included in investment income	291	202
Amounts included in interest costs	(416)	(331)
Administration expenses	(11)	(5)
Net interest cost	(136)	(134)
Return on pension plan assets	(1,021)	2,806
Experience gains/losses arising on defined benefit obligations	(1,792)	549
Changes in assumptions underlying the present value of plan liabilities	10,592	(1,096)
Amount recognised in Other Comprehensive Income	7,779	2,259

Local Government Pension Scheme

Movement in net defined benefit liability during year

	2022 Total £'000	2021 Total £'000
Net defined benefit liability in scheme at 1 August	(8,066)	(9,716)
Movement in year:		
· Current service cost	(999)	(880)
· Employer contributions	421	405
· Net interest on the defined liability	(136)	(134)
· Actuarial gain	7,779	2,259
Net defined benefit liability at 31 July	(1,001)	(8,066)

Asset and liability reconciliation

	2022 Total £'000	2021 Total £'000
Defined benefit obligations at 1 August	26,160	24,607
Current service cost	999	880
Interest cost	416	331
Contributions by Scheme participants	109	109
Change in demographic assumptions	(973)	(311)
Changes in financial assumptions	(9,619)	1,407
Estimated benefits paid	(399)	(314)
Experience (losses) on defined benefit obligations	1,792	(549)
Defined benefit obligations at 31 July	18,485	26,160

16 Defined benefit obligations (continued)

Changes in fair value of plan assets

	2022 Total £'000	2021 Total £'000
Fair value of plan assets at 1 August	18,094	14,891
Interest on plan assets	291	202
Return on plan assets	(1,021)	2,806
Employer contributions	421	405
Contributions by Scheme participants	109	109
Estimated benefits paid	(399)	(314)
Administration expenses	(11)	(5)
Fair value of plan assets at 31 July	17,484	18,094

17 Related party transactions

Owing to the nature of the College'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 in accordance with the College's financial regulations and normal procurement procedures. Transactions with the ESFA are detailed in note 1.

The total expenses paid to or on behalf of the members of the Board during the year was £nil (2021: £nil).

No Board member received any remuneration or waived payments from the College or its subsidiaries during the year (2021: £nil).

The College discloses all related party transactions in accordance with the College's financial regulations. There were none in 2021/22 (2020/21: none).

18 Learner support funds

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
<i>Learner Support Funds</i>		
Other Learner Support Funds (Advanced Learner Loans Bursary)		
Grant received – current year	76	233
Less: Disbursed to students	(53)	(45)
Less: Administration fee	(1)	(18)
Less: Retained income	—	(23)
Underspend for the year	22	147

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

Notes to the financial statements 31 July 2022

19 Capital Commitments

	2022 £'000	2021 £'000
Commitments contracted for at 31 July	30	0

20 Post balance sheet event

On 29 November 2022, the Office for National Statistics reclassified all college corporations to Central Government sector with immediate effect. This will mean that colleges will now be subject to the framework for financial management set out in Managing Public Money (MPM) and the Department for Education will introduce new rules for colleges, some of which will take effect immediately.

Accounts

**Richmond and Hillcroft
Adult and Community
College**

**Annual Report and Financial
Statements**

31 July 2021

Company Limited by Guarantee
Registration Number
0201528 (England and Wales)

Charity Registration Number
312825

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Legal and administrative information

Members of the Board (as at date of approval of the financial statements)

Prof. Andrew George (Chair)
Farah Rachlin (Vice Chair)
Richard Brewster
Kate Clarke
Gabrielle Flint (Principal)
David Izett
Nick Jones
Dave Munby
Jane O'Shea
Sharon Raj
Paul Simmons (Student Governor)
Graham Tharp (Staff Governor)
Nigel Ware

Principal and Accounting Officer of the College

Gabrielle Flint

Clerk to the Board

Neil Wallbank

Principal and Registered office

Parkshot
Richmond
Surrey
TW9 2RE

Company registration number

0201528 (England and Wales)

Charity registration number

312825

Key management personnel, and professional advisors

Key management personnel

Key management personnel are defined as members of the Executive Team and were represented by the following in 2020/21:

Gabrielle Flint, Principal

Gaynor Bray, Vice Principal

Neil Wallbank, Director of Finance and Resources and Clerk to the Governing Body

Paul Smith, Executive Director (Commercial)

The College's solicitors

Bates Wells
10 Queen Street Place
London
EC4R 1BE

Financial statements auditor and reporting accountants

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Internal auditors

RSM Risk Assurance Services LLP
25 Farringdon Street
London
EC4A 4AB

Bankers

HSBC Plc
South West London Commercial Centre
Hampton Wick
Kingston upon Thames, Surrey

Barclays Bank plc
Level 27
1 Churchill Place
London
E14 5HP

National Westminster Bank plc
10 Victoria Road
Surbiton
Surrey

STRATEGIC REPORT

1 Objectives and Strategy

The members of the Board (governors) present their report and the audited financial statements for Richmond and Hillcroft Adult and Community College ('the College') for the year ended 31 July 2021.

The charitable objects of the College are as follows:

"The objects for which the College is established are to provide education for the public benefit to include, without limitation:

- *to enable adult men and/or women disadvantaged by educational or social factors to progress into Higher Education, vocational training and employment.*
- *to contribute to the national development of women's education.*
- *to maintain one or more residential colleges for the education of men and/or women with the aim of enlarging and enriching the vision of its students, developing their capacities for leadership and contribution to society and stimulating their personal growth."*

1.1 Legal status

Richmond and Hillcroft Adult and Community College is a company limited by guarantee (registration number 0201528) incorporated in 1924 and a registered charity (registration number 312825). It is designated for funding by the Education and Skills Funding Agency (ESFA).

1.2 Mission

The College's mission statement, as approved by the members of the Board in March 2018 is:

Empowering adults and communities through education, skills and enterprise.

1.3 Implementation of the strategic plan

Following the merger, in March 2018 the College adopted a strategic plan for the period up to July 2021.

The strategic plan is currently in the process of being updated and reviewed. The Board, management and staff have had input into the development of the plan. It is anticipated that the new strategic plan will be approved at the December 2021 meeting of the Board. The three key strategic aims of the new plan relate to:

- Quality Improvement;
- Growth in learner numbers; and
- Financial sustainability

These will be underpinned by detailed operational plans relating to:

- People development;
- Curriculum development;
- Digital transformation;

STRATEGIC REPORT (continued)

The following strategic priorities were identified in the Strategic Plan 2018-2021 for implementation during this period.

1. Ethos

- i) To develop a whole college culture of performance, efficiency and excellence.

2. Curriculum

- i) To extend the curriculum with increased opportunities for learners of all ages, backgrounds and abilities to gain vocational and wellbeing skills and enrichment.

To develop our communication with learners to ensure that target learner groups are aware of opportunities open to them.

3. Quality

- i) To achieve Ofsted 'Outstanding' status and the highest levels of teaching and learning and customer satisfaction in all college services.

4. Resources

- i) To develop a first class college estate that provides community hubs in Richmond and Surbiton, cutting edge teaching and learning spaces and accessible and high quality residential facilities.
- ii) To develop our digital skills and infrastructure to make learning more accessible and relevant.

5. Financial Sustainability

- i) To achieve long term financial sustainability through improved efficiency and additional income generation that provides a positive contribution to operating costs.

6. Partnerships

- i) To continue to develop partnerships with local stakeholders regarding the planning and delivery of learning and progression opportunities and the engagement and support of specific learner groups. This will involve agreements with partner organisations in local government, the voluntary sector, with local employers and businesses and other adult learning providers.

During the period of the Strategic Plan, the College achieved a 'Good' Ofsted grade in February 2020. It has continued to invest in improvements to the estate and develop plans for the redevelopment of the Hillcroft site. Although Covid has had a negative impact on the financial performance of the College it has remained financially sustainable. The Board took a decision to cease to offer residential provision as a result of falling demand and changes to the funding methodology.

STRATEGIC REPORT (continued)

1.4 Financial objectives

The College's financial objectives that support the strategic objective of ensuring financial sustainability are to:

- Implement a robust financial strategy over the period 2018 to 2021.
- Review and continuously monitor the cost effectiveness of provision and back office support services.
- Establish and monitor targets for contribution to central overheads from teaching departments.
- Increase the income base to £11m through contracts, commercial activity and bids for additional funding.
- Improve the efficiency of the College in order to generate funds available for investment in the curriculum and the estate.

2. RESOURCES

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

2.1. Tangible

Tangible resources include the Parkshot site in Richmond and the Hillcroft site in Surbiton.

2.2 Financial

At 31 July 2021 the College had £40,156,000 (2019/20: £39,382,000) of net assets, including a £8,066,000 pension liability (2019/20: £9,716,000) and no external debt. The College had a cash balance of £4,124,000 at 31 July 2021 (2019/20 £4,381,000), part of which it is intended to use for the redevelopment of the Hillcroft site. The balance included £1,799,485 repayable to the ESFA in respect of an overpayment made to the College in 2018.

2.3 People

During the year ended 31 July 2021 the College employed 443 people (expressed as average head count), of whom 301 were teaching staff.

2.4 Reputation

The College has a good reputation both locally and nationally. Maintaining a quality brand and good reputation continues to be essential for the College's success in attracting students and developing external relationships.

3. STAKEHOLDER RELATIONSHIPS

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

- Learners;
- Education sector funding bodies;
- FE commissioner;
- Staff;

STRATEGIC REPORT (continued)

- Partner referral organisations;
- Local employers;
- Local authorities and the GLA;
- Local charities;
- Government offices;
- The local community;
- Trade Unions;
- Other FE institutions; and
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through face to face meetings, by email and letter contact, by staff newsletters, by press releases and through the College web site.

Feedback from learners is encouraged, to help the management team to judge performance and ensure areas of weakness are addressed.

3.1 Engagement with employees

The College consults with the staff through staff forums providing employees with information on matters of concern to them. Key performance indicators are produced and shared with the College Management Team and with members of the staff forum enabling employee participation in the performance of the College.

The College has adopted a Recruitment and Selection Policy and Procedure that is in line with all relevant legislation. This includes a policy in respect of applications for employment from disabled persons.

With respect to finance, budget holders are consulted during the budget setting process. The consultation is undertaken by the Director of Finance and Resources and the Head of Finance.

3.2 Engagement with suppliers, customers and others in a business relationship with the College

The College continues to foster good working relations with suppliers by ensuring:

- Payments are made to suppliers within required timescales;
- Where payments are delayed a dialogue is maintained with the supplier;
- Tender processes are clear and transparent; and
- Clear escalation procedures are in place in case of a dispute with the College.

3.3 Promoting the success of the College to achieve its purposes

The College has its own website, which is kept updated with the latest news and events that are taking place. Social media sites are also used to promote the College and its activities

STRATEGIC REPORT (continued)

4. PUBLIC BENEFIT

RHACC is a company limited by guarantee and a registered charity. The members of the Board, who are directors of the charity for the purposes of company law, are disclosed on page 1.

In setting and reviewing the College'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 College provides identifiable public benefit through the advancement of education to around 7,000 students.

The College provides courses without charge to young people and to those who are unemployed or on low income. The College also provides a number of concessions to learners. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

5. DEVELOPMENT AND PERFORMANCE

5.1 Financial results

The College incurred a deficit (deficit before other gains and losses) in the year of £1,484,000 (2019/20: deficit £706,000). This deficit is after charging depreciation of £830,000 and pension adjustments of £609,000. Total Comprehensive Income for the year is a surplus of £775,000 (2019/20 deficit of £4,646,000) after allowing for an actuarial gain on the pension scheme of £2,259,000 (2019/20 loss of £3,940,000).

The performance for the year has been significantly impacted by Covid-19. There was a slow start to the year following lockdown in 2019/20 and this was then further compounded by a further lockdown in the Spring term. The College generates a significant amount of tuition fee income at its Parkshot site in a normal year but its ability to do this in 2019/20 and 2020/21 has been severely impacted. Although the College continued with initiatives to deliver provision on-line, where possible and practical to do so, there was still a significant impact on tuition fee income with a total for the year of £1,789,000 (2019/20 £2,169,000), a decline of £380,000. The College welcomed the approach from the ESFA and the GLA to relax the year-end funding reconciliation process, although recognising that the flexibilities were not as helpful as those given in 2019/20. The College achieved 91% of its ESFA allocation and 80% of its GLA allocation. If the normal year end reconciliation and clawback process had been implemented this would have potentially further reduced income by around £951,256. As a result of the revised year-end reconciliation process for the Adult Learner Loan Bursary the College did not suffer claw back that would otherwise have been payable to the ESFA of £23,349.

The College received income from 'other income' sources of £601,000 (2019/20 £653,000), a decline of £52,000, as a result of the Covid-19 restrictions. This was largely represented by falling income from the creche facility and from income generated from events and hires.

STRATEGIC REPORT (continued)

The College has total net assets of £40,156,000 (2019/20 £39,382,000), including cash balances of £4,124,000 (2019/20 £4,381,000). This includes the accumulated deficit on the pension fund of £8,066,000 (2019/20: £9,716,000 deficit).

At 31 July 2021, the College had accumulated reserves of £40,156,000 (2019/20: £39,382,000,000). The Income and Expenditure Reserve has a surplus of £34,074,000 (2019/20: £33,210,000). The College continues to operate without the requirement of any external financing.

The College recognises that there are likely to be continuing and significant differences in the way it will need to operate as a result of Covid-19. A grant of £199,000 was allocated by the GLA in 2020/21 from its Covid-19 Response Fund. This money was used to prepare the College and its sites for different ways of working and delivering provision to learners. This included investment in IT facilities to further develop remote and blended learning and also to further make the site Covid-19 secure.

Tangible fixed asset additions during the year amounted to £580,000. This included equipment purchased of £292,000 and £288,000 of assets in the course of construction for the Hillcroft campus.

The College has significant reliance on the education sector funding bodies, the ESFA and GLA, for its principal funding source of recurrent grants. In 2020/21 the ESFA and GLA provided 66% (2019/20: 61%) of the College's total income. This increase is largely a result of the funding body income remaining consistent with the previous year but the overall income level falling.

The LGPS pension was a deficit of £8,066,000 (2019: £9,716,000) which is a significant decrease on the previous year. The Members of the Board have been advised that pension accounting deficits have no effect on the contribution rate, which is determined using long-term funding assumptions based on the investment strategy of the pension fund, rather than solely on the yields of corporate bonds.

5.2 Cash flows and liquidity

There was a decrease in cash at the 31 July 2021 of £257,000 resulting from operating cash inflows of £323,000 and cash outflows from investment activities of £580,000. Despite the fall in income for the year the College has been able to maintain a healthy level of cash balance. When considering the uncertainty of financial performance in 2021/22 as a result of Covid-19, the College is aware of the need to maintain control of its cash resource to enable it to mitigate potential further falls in income.

In 2017/18 the ESFA erroneously paid to the College £1,799,485 in respect of its AEB grant. The College made the ESFA aware of the error but were assured that the payment was correct. The College accounted for the overpayment on its balance sheet as a short term creditor and did not include the amount as income. In August 2021, the ESFA acknowledged its error and has requested that the College repays the funding. The College accepts that the funds are due to the ESFA and is in the process of agreeing a repayment schedule with the ESFA. The overall effect will be for the College to have a significant reduction in its cash balance when the repayment has been finalised.

STRATEGIC REPORT (continued)

5.3 Taxation

As a registered charity for the purposes of the Charities Act 2011, the College's activities do not fall to be charged to corporation tax.

5.4 Reserves

As at the balance sheet date, the Income and Expenditure Reserve was in surplus by £34,074,000 (2019/20: £33,210,000). The balance on the Income and Expenditure Reserve has increased in 2020/21 as a result of the actuarial gain in respect of the pension scheme of £2,229,000 (2020/21: £3,940,000,000 actuarial loss).

5.5 Streamlined Energy & Carbon Reporting

Under the new Streamlined Energy and Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 the College is mandated to include energy consumption, related emissions, intensity metrics and energy efficiency improvements implemented during the financial year. The College is required to comply with these regulations as it meets two of the three criteria of a large company, as defined by the Companies Act 2006; the College employs more than 250 employees and has a balance sheet total of greater than £18million.

This information is summarised below.

The total consumption (kWh) figures for energy supplies reportable are as follows:

Utility and Scope	2019/20 UK consumption (kWh)	2020/21 UK consumption (kWh)
Natural gas (Scope 1)	756,734	662,763
Grid-supplied electricity (Scope 2)	1,442,562	1,435,661
Total	2,199,296	2,098,424

The total emissions (tCO₂e) figures for energy supplies reportable are as follows:

Utility and Scope	2019/20UK emission (tCO ₂ e)	2020/21 UK emission (tCO ₂ e)
Natural gas (Scope 1)	265,243	262,956
Grid-supplied electricity (Scope 2)	176,425	140,724
Total	441,668	403,680

STRATEGIC REPORT (continued)

An intensity metric of tCO₂e per headcount number of employees for the annual UK consumption has been calculated as follows:

	2019/20	2020/21
Total tCO ₂ e emissions	441,668	403,680
Average headcount employees for the year	455	443
Intensity metric	970	911

The reporting methodology is as follows: Scope 1 and Scope 2 consumption and Co₂e emissions data has been calculated in line with the 2020 UK Government environmental reporting guidance. The Emission Factor Database 2020/21, Version 1 has been used.

The intensity metric has been calculated utilising the annualised average employee numbers for the whole College, totalling 443 employees (455 2019/20), and has been applied to all the carbon emissions reported.

6. FUTURE PROSPECTS

6.1 Future developments

The College continues with its plans for the redevelopment of the Hillcroft site. This involves the sale of the existing building and part of the site with a new college being constructed on the remaining land. The development will be primarily funded through the sale proceeds and also a grant of £3.2m from the GLA Skills for Londoners Capital Fund. In October 2021 the College submitted a grant application to the DfE Capital Transformation Fund to part fund the project, a decision is expected in Spring 2022. The College has earmarked around £500,000 of its cash reserves to part finance the development. Planned completion of the project is Spring 2024.

The College was allocated £248,000 in 2020/21 from the DfE as part of the national College Capital Improvement Fund. This grant is being utilised in 2021/22 to address external remedial works on the roof and windows at the Parkshot site.

6.2 Financial Plan

The Board approved a budget in July 2021 that indicated a deficit of £564,000 and a financial health grade of 'Good'. It was agreed that the budget would be reviewed during the autumn term following the start of year enrolment period to take any further account of the impact of Covid-19 on enrolments. It is forecast that, like 2020/21, this will have a significant impact on the level of tuition fee income that will be generated in 2021/22.

STRATEGIC REPORT (continued)

A reduction in learner numbers or a less positive return to pre-Covid levels will also impact on the College's ability to achieve its funding allocations from the GLA and the ESFA. The College recognises the assistance provided by the ESFA and the GLA in 2020/21 by amending the year-end reconciliation process which would otherwise have resulted in a significant claw back of funding. To enable the College to operate with some financial certainty while managing the anticipated significant reduction in tuition fee and other income, a similar approach would be welcomed for 2021/22.

6.3 Treasury policies and objectives

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

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Board and shall comply with the requirements of the Financial Memorandum. No borrowings, either short or long term were required in the year.

6.4 Reserves

The College has no formal Reserves Policy, but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business.

It is the intention of the College to increase reserves by the generation of annual operating surpluses. However, in the short term, with the impact of Covid-19 it is recognised that this will not be possible but it still remains the medium to longer term goal. The Board members consider it of prime importance that the College is able to meet its on-going commitments through its cash reserves and by the generation of annual operating surpluses to increase its ability to invest in the infrastructure.

7. PRINCIPAL RISKS AND UNCERTAINTIES

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

Based on the strategic plan, the Executive Team undertakes a comprehensive review of the risks to which the College is exposed. It identifies systems and procedures, including specific actions which should mitigate any potential impact on the College. Additional internal controls are then implemented as necessary and subsequent appraisal will review their effectiveness and progress against risk mitigation actions.

In addition to the ongoing review, the Executive Team also considers any risks which may arise as a result of a new area of work being undertaken by the College. A risk register is maintained at the College level which is reviewed each term by the Audit Committee and the Board. Each sub-committee also reviews the risks associated with its own area of responsibility.

STRATEGIC REPORT (continued)

The risk register identifies the key risks, controls, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are ranked using a consistent scoring system. This is supported by a risk management communication programme to raise awareness of risk throughout the College.

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

7.1 Government funding

The College has had considerable reliance on continued funding from the GLA and the ESFA. In 2020/21 the College received 66% (2019/20: 61%) of its funding from these two bodies. Following devolved funding, the GLA is now the College's largest single funder. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

- The potential impact of Covid-19 on enrolments for 2021/22 will provide a challenge for the College in achieving its funding allocation or being within the accepted 3% tolerance level. The potential for a further 'lockdown' during 2021/22 cannot be ignored and this would provide an added difficulty in achieving the funding allocation targets. Current indications are that there will be a return to the regular year-end reconciliation procedures for 2021/22 which could result in funding claw back if at least 97% of the funding allocations are not achieved.
- There remains uncertainty around the future economic outlook for the UK as a result of Covid 19 and Brexit. In turn this could impact on the future funding of adult education.
- Funding for adult education in London has been devolved to the GLA from 2020/21. The College will need to work with the GLA to ensure that the impact on funding is minimised.

This risk is mitigated in a number of ways:

- Responding to the challenges imposed by the Covid-19 pandemic by implementing alternative forms of delivery where possible i.e. on-line and blended learning.
- Implementing a thorough risk assessment process to make sure that the College's sites are as Covid-19 secure as possible, giving learners confidence that they are returning to a safe physical learning environment.
- By ensuring the College is rigorous in delivering high quality education and training.
- Funding is derived through a number of direct and indirect contractual arrangements.
- Considerable focus and investment are placed on maintaining and managing key relationships with the various funding bodies.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Developing the range of quality level 3 programmes.

STRATEGIC REPORT (continued)

- Further developing links and relationships with the local authority and community.

7.2 Income diversification

The College has been relatively successful in generating income from a number of non funding body sources. This has involved improving the utilisation of both sites by making them available for lettings and other income generating activities. The risk for the College is that the budget targets are not met. In 2020/21 this income stream was particularly affected due to Covid-19 lock down when facilities were unavailable for hire. It is likely that there will also be a reduction in income from this source in 2021/22 as the pandemic continues to have an impact on activity

This risk is mitigated in a number of ways:

- By ensuring the College can demonstrate to potential users that it is a Covid-19 secure environment and that risk assessments are kept fully up to date. Ensuring that the facilities available for income generating activities are of a standard expected by paying customers.
- Close management of expenditure in relation to all income generating activities to ensure that they are self-financing.
- Appropriate and relevant marketing of facilities.

7.3 Learner engagement

The College has developed a curriculum strategy to ensure that the course offer continues to meet both learner and community needs and enables learners from all backgrounds to progress towards their individual goals. However, the College is now faced with an additional challenge of engaging with, and attracting, learners during a pandemic. Learners may be reluctant to physically attend College, class sizes might have to be reduced in some areas and some learners may not have the necessary IT capability and/or facilities to engage in on-line learning.

The risk of not achieving this objective will be mitigated in a number of ways:

- By providing support to learners who are having difficulty accessing on-line learning due to lack of IT equipment through the loan of laptops.
- By providing a Covid-19 secure environment for those unable to access provision on-line.
- By providing timely IT support to learners having difficulty using on-line platforms.
- By on-going review of the marketing strategy of the College and how we recruit our learners.
- By embedding an on-going communications programme for staff, learner voice and other stakeholders.
- By continuously improving learner achievement rates and teaching quality.

STRATEGIC REPORT (continued)

- By engaging with learners, employers and stakeholders to facilitate learner progression and course development.

7.4 Long term financial sustainability

Achieving and maintaining at least 'Good' financial health and long term financial sustainability is a priority for the College. The College was unable to achieve this goal in 2020/21 due to the impact of Covid-19. The College continues to have a strong balance sheet with good cash reserves and no external borrowings. However, it is recognised that 2021/22 will also be a difficult year that will require careful monitoring of the financial impact of Covid-19.

This risk of not achieving financial sustainability is mitigated in a number of ways:

- A realistic financial plan has been developed to deliver short to medium term financial sustainability.
- Planned deficit as a result of the impact of Covid-19 is manageable within the College's cash reserves.
- Efficiencies in staffing will be achieved to generate staff cost savings.
- New sources of income generation are being explored, including grants from the GLA to assist the College in developing further community learning provision in partnership with the London Borough of Richmond upon Thames.

7.5 Covid-19

As highlighted above, Covid-19 is having a significant impact on all aspects of the College's operation and financial position. It is likely that this impact will continue into 2021/22. There is a risk that a further lockdown could involve the College having to reduce face to face provision or that learners will be reluctant to return to site. Even if on-site provision can continue, the College is aware of the need to provide a Covid-19 secure environment and to adhere to government guidelines.

The College is seeking to mitigate the risks in a number of ways, including:

- Ensuring there is oversight of the Colleges Covid-19 response actions by a governance group.
- Implementing a comprehensive risk assessment process.
- Regular communication with staff and learners on the precautions implemented by the College and actions they should take if they show symptoms of Covid-19.
- Providing appropriate sanitisation facilities and other Covid-19 protection measures.
- Ensuring provision is planned with Covid-19 and social distancing in mind, including increased on-line and blended learning.
- Participation in local Covid-19 response groups facilitated by the local authority.
- Continuing to deliver provision wherever possible in order to be able to demonstrate to funding bodies that the College has attempted to continue operations and achieve its funding allocation.

STRATEGIC REPORT (continued)

8. KEY PERFORMANCE INDICATORS

The College is committed to observing the importance of sector measures and indicators. The College uses key performance indicators internally as well as external measures to assess its performance. These measures include learner retention, pass and achievement (success) rates, minimum standards, financial health, delivery against funding targets and Ofsted judgements.

At the most recent inspection by Ofsted in January 2020 the College was judged as good in all areas. This was the first inspection of the College following merger in October 2017.

The College is required to complete the annual Finance Record for the ESFA. The Finance Record produces a financial health grading. The grade for 2020/21 has been confirmed as 'Required Improvement' by the ESFA. The financial results for the year also indicate a financial health grade of 'Required Improvement'. It is anticipated that the College will return to 'Good' in 2021/22.

The Colleges key performance indicators are set out below.

Key Performance Indicator	Measure/Target	Actual for 2020/21
Financial Health	Outstanding	Requires Improvement
Ofsted rating	Outstanding	Good
Student Achievement	87.3%	88.7%
Student Numbers	7,200	5,826
EBITDA as % of Income	3.02%	-2.66%

Due to Covid-19, College success rates will not be formally published for 2020/21. Despite the challenging teaching and learning environment caused by lockdown RHACC learners have achieved well.

8.1 Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the year to 31 July 2021, the College paid 92% per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

9. EQUALITY AND DIVERSITY

The College is committed to providing a positive and supportive learning and working environment for all students and staff, consistent with an ethos of respect and tolerance. The College aims to promote best practice in the advancement of equality and diversity and to fulfil its mission in such a way that promotes equality of opportunity, embraces diversity, eliminates unlawful discrimination and addresses disadvantage.

STRATEGIC REPORT (continued)

The College is committed to eliminating discrimination and advancing equality and diversity. The College seeks to ensure that students, staff, prospective students, visitors, governors, contractors and suppliers are treated with respect, dignity and equity regardless of their individual protected characteristics – age, disability, gender, gender reassignment, pregnancy or maternity, marriage or civil partnership status, race, religion or belief, or sexual orientation (as defined in the Equality Act 2010).

The College's Equality and Diversity policy is published on the College's web site and on the shared drive.

The College complies with its public duty under the Equality Act 2010 by having due regard when carrying out its functions. Specifically the College has:

- Considered access to the College's resources by giving assistance to applicants, staff and learners with learning disabilities or difficulties, making the appropriate reasonable adjustments where necessary.
- Maintained its disability symbol employer status year on year through demonstrating its commitment to the principles and objectives of the Disability Confident Employer standards.
- Implemented an updated Equality and Diversity training programme. Information and refresher training is carried out on an ongoing basis.
- Allocated specific resource to providing information, guidance and a range of support where necessary to learners with learning difficulties and/or disabilities. There are also a number of learning support assistants who provide a range of support for learning.
- Provided a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.
- Provided a list of specialist equipment which the College makes available for learner use and a range of assistive technology is also available in the learning centres.
- Highlighted its commitment to Equality and Diversity through staff and learner policies and information such as the Equality and Diversity policy and action plan. Specific reference to our commitment is made explicit in the staff and learner handbooks.
- Offered specialist programmes in College prospectuses.
- All staff of the College and its partners are expected to demonstrate a positive attitude towards diversity.

STRATEGIC REPORT (continued)

9.1 Disability statement

The College is a 'Disability Confident' employer and has committed to the principles and objectives of the Positive about Disabled People standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the minimum criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College seeks to achieve the objectives set down in the Equality Act 2010 and takes appropriate account of the Special Education Needs and Disability (SEND) Code of Practice 2014 (updated in 2015) for young people up to the age of 25 years in the following ways:

- Assessing the needs of individual students declaring a disability and providing tailored support for these students.
- Providing Additional Learning Support (ALS) for students – particularly in relation to dyslexia, dyspraxia and dyscalculia.
- Developing links with specialist support agencies and organisations and signposting students to these where appropriate.
- Training staff in Mental Health First Aid and Awareness.

10. ENVIRONMENTAL SUSTAINABILITY

The College acknowledges the importance of being responsible, sustainable and ethical in order to meet the needs of the present, and leave a better environment for future generations. The College recognises the need to reduce pollution and conserve energy, water and other natural resources and the urgent need to conserve the limited stock of fossil fuels.

It is therefore the intention of the College to minimise the usage, the disposal and consumption of resources commensurate with the need to provide the necessary utilities and well-being for all students, staff, visitors and other stakeholders and to ensure their health and safety.

Through this strategy Richmond and Hillcroft Adult and Community College aims to:

- Comply with all applicable legal requirements and other requirements to which the College subscribes;
- Put in place appropriate controls to prevent pollution;
- Reduce the College's carbon dioxide emissions through the delivery of a Carbon Management Plan;
- Encourage the adoption of sustainable travel practices by staff, students and visitors travelling to and from College;
- Reduce the environmental impact of the College through conservation of its material resources;

STRATEGIC REPORT (continued)

- Put in place measures to promote reduction, re-use and recycling of waste;
- Ensure new building developments take into account sustainable construction principles;
- Take positive action to promote biodiversity on any site that the College owns or manages;
- Engage with the wider community to promote environmental best practice and seek collaborative opportunities in order to facilitate developments in this area;
- Ensure that the Environmental Sustainability Policy is communicated to all students and individuals working for or on behalf of the College and to provide training and awareness for staff and students where appropriate;
- Consider sustainability in the procurement of goods and services.

11. TRADE UNION FACILITY TIME

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college. However, the College has no recognition agreements in place with any union and therefore no disclosure is necessary.

12. GOING CONCERN

The College has been affected by Covid-19 both operationally and financially in 2020/21. It is likely that this impact will continue into 2021/22. In order to maintain provision the College was able to further develop the on-line provision that was introduced during the first lockdown in 2019/20. However, a fall in income of £726,000 was reported for the year. The College anticipates that the impact from Covid will continue, albeit to a lesser extent, into 2021/22. Continued measures to make the College sites Covid-19 secure will enable the College to provide face to face delivery wherever possible. The College has been successful in its funding bids to the GLA for support in investing in equipment and adaptations to enable it to continue to operate safely on site and also deliver programmes remotely. The support awarded in 2020/21 amounts to £250,000.

The College has a strong balance sheet with net assets of £40,156,000 and net current assets of £1,165,000. The College's cash balance at 31 July 2021 was £4,124,000 which represented an in-year cash decrease of £257,000. The College's worse case cash forecast for December 2022 indicates a cash balance of £2,047,000, after repayment to the ESFA of funding made in 2017/18 to the College in error of £1,799,485.

In anticipation of another difficult year due to Covid-19 the Board recognised that the College would be facing a deficit position in 2021/22. The budget approved in July 2021 planned for a deficit of £564,000 with a surplus EBITDA of £240,000.

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

13. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no significant events that occurred after the reporting period.

STRATEGIC REPORT (continued)

14. DISCLOSURE OF INFORMATION TO AUDITOR

The members of the Board (who are also directors of the company for the purpose of company law) who held office at the date of approval of this report confirm that:

- * so far as they are each aware, there is no relevant audit information of which the College's auditor is unaware; and
- * each member has taken all the steps that he or she ought to have taken as a member in order to make himself or herself aware of any relevant audit information and to establish that the company'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 report of the members of the Board, including the strategic report, has been approved by the members of the Board and signed on their behalf by:

Professor Andrew George
Chair

A handwritten signature in black ink, appearing to be 'A. George', written over a horizontal line.

Approved on: 9/12/2021

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the year from 1 August 2020 to 31 July 2021 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the Board has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon the best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector.

In the opinion of the members of the Board, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2021. 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 members of the Board, who are also trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

Statement of Corporate Governance and Internal Control 31 July 2021

Members of the Board

The members of the Board who served during the year were as follows:

	Expiry of term of office	Term of office	Date of resignation	Status of appointment	Working Groups/ Committees served (2020/21)	Attendance record for period concerned
Mr Mark Albrow	31 10 2021	4 years	31 10 2021	Independent	Quality & Standards Committee	9 of a possible 9
Mr Richard Brewster	01 10 2021	4 years	n/a	Independent	Audit Committee, Search & Governance Committee, Remuneration Committee	13 of a possible 14 3 of 3 Audit Committee
Ms Kate Clarke	01 04 2024	4 years	n/a	Independent	Quality & Standards Committee, Women's Education Steering Group	11 of a possible 12
Ms Helen Darracott	01 10 2021	4 years	1 10 2021	Independent	Audit Committee	8 of a possible 9 3 of 3 Audit Committee
Ms Nasrin Farahini	01 04 2024 *	4 years	8 09 2021	Student	Quality & Standards Committee	5 of a possible 9
Ms Gabrielle Flint	n/a	n/a	n/a	Principal & Chief Executive (ex officio)	Search & Governance Committee, Quality & Standards Committee as member. Women's Education Steering Group. All other Committees (not Audit) as ex-officio	15 of a possible 15
Prof Andrew George (Chair of the Board)	01 10 2021	4 years	n/a	Independent	Search & Governance Committee (Chair), Remuneration Committee, Capital Project Working Group	16 of a possible 17
Mr David Izett	01 04 2024	4 years	n/a	Independent	Finance & Resources Committee, Capital Project Working Group	16 of a possible 16
Ms Jane O'Shea	01 10 2021	4 years	n/a	Independent	Audit Committee, Capital Project Working Group, Women's Education Steering Group	17 of a possible 17 3 of 3 Audit Committee
Ms Farah Rachlin	01 10 2021	4 years	n/a	Independent	Search & Governance Committee, Quality & Standards Committee (Chair), Remuneration Committee, Capital Project Working Group, Women's Education Steering Group	22 of a possible 22

Statement of Corporate Governance and Internal Control 31 July 2021

	Expiry of term of office	Term of office	Date of resignation	Status of appointment	Working Groups/ Committees served (2020/21)	Attendance record for period concerned
Ms Sharon Raj	20 05 2024	4 years	n/a	Independent	Finance & Resources Committee, Women's Education Steering Group	12 of a possible 14
Mr Graham Tharp	01 10 2025**	4 years	n/a	Staff	Finance & Resources Committee	11 of a possible 11
Mr Nigel Ware	31 07 2023	2 years	n/a	Independent	Search & Governance committee, Remuneration Committee, Finance & Resources Committee (Chair), Capital Project Working Group	21 of a possible 21
Mr Nick Jones	13 03 2025	4 years	n/a	Independent	Audit Committee	4 of a possible 4 1 of 1 Audit Committee
Mr Dave Munby	13 03 2025	4 years	n/a	Independent	Audit Committee	4 of a possible 4 1 of 1 Audit Committee
Mr Paul Simmons	13 03 2025 *	4 years	n/a	Student	Finance & Resources Committee	4 of a possible 5

* Unless enrolment as a College student ceases before that date

** Unless employment with the College ceases before that date.

Neil Wallbank acted as Clerk to the Board during the period 1 August 2020 – 31 July 2021.

Statement of Corporate Governance and Internal Control 31 July 2021

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 College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues.

The Board

The Board conducted its business through a number of committees during the year ended 31 July 2021. Each committee has terms of reference, which have been approved by the Board. These committees are Quality and Standards, Audit, Finance and Resources, Search and Governance.

Full minutes of all meetings (except those deemed to be confidential by the Board) are available from the Clerk to the Board at the registered address. The Clerk to the Board maintains a register of financial and personal interests of the members. The register is available for inspection at the registered address and also on the College website.

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

Appointments to the Board

Any new appointments to the Board are a matter for the consideration of the Board as a whole.

Members of the Board are appointed for a term of office not exceeding four years.

Board performance

During the course of the year Board members have considered the performance of the Board as a whole and this has been reported to a Board meeting. Governance is assessed in addition as part of the overall College Self-Assessment Report which is completed annually.

Search and Governance Committee

The Board has a Search and Governance Committee, consisting of five members of the Board in 2020/21 to includes the Chairs of each sub-committee, the Chair of the Board and the Principal, which reviews governance matters and is responsible for the selection and nomination of any new member for the Board's consideration. The Remuneration Committee is a sub-committee of the Search and Governance Committee and comprises all members of Search and Governance aside from the

Statement of Corporate Governance and Internal Control 31 July 2021

Principal. Its responsibilities include making recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders.

Details of remuneration for the year ended 31 July 2021 are set out in note 6 to the financial statements.

Finance and Resources Committee

This Committee comprises four members of the Board and has terms of reference approved by the Board. The Committee meets at least five times a year and reviews financial performance and items of expenditure requiring committee approval. The Committee also has responsibility for HR, IT, Estates and Health and Safety matters.

Audit Committee

The Audit Committee comprises four members of the Board. The Committee operates in accordance with written terms of reference approved by the Board.

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

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

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

The Audit 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 Audit Committee met on three occasions during the year

Quality and Standards Committee

The Quality and Standards Committee comprises four members of the Board. The Committee operates in accordance with written terms of reference approved by the Board. The Committee meets at least three times a year and provides a forum for reporting on teaching and learning matters including quality improvement, learner outcomes and self-assessment.

Internal control

Scope of responsibility

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

Statement of Corporate Governance and Internal Control 31 July 2021

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 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 College 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 College's significant risks that has been in place for the year ended 31 July 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board at least once every term.

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board;
- Regular reviews by the Board 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 College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board on the recommendation of the Audit Committee.

Risks faced by the Board

The College analysed the risks to which it was exposed and a programme of assurance was agreed with the Audit Committee. The Committee was provided with reports on this assurance activity in the College.

The College has a risk register that is reviewed by the Audit Committee, sections relevant to each sub committee are also subject to scrutiny by those committees. The risk register is a regular item on the Board agenda. The register identifies the key risks faced by the College together with an impact and likelihood rating for each risk.

Control weaknesses identified

The reviews did not identify any significant internal control weaknesses or failures.

Responsibilities under funding agreements

The College maintains learner records in support of funding claims to the ESFA and the GLA. Claims are made in accordance with the funding regulations in place at the time and are submitted in accordance with the timescale set out by the two funding bodies.

Statement from the Audit Committee

The Audit Committee has advised the Board that the College has an effective framework of governance and risk management in place. The Audit Committee believes that the Board has effective internal controls in place.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditors;
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- Comments made by the College's financial statements and reporting accountants for regularity assurance in their management letters and other reports.

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

Statement of Corporate Governance and Internal Control 31 July 2021

The Executive 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 Executive Team and the Audit Committee also receive regular reports from internal audit, and other sources of assurance which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board's agenda includes a regular item for consideration of risk and control and it receives reports thereon from the Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting, the Board carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the Executive Team and internal audit, and taking account of events since 31 July 2021.

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

Approved by order of the members of the Board and signed on its behalf by:

Signed:



Professor Andrew George
Chair

Date: 9/12/2021

Signed:



Gabrielle Flint
Principal and Accounting

Officer Date: 9/12/2021

Members of the Board's statement of regularity, propriety and compliance 31 July 2019

The Board has considered its responsibility to notify the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the Boards grant funding agreements and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of grant funding agreements and contracts with the ESFA.

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

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

Signed:



Professor Andrew George
Chair

Date: 9/12/2021

Signed:



Gabrielle Flint
Principal and Accounting Officer

Date: 9/12/2021

Statement of the responsibilities of the members of the Board 31 July 2021

The members of the Board, as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the College's grant funding agreements and contracts with the ESFA and any other relevant funding bodies, the Board, through its Accounting Officer is required to prepare financial statements and, within the Strategic Report, an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education and with the College Accounts Direction and the UK's Generally Accepted Accounting Practice and which give a true and fair view of the state of affairs of the College and the surplus/deficit of income over expenditure for that period.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess whether the College is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

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

The Board is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the Companies Act 2006, the relevant legislation of incorporation, including the Further and Higher Education Act 1992, the Charities Act 2011 and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Board are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA, and any other public funds, are used only in accordance with the ESFA'S grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA, or any other public funder. Members of the Board must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly.

Statement of the responsibilities of the members of the Board 31 July 2021

In addition, members of the Board are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Board on 9 December 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'A. George', written in a cursive style.

Professor Andrew George

Chair

Date: 9/12/2021

Independent auditor's report to the members of the Board of Richmond and Hillcroft Adult and Community College 31 July 2021

Independent auditor's report to the members of the Board of Richmond and Hillcroft Adult and Community College

Opinion

We have audited the financial statements of Richmond and Hillcroft Adult and Community College (the 'College') for the year ended 31 July 2021 which comprise the statement of comprehensive income and expenditure, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2021 and of its surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. The members of the Board are responsible for the other information contained within the annual report. 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.

Independent auditor's report to the members of the Board of Richmond and Hillcroft Adult and Community College 31 July 2021

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the report of the members of the Board, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the members of the Board, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the members of the Board including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of the members of the Board

As explained more fully in the statement of responsibilities of members of the Board, the members of the Board 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 members of the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report to the members of the Board of Richmond and Hillcroft Adult and Community College 31 July 2021

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 Senior Statutory Auditor 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 identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Further and Higher Education Act 1992, Companies Act 2006, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; 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 College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, 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; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

Independent auditor's report to the members of the Board of Richmond and Hillcroft Adult and Community College 31 July 2021

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 Board meetings; and
- 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 members of the Board 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 is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



21 December 2021

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

Reporting accountant's assurance report on regularity 31 July 2021

Reporting accountant's assurance report on regularity to the Members of the Board of Richmond and Hillcroft Adult and Community College ("the Board") and the Secretary of State for Education, acting through the Education and Skills Funding Agency ("the ESFA")

In accordance with the terms of our engagement letter dated 21 June 2021 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Richmond and Hillcroft Adult and Community College during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA has other assurance arrangements in place.

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

Respective responsibilities of the Board of Richmond and Hillcroft Adult and Community College and the reporting accountant

The Board of Richmond and Hillcroft Adult and Community College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them. Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and

Reporting accountant's assurance report on regularity 31 July 2021

consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

21 December 2021

Statement of comprehensive income and expenditure Year to 31 July 2021

	Notes	2021 £'000	2020 £'000
Income			
Funding body grants	1	5,410	5,417
Tuition fees and education contracts	2	1,789	2,169
Other grants and contracts	3	139	293
Other income	4	601	653
Investment income	5	202	335
Total income		8,141	8,867
Expenditure			
Staff costs	6	6,242	5,708
Other operating expenses	7	2,217	2,590
Depreciation	9	830	843
Interest payable	16	336	432
Total expenditure		9,625	9,573
Deficit before other gains and losses		(1,484)	(706)
Deficit before tax		(1,484)	(706)
Taxation	8	—	—
Deficit for the year		(1,484)	(706)
Actuarial gain/ (loss) in respect of pension schemes	16	2,259	(3,940)
Total Comprehensive income/(expenditure) for the year		775	(4,646)
Represented by:			
Unrestricted comprehensive income /(expenditure)		775	(4,646)
		775	(4,646)

The Statement of Comprehensive Income and Expenditure items are in respect of continuing activities.

Statement of changes in reserves Year to 31 July 2021

	Income and expend- -iture account £'000	Revalua- -tion reserve £'000	Restricted Benefac- -tion fund £'000	Restricted other funds £'000	Restricted Endow- ment fund £'000	Total £'000
Balance at 1 August 2019	37,767	5,172	17	1,068	3	44,027
Deficit from the income and expenditure account	(706)	-	-	-	-	(706)
Other comprehensive income – Actuarial loss in respect of pension schemes	(3,940)	-	-	-	-	(3,940)
Transfers between revaluation and income and expenditure reserves	89	(89)	-	-	-	-
Total comprehensive expenditure for the year	(4,557)	(89)	-	-	-	(4,646)
Balance at 31 July 2020	33,210	5,083	17	1,068	3	39,381
Deficit from the income and expenditure account	(1,484)	-	-	-	-	(1,484)
Other comprehensive income – Actuarial gain in respect of pension schemes	2,259	-	-	-	-	2,259
Transfers between revaluation and income and expenditure reserves	89	(89)	-	-	-	-
Total comprehensive income for the year	864	(89)	-	-	-	775
Balance at 31 July 2021	34,074	4,994	17	1,068	3	40,156

Balance sheet 31 July 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Non-current assets					
Tangible fixed assets	9		52,790		53,040
Current assets					
Trade and other receivables	10	742		529	
Cash and cash equivalents	15	4,124		4,381	
		4,866		4,910	
Creditors - amounts falling due within one year	11	(3,701)		(3,478)	
Net current assets			1,165		1,432
Total assets less current liabilities			53,955		54,472
Creditors - amounts falling due after more than one year	12		(5,733)		(5,374)
Provisions					
Net pension liability	16		(8,066)		(9,716)
Total net assets			40,156		39,382
Restricted reserves					
Benefaction fund			17		17
Endowment fund			3		3
Other restricted funds			1,068		1,068
			1,088		1,088
Unrestricted reserves					
Income and expenditure reserve			34,074		33,210
Revaluation reserve			4,994		5,084
TOTAL RESERVES			40,156		39,382

The financial statements on pages 37 to 60 were approved by the Directors and signed on their behalf by:

Signed:



Andrew George
Chair

Date: 9/12/2021

Signed:



Gabrielle Flint
Principal & Accounting Officer

Date: 9/12/2021

Company Limited by Guarantee
Registration Number: 0201528 (England and Wales)

Statement of cash flows 31 July 2021

	Notes	2021 £'000	2020 £'000
Cash flow from operating activities			
Deficit for the year		(1,484)	(706)
Adjustment for non-cash items			
Depreciation		830	843
(Increase) / decrease in trade and other receivables		(213)	298
Increase / (decrease) in creditors due within one year		222	(348)
Increase / (decrease) in creditors due after one year		359	(172)
Pensions costs less contributions payable		609	371
Adjustment for investing or financing activities			
Investment income		—	(19)
Net cash flow from operating activities		323	267
Cash flows from investing activities			
Investment income (excluding pension)		—	19
Payments made to acquire fixed assets		(580)	(257)
		(580)	(238)
(Decrease) / increase in cash and cash equivalents in the year		(257)	29
		2021 £'000	2020 £'000
Cash and cash equivalents at 1 August 2020	15	4,381	4,352
Cash and cash equivalents at 31 July 2021	15	4,124	4,381

Principal accounting policies 31 July 2021

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 2019 (the 2019 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” (FRS 102). The College is a public benefit entity and has therefore applied the higher relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

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

Going concern

The College has again been affected by Covid-19 both operationally and financially in 2020/21. It is likely that this impact will continue into 2021/22. In order to maintain provision the College was able to react to the pandemic and lockdown and deliver a large number of courses on-line. However, a fall in income, excluding pension scheme related income, of £616,000 was reported for the year. The College anticipates a return to face to face delivery where possible in 2021/22 although the benefits realised for learners from on-line provision will be embraced and continue where appropriate to do so. Systems have continued to further manage the impact of Covid-19 with continued measures to make the College sites Covid-19 secure, this will enable the College to provide face to face delivery wherever possible.

The College has a strong balance sheet with net assets of £40,156,000 and net current assets of £1,165,000. The College's cash balance at 31 July 2021 was £4,124,000 which represented a decrease in cash for the year of £257,000. The College's worst case cash forecast for December 2022 indicates a cash balance of £2,047,000.

In anticipation of another difficult year due to Covid-19 the Board recognised that the College would be facing a deficit position in 2021/22. The budget approved in July 2021 planned for a deficit of £564,000 with a surplus EBITDA of £240,000.

Principal accounting policies 31 July 2021

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

Recognition of income

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depends on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element 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 October following the year end. Adult Skills grant income is recognised based on a year end reconciliation of income claimed and actual delivery. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102.

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

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

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

Accounting for post-employment benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 16, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Principal accounting policies 31 July 2021

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

Actuarial gains and losses are recognised immediately in 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 College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Non-current Assets - Tangible fixed assets

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

Land and buildings

Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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

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

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

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

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

Principal accounting policies 31 July 2021

Assets under construction are accounted for at cost, based on direct costs in relation to planning permission and other professional fees, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

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

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

Equipment

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

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

- computer equipment 3 years
- furniture, fixtures and fittings 10 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

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

Principal accounting policies 31 July 2021

Borrowing costs

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

Cash and cash equivalents

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

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College receives no exemption in respect of Value Added Tax.

Provisions and contingent liabilities

Provisions are recognised when

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises. A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Principal accounting policies 31 July 2021

Agency arrangements

The College acts as an agent in the collection and payment of the Advanced Learner Loans Bursary. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 18 except for: the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant; the income for Childcare support provided by the College's Crèche; and unspent funds not reclaimed by the ESFA.

Judgements in applying accounting policies

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

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

Other key sources of estimation uncertainty

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the financial statements 31 July 2021

1. Funding body grants

	2021 £'000	2020 £'000
Recurrent grants		
Education and Skills Funding Agency - adult	641	667
Education and Skills Funding Agency 16-18	78	107
Greater London Authority - Devolved Grant	4,278	4,006
Specific grants		
Release of deferred capital grants	162	162
Education and Skills Funding Agency – ALL Bursary	74	310
Teachers' Pension Scheme contribution grant	177	165
	5,410	5,417

2. Tuition fees and education contracts

	2021 £'000	2020 £'000
Adult education fees	1,214	1,818
Fees for loan supported courses	223	178
Total tuition fees	1,437	1,996
Education contracts	352	173
Total	1,789	2,169

3. Other grants and contracts

	2021 £'000	2020 £'000
Big Lottery grant	—	175
Other grants and contracts	6	5
Coronavirus Job Retention Scheme grant	125	113
Covid Testing grant	8	—
	139	293

The College furloughed some of the administration, estates staff and variable hour teachers under the government's Coronavirus Job Retention Scheme. The funding received of £125k (2020: £113k) relates to staff costs which are included within the staff costs note below as appropriate.

4. Other income

	2021 £'000	2020 £'000
Other income generating activities	213	261
Creche income	20	53
Rent income	333	276
Other income	35	63
	601	653

Notes to the financial statements 31 July 2021

5. Investment income

	2021 £'000	2020 £'000
Bank interest receivable	—	19
Net return on pension scheme (note 16)	202	316
	202	335

6. Staff costs

The average head count (including key management personnel) employed by the College during the year was:

	2021 No	2020 No
Teaching staff	301	309
Non-teaching staff	142	146
	443	455

Staff costs for the above persons:

	2021 £'000	2020 £'000
Wages and salaries	4,334	4,050
Social security costs	313	303
Other pension costs	1,336	1,103
Payroll sub total	5,983	5,456
Contracted out staffing services	259	217
Restructuring costs - contractual	—	35
Total staff costs	6,242	5,708

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team which comprises the Principal; the Vice Principal – Teaching and Learning; Director of Finance and Resources; and the Commercial Director.

	2021 No	2020 No
The number of key management personnel including the Accounting Officer was:	4	3

6 Staff costs (continued)

Key management personnel (continued)

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

	Key management personnel		Other staff	
	2021	2020	2021	2020
£65,001 - £70,000 p.a.	1	—	—	—
£75,001 - £80,000 p.a.	2	2	—	—
£95,001 - £100,000 p.a.	1	1	—	—
	4	3	—	—

Including part time workers grossed up to full time equivalent and staff on maternity, paternity or sickness leave at their usual rate of pay, 1 member of key management personnel was paid in the £90,001 to £95,000 banding in 2021(2020: 0).

Key management personnel emoluments are made up as follows:

	2021 £'000	2020 £'000
Salaries	322	257
Pension contributions	70	56
National Insurance - Employer's contributions	40	32
Total emoluments	432	345

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

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

	2021 £'000	2020 £'000
Salaries	97	97
Pension contributions	23	22
Total remuneration	120	119

The Board adopted the AoC's Senior Staff Remuneration Code in 2019 and assesses pay in line with its principles. The remuneration of the Accounting Officer is reviewed annually by the Remuneration Committee and is benchmarked, using the ESFA benchmark tool and the AoC Senior Staff Salary Survey.

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

6 Staff costs (continued)

Key management personnel (continued)

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

	2021 £'000	2020 £'000
Principal's basic salary as a multiple of the median of all staff	4.4	4.2
Principal's total remuneration as a multiple of the median of all staff	4.7	4.6

7 Other operating expenses

	2021 £'000	2020 £'000
Teaching costs	634	763
Non-teaching costs	847	968
Premises costs	736	859
Total	2,217	2,590

Other operating expenses include:

	2021 £'000	2020 £'000
Auditors' remuneration		
• Financial statements audit	31	30
• Other services provided by the financial statements auditor (Regularity and Teachers' Pensions Audit)	6	6
Internal audit	12	11
Hire of assets under operating leases	65	47

8 Taxation

Richmond and Hillcroft Adult and Community College is a charity with no additional trading activities. The Members of the Board of the College do not believe any corporation tax liability was incurred in 2020/21.

Notes to the financial statements 31 July 2021

9 Tangible fixed assets

	Freehold land and buildings £'000	Equipment, fixtures and fittings £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation				
At 1 August 2020	55,010	301	167	55,478
Additions	—	292	288	580
Disposals	—	(71)	—	(71)
At 31 July 2021	55,010	522	455	55,987
Depreciation				
At 1 August 2020	2,392	46	—	2,438
Charge for the year	734	96	—	830
Elimination in respect of disposals	—	(71)	—	(71)
At 31 July 2021	3,126	71	—	3,197
Net book value at 31 July 2021	51,884	451	455	52,790
Net book value at 31 July 2020	52,618	255	167	53,040

The land and buildings owned by Hillcroft College prior the merger were revalued by the District Valuer based at Wimbledon at 31 July 2012. The Valuation conformed to Practice Statement 5 of the RICS Appraisal and Valuation Manual. The land was valued at £4,018,800 and the buildings at a depreciated replacement cost of £2,294,554. This value excludes VAT. The historical cost was £1,000 for the land and £126,240 for the buildings.

Land and buildings transferred on merger at 1 October 2017 from Richmond Adult and Community College were adjusted to fair value based on independent professional advice. The gain on the adjustment to fair value of these assets was £30,151,000 which was included in the Consolidated Statement of Comprehensive Income in 2017/18.

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	£
Cost	127,240
Aggregate depreciation based on cost	(114,516)
Net book value based on cost	12,724

Notes to the financial statements 31 July 2021

10 Trade and other receivables

	2021 £'000	2020 £'000
<i>Amounts falling due within one year</i>		
Trade receivables	440	263
Other debtors	4	4
Prepayments and accrued income	296	260
Benefaction account	2	2
	742	529

11 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade payables	322	191
Other payables	33	32
Other taxation and social security	89	87
Accruals and deferred income	1,145	1,184
Deferred income – government capital grants	162	162
Amounts owed to the Education and Skills Funding Agency	1,950	1,822
	3,701	3,478

	2021 £'000	2020 £'000
Deferred income at 1 August	554	763
Released from previous years	(554)	(763)
Resources deferred during the year	458	554
Deferred income at 31 July	458	554

At the balance sheet date, the College was holding tuition fees (£397,000) received in advance for courses starting or continuing in 2021/22 (2020: £482,000) and £61,000 for other income including lettings, donations and grants (2020: £72,000)

12 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Deferred income – government capital grants	5,733	5,374

Notes to the financial statements 31 July 2021

13 Lease obligations

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

	2021 £'000	2020 £'000
Equipment		
Not later than one year	37	72
Later than one year and not later than five years	54	107
	91	179

14 Provisions

	Defined benefit obligations £'000	Total £'000
At 1 August 2020	9,716	9,716
Movement in the year (note 16)	(1,650)	(1,650)
At 31 July 2021	8,066	8,066

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 16.

15 Cash and cash equivalents and reconciliation of net debt

	At 1 August 2020 £'000	Cash flows £'000	At 31 July 2021 £'000
Cash and cash equivalents	4,381	(257)	4,124
	4,381	(257)	4,124

16 Defined benefit obligations

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

	2021 Total £'000	2020 Total £'000
Teachers' Pension Scheme contributions paid	456	418
Local Government Pension Scheme:		
. Contributions paid	405	430
. FRS 102 (28) charge	475	255
Charge to the Statement of Comprehensive Income	880	685
Total pension cost for year within staff costs (note 6)	1,336	1,103

16 Defined benefit obligations (continued)

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

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

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

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

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

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year.

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

The pension costs paid to TPS in the year amounted to £456,000 (2019: £418,000).

16 Defined benefit obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the Wandsworth Council Pension Fund. The total contributions made for the year ended 31 July 2021 were £514,000, of which employer's contributions totalled £405,000 and employees' contributions totalled 109,000. The agreed contribution rates for future years are 17.3% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	2.55%	2.45%
Future pensions increases	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 (pre-April 2008 service)	50%	50%
Commutation of pensions to lump sums (post-April 2008 service)	75%	75%

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

	At 31 July 2021 Years	At 31 July 2020 Years
Retiring today		
Males	21.6	21.8
Females	24.3	24.4
Retiring in 20 years		
Males	22.9	23.2
Females	25.7	25.9

Sensitivity analysis is provided below:

	2021 Approx monetary amount (£'000's)
Discount rate + 0.1%	25,590
Discount rate - 0.1%	26,744
Mortality assumption – 1 year increase	27,382
Mortality assumption – 1 year decrease	24,994
CPI rate +0.1%	26,726
CPI rate -0.1%	25,606

16 Defined benefit obligations (continued)

The sensitivity analysis represents the present value of plan liabilities as a result of the change in each underlying assumption.

Local Government Pension Scheme

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

	Value at 31 July 2021 £'000	Value at 31 July 2020 £'000
Equity instruments	11,123	8,949
Gilts	380	352
Bonds	2,444	2,134
Property	1,753	1,312
Cash	696	759
Multi-asset fund	1,698	1,385
Total fair value of plan assets	18,094	14,891
Actual return on plan assets	3,008	(172)

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

	2021 Total £'000	2020 Total £'000
Fair value of plan assets	18,094	14,891
Present value of plan liabilities	(26,160)	(24,607)
Net pensions liability	(8,006)	(9,716)

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

	2021 Total £'000	2020 Total £'000
Amounts included in staff cost		
Current service cost	(880)	(685)
Past service cost	-	-
Total	(880)	(685)
Amounts included in investment income	202	316
Amounts included in interest costs	(331)	(425)
Administration expenses	(5)	(7)
Net interest cost	(134)	(116)
Return on pension plan assets	2,806	(488)
Other actuarial losses on assets	—	(65)
Experience gains/losses arising on defined benefit obligations	549	(646)
Changes in assumptions underlying the present value of plan liabilities	(1,096)	(2,741)
Amount recognised in Other Comprehensive Income	2,259	(3,940)

16 Defined benefit obligations (continued)

Local Government Pension Scheme

Movement in net defined benefit liability during year

	2021 Total £'000	2020 Total £'000
Net defined benefit liability in scheme at 1 August	(9,716)	(5,405)
Movement in year:		
. Current service cost	(880)	(685)
. Employer contributions	405	430
. Net interest on the defined liability	(134)	(116)
. Actuarial gain / (loss)	2,259	(3,940)
Net defined benefit liability at 31 July	(8,066)	(9,716)

Asset and liability reconciliation

	2021 Total £'000	2020 Total £'000
Defined benefit obligations at 1 August	24,607	20,381
Current service cost	880	685
Interest cost	331	425
Contributions by Scheme participants	109	106
Change in demographic assumptions	(311)	(588)
Changes in financial assumptions	1,407	3,329
Estimated benefits paid	(314)	(377)
Experience (losses)/ gains on defined benefit obligations	(549)	646
Defined benefit obligations at 31 July	26,160	24,607

Changes in fair value of plan assets

	2021 Total £'000	2020 Total £'000
Fair value of plan assets at 1 August	14,891	14,976
Interest on plan assets	202	316
Return on plan assets	2,806	(488)
Employer contributions	405	430
Contributions by Scheme participants	109	106
Estimated benefits paid	(314)	(377)
Administration expenses	(5)	(7)
Other actuarial losses	—	(65)
Fair value of plan assets at 31 July	18,094	14,891

17 Related party transactions

Owing to the nature of the College'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 in accordance with the College's financial regulations and normal procurement procedures. Transactions with the ESFA are detailed in note 1.

The total expenses paid to or on behalf of the members of the Board during the year was Nil (2020: £58 for 2 Governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Board meetings in their official capacity.

No Board member received any remuneration or waived payments from the College or its subsidiaries during the year (2020: £nil).

The College discloses all related party transactions in accordance with the College's financial regulations. There were none in 2020/21 (2019/20: none).

18 Learner support funds

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
<i>Learner Support Funds</i>		
Other Learner Support Funds (Advanced Learner Loans Bursary)		
Grant received – current year	233	366
Less: Disbursed to students	(45)	(47)
Less: Administration fee	(18)	(22)
Less: Retained income	(23)	(256)
Underspend for the year	147	41

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

The College had unspent funds at the year-end of £170,370. In accordance with the revised ESFA year-end reconciliation process £147,020 will be repayable to the ESFA and the balance of £23,350 has been included in the Statement of Comprehensive Income and Expenditure.

19 Contingent liability

The Department for Education is in the process of undertaking a review of residential funding for FE colleges and in conjunction with this the ESFA has undertaken an audit of the College's Residential Access fund claim in respect of 2018/19. All four English residential colleges have been the subject of the review and audit. The audit has primarily focused on the way in which the colleges have applied the funding methodology as it applies to residential provision.

19 Contingent liability (continued)

The ESFA has identified a potential clawback for RHACC of £129,000. The ESFA is currently undertaking a further audit of the College's Residential Access Fund in respect of 2017/18. When the results of the audit are known the college will enter discussions with the ESFA to identify any actual liability.

Accounts

**Richmond and Hillcroft
Adult and Community
College**

**Annual Report and Financial
Statements**

31 July 2020

Company Limited by Guarantee
Registration Number
0201528 (England and Wales)

Charity Registration Number
312825

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Legal and administrative information

Members of the Board (as at date of approval of the financial statements)

Prof. Andrew George (Chair)
Farah Rachlin (Vice Chair)
Mark Albrow
Richard Brewster
Kate Clarke
Helen Darracott
Gabrielle Flint (Principal)
David Izett
Jane O'Shea
Sharon Raj
Nigel Ware
Nasrin Farahani (Student Governor)
Graham Tharp (Staff Governor)

Principal and Accounting Officer of the College

Gabrielle Flint

Clerk to the Board

Neil Wallbank

Principal and Registered office

Parkshot
Richmond
Surrey
TW9 2RE

Company registration number

0201528 (England and Wales)

Charity registration number

312825

Key management personnel, and professional advisors

Key management personnel

Key management personnel are defined as members of the Executive Team and were represented by the following in 2019/20:

Gabrielle Flint, Principal

Gaynor Bray, Vice Principal

Neil Wallbank, Director of Finance and Resources and Clerk to the Governing Body

The College's solicitors

Bates Wells
10 Queen Street Place
London
EC4R 1BE

Financial statements auditor and reporting accountants

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Internal auditors

RSM Risk Assurance Services LLP
25 Farringdon Street
London
EC4A 4AB

Bankers

HSBC Plc
South West London Commercial Centre
Hampton Wick
Kingston upon Thames, Surrey

Barclays Bank plc
Level 27
1 Churchill Place
London
E14 5HP

National Westminster Bank plc
10 Victoria Road
Surbiton
Surrey

STRATEGIC REPORT

1 Objectives and Strategy

The members of the Board (governors) present their report and the audited financial statements for Richmond and Hillcroft Adult and Community College ('the College') for the year ended 31 July 2020.

The charitable objects of the College are as follows:

"The objects for which the College is established are to provide education for the public benefit to include, without limitation:

- *to enable adult men and/or women disadvantaged by educational or social factors to progress into Higher Education, vocational training and employment.*
- *to contribute to the national development of women's education."*
- *to maintain one or more residential colleges for the education of men and/or women with the aim of enlarging and enriching the vision of its students, developing their capacities for leadership and contribution to society and stimulating their personal growth.*

1.1 Legal status

Richmond and Hillcroft Adult and Community College is a company limited by guarantee (registration number 0201528) incorporated in 1924 and a registered charity (registration number 312825). It is designated for funding by the Education and Skills Funding Agency (ESFA).

1.2 Mission

The College's mission statement, as approved by the members of the Board in March 2018 is:

Empowering adults and communities through education, skills and enterprise.

1.3 Implementation of the strategic plan

Following the merger, in March 2018 the College adopted a strategic plan for the period up to July 2021. The following strategic priorities are being implemented across the College.

1. Ethos

- i) To develop a whole college culture of performance, efficiency and excellence.

2. Curriculum

- i) To extend the curriculum with increased opportunities for learners of all ages, backgrounds and abilities to gain vocational and wellbeing skills and enrichment.
- ii) To develop our communication with learners to ensure that target learner groups are aware of opportunities open to them.

STRATEGIC REPORT (continued)

3. Quality
 - i) To achieve Ofsted 'Outstanding' status and the highest levels of teaching and learning and customer satisfaction in all college services.
4. Resources
 - i) To develop a first class college estate that provides community hubs in Richmond and Surbiton, cutting edge teaching and learning spaces and accessible and high quality residential facilities.
 - ii) To develop our digital skills and infrastructure to make learning more accessible and relevant.
5. Financial Sustainability
 - i) To achieve long term financial sustainability through improved efficiency and additional income generation that provides a positive contribution to operating costs.
6. Partnerships
 - i) To continue to develop partnerships with local stakeholders regarding the planning and delivery of learning and progression opportunities and the engagement and support of specific learner groups. This will involve agreements with partner organisations in local government, the voluntary sector, with local employers and businesses and other adult learning providers.

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

1.4 Financial objectives

The College's financial objectives that support the strategic objective of ensuring financial sustainability are to:

- Implement a robust financial strategy over the period 2018 to 2021.
- Review and continuously monitor the cost effectiveness of provision and back office support services.
- Establish and monitor targets for contribution to central overheads from teaching departments.
- Increase the income base to £11m through contracts, commercial activity and bids for additional funding.
- Improve the efficiency of the College in order to generate funds available for investment in the curriculum and the estate.

STRATEGIC REPORT (continued)

2. RESOURCES

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

2.1. Tangible

Tangible resources include the Parkshot site in Richmond and the Hillcroft site in Surbiton.

2.2 Financial

At 31 July 2020 the College had £39,382,000 (2018/19: 44,028,000) of net assets, including a £9,716,000 pension liability (2018/19: £5,405,000) and no external debt. The College had a cash balance of £4,381,000 at 31 July 2020 (2018/19 £4,352,000), part of which it is intended to use for the redevelopment of the Hillcroft site.

2.3 People

During the year ended 31 July 2020 the College employed 455 people (expressed as average head count), of whom 309 were teaching staff.

2.4 Reputation

The College has a good reputation both locally and nationally. Maintaining a quality brand and good reputation continues to be essential for the College's success in attracting students and developing external relationships.

3. STAKEHOLDER RELATIONSHIPS

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

- Learners;
- Education sector funding bodies;
- FE commissioner;
- Staff;
- Partner referral organisations;
- Local employers;
- Local authorities and the GLA;
- Local charities;
- Government offices;
- The local community;
- Trade Unions;
- Other FE institutions; and
- Professional bodies.

STRATEGIC REPORT (continued)

The College recognises the importance of these relationships and engages in regular communication with them through face to face meetings, by email and letter contact, by staff newsletters, by press releases and through the College web site.

Feedback from learners is encouraged, to help the management team to judge performance and ensure areas of weakness are addressed.

3.1 Engagement with employees

The College consults with the staff through staff forums providing employees with information on matters of concern to them. Key performance indicators are produced and shared with the College Management Team and with members of the staff forum enabling employee participation in the performance of the College.

The College has adopted a Recruitment and Selection Policy and Procedure that is in line with all relevant legislation. This includes a policy in respect of applications for employment from disabled persons.

With respect to finance, budget holders are consulted during the budget setting process. The consultation is undertaken by the Director of Finance and Resources and the Head of Finance.

3.2 Engagement with suppliers, customers and others in a business relationship with the College

The College continues to foster good working relations with suppliers by ensuring:

- Payments are made to suppliers within required timescales;
- Where payments are delayed a dialogue is maintained with the supplier;
- Tender processes are clear and transparent; and
- Clear escalation procedures are in place in case of a dispute with the College.

3.3 Promoting the success of the College to achieve its purposes

The College has its own website, which is kept updated with the latest news and events that are taking place. Social media sites are also used to promote the College and its activities

4. PUBLIC BENEFIT

RHACC is a company limited by guarantee and a registered charity. The members of the Board, who are directors of the charity for the purposes of company law, are disclosed on page 1.

In setting and reviewing the College'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 College provides identifiable public benefit through the advancement of education to around 7,000 students.

STRATEGIC REPORT (continued)

The College provides courses without charge to young people and to those who are unemployed or on low income. The College also provides a number of concessions to learners. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

5. DEVELOPMENT AND PERFORMANCE

5.1 Financial results

The College realised a deficit (deficit before other gains and losses) in the year of £706,000 (2018/19: deficit £562,000). This deficit is after charging depreciation of £843,000 and pension adjustments of £371,000. Total Comprehensive Income for the year is a deficit of £4,646,000 after allowing for an actuarial loss on the pension scheme of £3,940,000.

The performance for the year has been significantly impacted by Covid-19 and the requirement for the College to close between March and July. Unlike general FE colleges, as an Institute of Adult Learning (IAL), the College generates a larger proportion of its income from tuition fees. Although the College was successful in transferring over 50% of provision to on-line delivery there was still a significant impact on tuition fee income with a total for the year of £2,169,000 (2018/19 £2,515,000), a decline of £346,000. The College welcomed the approach from the ESFA and the GLA to relax the year-end funding reconciliation process. The College achieved 85.8% of its ESFA allocation and 82% of its GLA allocation. If the normal year end reconciliation and clawback process had been implemented this would have potentially further reduced income by around £811,000. As a result of the revised year-end reconciliation process for the Adult Learner Loan Bursary the College did not suffer claw back that would otherwise have been payable to the ESFA of £256,028.

The College received income from 'other income' sources of £653,000 (2018/19 £738,000), a decline of £85,000, as a result of the Covid-19 restrictions. This was largely represented by falling income from the creche facility and from income generated from events and hires.

The College has total net assets of £39,382,000 including cash balances of £4,381,000. This includes the accumulated deficit on the pension fund of £9,716,000 (2018/19: £5,405,000 deficit).

At 31 July 2020, the College had accumulated reserves of £39,382,000 (2018/19: £44,028,000). The Income and Expenditure Reserve has a surplus of £33,210,000 (2018/19: £37,767,000). The College continues to operate without the requirement of any external financing.

Tangible fixed asset additions during the year amounted to £317,000. This included equipment purchased of £94,000, capital works to buildings of £100,000 and £123,000 assets in the course of construction for the Hillcroft campus.

The College has significant reliance on the education sector funding bodies, the ESFA and GLA, for its principal funding source of recurrent grants. In 2019/20 the ESFA and GLA provided 61% (2018/19: 56.7%) of the College's total income.

STRATEGIC REPORT (continued)

The LGPS pension was a deficit of £9,716,000 (2019: £5,405,000) which is a significant increase on last year. The value of the liabilities and the deficit are highly influenced by the FRS102 assumptions, and current asset values are depressed due to current economic conditions. Whilst the LGPS deficit has not crystallised, the level of deficit may necessitate higher contribution levels in future.

5.2 Cash flows and liquidity

There was a small increase in cash at the 31 July 2020 of £29,000 resulting from operating cash inflows of £267,000 and cash outflows from investment activities of £238,000. Despite the fall in income for the year the College has been able to maintain a healthy level of cash balance. When considering the uncertainty of financial performance in 2020/21 as a result of Covid-19, the College is aware of the need to maintain control of its cash resource to enable it to mitigate potential further falls in income.

5.3 Taxation

As an exempt charity for the purposes of the Charities Act 2011, the College's activities do not fall to be charged to corporation tax.

5.4 Reserves

As at the balance sheet date, the Income and Expenditure Reserve was in surplus by £33,210,000 (2018/19: £37,767,000). The balance on the Income and Expenditure Reserve has been severely depleted in 2019/20 primarily as a result of the actuarial loss in respect of the pension scheme of £3,940,000 (2019/20: £782,000 actuarial loss).

5.5 Streamlined Energy & Carbon Reporting

Under the new Streamlined Energy and Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 the College is mandated to include energy consumption, related emissions, intensity metrics and energy efficiency improvements implemented during the financial year. The College is required to comply with these regulations as it meets two of the three criteria of a large company, as defined by the Companies Act 2006; the College employs more than 250 employees and has a balance sheet total of greater than £18million. This information is summarised below.

This year is the first year of reporting these metrics so there are no prior year comparative figures to be reported.

The total consumption (kWh) figures for energy supplies reportable are as follows:

Utility and Scope	2019/20 UK consumption (kWh)
Natural gas (Scope 1)	756,734
Grid-supplied electricity (Scope 2)	1,442,562
Total	2,199,296

STRATEGIC REPORT (continued)

The total emissions (tCO₂e) figures for energy supplies reportable are as follows:

Utility and Scope	2019/20 UK emission (tCO ₂ e)
Natural gas (Scope 1)	265,243
Grid-supplied electricity (Scope 2)	176,425
Total	441,668

An intensity metric of tCO₂e per headcount number of employees for the annual UK consumption has been calculated as follows:

Total tCO ₂ e emissions	441,668
Average headcount employees for the year	455
Intensity metric	970

The reporting methodology is as follows: Scope 1 and Scope 2 consumption and CO₂e emissions data has been calculated in line with the 2019 UK Government environmental reporting guidance. The Emission Factor Database 2019, Version 1 has been used.

The intensity metric has been calculated utilising the annualised average employee numbers for the whole College, totalling 455 employees, and has been applied to all the carbon emissions reported.

6. FUTURE PROSPECTS

6.1 Future developments

The College continues with its plans for the redevelopment of the Hillcroft site. This involves the sale of the existing building and part of the site with a new development being constructed on the remaining land. The development will be primarily funded through the sale proceeds and also a grant of £3.2m from the GLA Skills for Londoners Capital Fund. The College has earmarked around £500,000 of its cash reserves to part finance the development. Planned completion of the project is 2023.

The College has been allocated £248,000 in 2020/21 from the DfE as part of the national College Capital Improvement Fund.. This grant will be utilised in addressing premises issues across both existing sites..

STRATEGIC REPORT (continued)

The College recognises that there are likely to be continuing and significant differences in the way it will need to operate as a result of Covid-19. A grant of £199,000 has been allocated by the GLA in 2020/21 from its Covid-19 Response Fund. This money will be used to prepare the College and its sites for different ways of working and delivering provision to learners. This will include investment in IT facilities to further develop remote and blended learning and also to further make the site as Covid-19 secure.

6.2 Financial Plan

The Board approved a budget in July 2020 which allowed for a deterioration in its financial performance in 2020/21 as a result of Covid-19. The budget indicated a deficit of £1,081,000 and a financial health grade of 'Requires Improvement'. It was agreed that the budget would be revised during the autumn term to further account for the impact of Covid-19 on enrolments. It is anticipated that enrolments will see a fall from previous years, as a result of the College having to provide a classroom environment that enables students to socially distance which will result in reduced class sizes. In addition, there may also be a reluctance of some learners to return to College. It is forecast that, like 2019/20, this will have a significant impact on the level of tuition fee income that will be generated in 2020/21.

The reduced learner numbers will also impact on the College's ability to achieve its funding allocation. The College recognises the assistance provided by the ESFA and the GLA in 2019/20 by removing the year-end reconciliation process which would have resulted in a significant claw back of funding. To enable the College to operate with some financial certainty while managing the anticipated significant reduction in tuition fee and other income, a similar approach would be welcomed for 2020/21.

6.3 Treasury policies and objectives

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

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Board and shall comply with the requirements of the Financial Memorandum. No borrowings, either short or long term were required in the year.

6.4 Reserves

The College has no formal Reserves Policy, but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business.

It is the intention of the College to increase reserves by the generation of annual operating surpluses. However, in the short term, with the impact of Covid-19 it is recognised that this will not be possible but it still remains the medium to longer term goal. The Board members consider it of prime importance that the College is able to meet its on-going commitments through its cash reserves and by the generation of annual operating surpluses to increase its ability to invest in the infrastructure.

STRATEGIC REPORT (continued)

7. PRINCIPAL RISKS AND UNCERTAINTIES

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

Based on the strategic plan, the Executive Team undertakes a comprehensive review of the risks to which the College is exposed. It identifies systems and procedures, including specific actions which should mitigate any potential impact on the College. Additional internal controls are then implemented as necessary and subsequent appraisal will review their effectiveness and progress against risk mitigation actions.

In addition to the ongoing review, the Executive Team also considers any risks which may arise as a result of a new area of work being undertaken by the College. A risk register is maintained at the College level which is reviewed each term by the Audit Committee and the Board. Each sub-committee also reviews the risks associated with its own area of responsibility.

The risk register identifies the key risks, controls, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are ranked using a consistent scoring system. This is supported by a risk management communication programme to raise awareness of risk throughout the College.

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

7.1 Government funding

The College has had considerable reliance on continued funding from the GLA and the ESFA. In 2019/20 the College received 61% (2018/19: 56.7%) of its funding from these two bodies. Following devolved funding, the GLA is now the College's largest single funder. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

- The impact of Covid-19 on enrolments for 2020/21 will provide a challenge for the College in achieving its funding allocation or being within the accepted 3% tolerance level. As a further 'lockdown' has occurred during November 2020 this provides an added difficulty in achieving the target. Neither the GLA nor the ESFA have at this stage given any indication as to whether the year-end reconciliation procedure for 2020/21 will be suspended as in 2019/20. If there is no variation to the year-end reconciliation process in 2020/21 it is highly likely that the College will be faced with a significant funding claw back.
- There remains uncertainty around the future economic outlook for the UK as a result of Covid 19 and Brexit. In turn this could impact on the future funding of adult education.

STRATEGIC REPORT (continued)

- Funding for adult education in London has been devolved to the GLA from 2019/20. Although the College has been granted an additional two years transition in recognition of its status as a specialist residential college, work will need to be undertaken in working with the GLA to ensure that the impact on funding is minimised.

This risk is mitigated in a number of ways:

- Responding to the challenges imposed by the Covid-19 pandemic by implementing alternative forms of delivery where possible i.e. on-line and blended learning.
- Implementing a thorough risk assessment process to make sure that the College's sites are as Covid-19 secure as possible, giving learners confidence that they are returning to a safe physical learning environment.
- Lobbying with the other Institutes of Adult Learning for an early decision to be made on suspending the year-end reconciliation procedure for 2020/21.
- By ensuring the College is rigorous in delivering high quality education and training.
- Funding is derived through a number of direct and indirect contractual arrangements.
- Considerable focus and investment are placed on maintaining and managing key relationships with the various funding bodies.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Developing the range of quality level 3 programmes.
- Further developing links and relationships with the local authority.

7.2 Income diversification

The College has been relatively successful in generating income from a number of non funding body sources. This has involved improving the utilisation of both sites by making them available for lettings and other income generating activities. The risk for the College is that the budget targets are not met. In 2019/20 this income stream was particularly affected due to Covid-19 lock down from March to July when facilities were unavailable for hire. It is likely that there will also be a reduction in income from this source in 2020/21 as the impact of the pandemic continues.

This risk is mitigated in a number of ways:

- By ensuring the College can demonstrate to potential users that it is a Covid-19 secure environment and that risk assessments are kept fully up to date. Ensuring that the facilities available for income generating activities are of a standard expected by paying customers.
- Close management of expenditure in relation to all income generating activities to ensure that they are self-financing.
- Appropriate and relevant marketing of facilities.

STRATEGIC REPORT (continued)

7.3 Learner engagement

The College has developed a curriculum strategy to ensure that the course offer continues to meet both learner and community needs and enables learners from all backgrounds to progress towards their individual goals. However, the College is now faced with an additional challenge of engaging with, and attracting, learners during a pandemic. Learners may be reluctant to physically attend College, class sizes will have to be reduced in some areas and some learners may not have the necessary IT capability and/or facilities to engage in on-line learning.

The risk of not achieving this objective will be mitigated in a number of ways:

- By providing support to learners who are having difficulty accessing on-line learning due to lack of IT equipment through the loan of laptops.
- By providing a Covid-19 secure environment for those unable to access provision on-line.
- By providing timely IT support to learners having difficulty using on-line platforms.
- By on-going review of the marketing strategy of the College and how we recruit our learners.
- By embedding an on-going communications programme for staff, learner voice and other stakeholders.
- By continuously improving learner achievement rates and teaching quality.
- By engaging with learners, employers and stakeholders to facilitate learner progression and course development.

7.4 Long term financial sustainability

Achieving and maintaining at least 'Good' financial health and long term financial sustainability is a priority for the College. The College has been able to achieve this goal in 2019/20 despite the impact of Covid-19. The College continues to have a strong balance sheet with good cash reserves and no external borrowings. However, it is recognised that 2020/21 will also be a difficult year that will require careful monitoring of the financial impact of Covid-19.

This risk of not achieving financial sustainability is mitigated in a number of ways:

- A realistic financial plan has been developed to deliver short to medium term financial sustainability.
- Planned deficit as a result of the impact of Covid-19 is manageable within the College's cash reserves.
- Efficiencies in staffing will be achieved to generate staff cost savings.
- New sources of income generation are being explored, including grants from the GLA to assist the College in developing on-line provision.

STRATEGIC REPORT (continued)

7.5 Covid-19

As highlighted above, Covid-19 is having a significant impact on all aspects of the College's operation and financial position. It is likely that this impact will be experienced throughout the 2020/21 year. There is a risk that further lockdown or restrictions could involve the College having to further reduce face to face provision or that learners will be reluctant to return to site. Even if on-site provision can continue, the College is aware of the need to provide a Covid-19 secure environment and to adhere to government guidelines.

The College is seeking to mitigate the risks in a number of ways, including:

- Ensuring there is oversight of the Colleges Covid-19 response actions by a governance group.
- Implementing a comprehensive risk assessment process.
- Regular communication with staff and learners on the precautions implemented by the College and actions they should take if they show symptoms of Covid-19.
- Providing appropriate sanitisation facilities and other Covid-19 protection measures.
- Ensuring provision is planned with Covid-19 and social distancing in mind, including increased on-line and blended learning.
- Participation in local Covid-19 response groups facilitated by the local authority.
- Continuing to deliver provision wherever possible in order to be able to demonstrate to funding bodies that the College has attempted to continue operations and achieve its funding allocation.

8. KEY PERFORMANCE INDICATORS

The College is committed to observing the importance of sector measures and indicators. The College uses key performance indicators internally as well as external measures to assess its performance. These measures include learner retention, pass and achievement (success) rates, minimum standards, financial health, delivery against funding targets and Ofsted judgements.

At the most recent inspection by Ofsted in January 2020 the College was judged as good in all areas. This was the first inspection of the College following merger in October 2017.

The College is required to complete the annual Finance Record for the ESFA. The Finance Record produces a financial health grading. The grade for 2019/20 has been confirmed as Good by the ESFA. The financial results for the year also indicate a financial health grade of 'Good'. However, it is anticipated that this will deteriorate to 'Requires Improvement' in 2020/21 due to the impact that Covid-19 will have on the College's financial performance.

STRATEGIC REPORT (continued)

The Colleges key performance indicators are set out below.

Key Performance Indicator	Measure/Target	Actual for 2019/20
Financial Health	Outstanding	Good
Ofsted rating	Outstanding	Good
Student Achievement	87.3%	86.2%
Student Numbers	7,200	6,827
EBITDA as % of Income	3.02%	5.2%

Due to Covid-19, College success rates will not be formally published for 2019/20. Despite the challenging teaching and learning environment caused by lockdown RHACC learners have achieved well. Achievement rates are predicted to be at or above the national average for pre Covid 2018/19 when all results have been recorded.

8.1 Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the year to 31 July 2020, the College paid 92% per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

9. EQUALITY AND DIVERSITY

The College is committed to providing a positive and supportive learning and working environment for all students and staff, consistent with an ethos of respect and tolerance. The College aims to promote best practice in the advancement of equality and diversity and to fulfil its mission in such a way that promotes equality of opportunity, embraces diversity, eliminates unlawful discrimination and addresses disadvantage.

The College is committed to eliminating discrimination and advancing equality and diversity. The College seeks to ensure that students, staff, prospective students, visitors, governors, contractors and suppliers are treated with respect, dignity and equity regardless of their individual protected characteristics – age, disability, gender, gender reassignment, pregnancy or maternity, marriage or civil partnership status, race, religion or belief, or sexual orientation (as defined in the Equality Act 2010).

The College's Equality and Diversity policy is published on the College's web site and on the shared drive.

The College complies with its public duty under the Equality Act 2010 by having due regard when carrying out its functions. Specifically the College has:

STRATEGIC REPORT (continued)

- Considered access to the College's resources by giving assistance to applicants, staff and learners with learning disabilities or difficulties, making the appropriate reasonable adjustments where necessary.
- Maintained its disability symbol employer status year on year through demonstrating its commitment to the principles and objectives of the Disability Confident Employer standards.
- Implemented an updated Equality and Diversity training programme. Information and refresher training is carried out on an ongoing basis.
- Allocated specific resource to providing information, guidance and a range of support where necessary to learners with learning difficulties and/or disabilities. There are also a number of learning support assistants who provide a range of support for learning.
- Provided a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.
- Provided a list of specialist equipment which the College makes available for learner use and a range of assistive technology is also available in the learning centres.
- Highlighted its commitment to Equality and Diversity through staff and learner policies and information such as the Equality and Diversity policy and action plan. Specific reference to our commitment is made explicit in the staff and learner handbooks.
- Offered specialist programmes in College prospectuses.
- All staff of the College and its partners are expected to demonstrate a positive attitude towards diversity.

9.1 Disability statement

The College is a 'Disability Confident' employer and has committed to the principles and objectives of the Positive about Disabled People standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the minimum criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College seeks to achieve the objectives set down in the Equality Act 2010 and takes appropriate account of the Special Education Needs and Disability (SEND) Code of Practice 2014 (updated in 2015) for young people up to the age of 25 years in the following ways:

- Assessing the needs of individual students declaring a disability and providing tailored support for these students.
- Providing Additional Learning Support (ALS) for students – particularly in relation to dyslexia, dyspraxia and dyscalculia.
- Developing links with specialist support agencies and organisations and signposting students to these where appropriate.

STRATEGIC REPORT (continued)

- Training staff in Mental Health First Aid and Awareness.

10. ENVIRONMENTAL SUSTAINABILITY

The College acknowledges the importance of being responsible, sustainable and ethical in order to meet the needs of the present, and leave a better environment for future generations. The College recognises the need to reduce pollution and conserve energy, water and other natural resources and the urgent need to conserve the limited stock of fossil fuels.

It is therefore the intention of the College to minimise the usage, the disposal and consumption of resources commensurate with the need to provide the necessary utilities and well-being for all students, staff, visitors and other stakeholders and to ensure their health and safety.

Through this strategy Richmond and Hillcroft Adult and Community College aims to:

- Comply with all applicable legal requirements and other requirements to which the College subscribes;
- Put in place appropriate controls to prevent pollution;
- Reduce the College's carbon dioxide emissions through the delivery of a Carbon Management Plan;
- Encourage the adoption of sustainable travel practices by staff, students and visitors travelling to and from College;
- Reduce the environmental impact of the College through conservation of its material resources;
- Put in place measures to promote reduction, re-use and recycling of waste;
- Ensure new building developments take into account sustainable construction principles;
- Take positive action to promote biodiversity on any site that the College owns or manages;
- Engage with the wider community to promote environmental best practice and seek collaborative opportunities in order to facilitate developments in this area;
- Ensure that the Environmental Sustainability Policy is communicated to all students and individuals working for or on behalf of the College and to provide training and awareness for staff and students where appropriate;
- Consider sustainability in the procurement of goods and services.

11. TRADE UNION FACILITY TIME

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college. However, the College has no recognition agreements in place with any union and therefore no disclosure is necessary.

STRATEGIC REPORT (continued)

12. GOING CONCERN

The College has been affected by Covid-19 both operationally and financially in 2019/20. It is likely that this impact will continue into 2020/21. In order to maintain provision the College was able to react to the pandemic and lockdown and deliver over 50% of its provision on-line. However a fall in income of £137,000 was reported for the year. The College anticipates that a similar method of delivery will be required in 2020/21 to further manage the impact of Covid-19. Continued measures to make the College sites Covid-19 secure will enable the College to provide face to face delivery wherever possible. The College has been successful in its funding bids to the GLA for support in investing in equipment and adaptations to enable it to continue to operate safely on site and also deliver programmes remotely. The support awarded in 2020/21 amounts to £250,000.

The College has a strong balance sheet with net assets of £39,382,000 and net current assets of £1,432,000. The College's cash balance at 31 July 2020 was £4,381,000 which represented an increase in cash for the year of £29,000. The College worse case cash forecast for December 2021 indicates a cash balance of £2,905,000.

In anticipation of another difficult year due to Covid-19 the Board recognised that the College would be facing a deficit position in 2020/21. The budget approved in July 2020 planned for a deficit of £1,081,000 with a deficit EBITDA of £416,000. The Board would welcome some indication from both the GLA and the ESFA regarding the year-end reconciliation process for 2020/21 to enable it to plan with greater certainty.

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

13. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no significant events that occurred after the reporting period.

14. DISCLOSURE OF INFORMATION TO AUDITOR

The members of the Board (who are also directors of the company for the purpose of company law) who held office at the date of approval of this report confirm that:

- * so far as they are each aware, there is no relevant audit information of which the College's auditor is unaware; and
- * each member has taken all the steps that he or she ought to have taken as a member in order to make himself or herself aware of any relevant audit information and to establish that the company'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.

Strategic Report 31 July 2020

The report of the members of the Board, including the strategic report, has been approved by the members of the Board and signed on their behalf by:

Professor Andrew George
Chair



Approved on:

15 December 2020

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the year from 1 August 2019 to 31 July 2020 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the Board has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon the best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector.

In the opinion of the members of the Board, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 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 members of the Board, who are also trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

Statement of Corporate Governance and Internal Control 31 July 2020

Members of the Board

The members of the Board who served during the year were as follows:

	Expiry of term of office	Term of office	Date of resignation	Status of appointment	Working Groups/Committees served (2018/19)	Attendance record for period concerned
Mr Mark Albrow	01 10 2021	4 years	n/a	Independent	Quality & Standards Committee	10 of a possible 12
Mr Richard Brewster	01 10 2021	4 years	n/a	Independent	Audit Committee	8 of a possible 9
Ms Kate Clarke	01 04 2024	4 years	n/a	Independent	Audit Committee	3 of a possible 3
Ms Helen Darracott	01 10 2021	4 years	n/a	Independent	Audit Committee	8 of a possible 9
Ms Nasrin Farahini	01 04 2024 *	4 years	n/a	Student	Quality & Standards Committee	3 of a possible 3
Ms Gabrielle Flint	n/a	n/a	n/a	Principal & Chief Executive (ex officio)	Search & Governance Committee, Quality & Standards Committee as member. All other Committees (not Audit) as ex-officio	14 of a possible 14
Ms Louise Fluker (Chair of the Board)	01 10 2020	Agreed by Board	31 July 2020	Independent	Search & Governance (Chair)	17 of a possible 17
Professor Andrew George	01 10 2021	4 years	n/a	Independent	Quality & Standards Committee (Chair)	12 of a possible 12
Mr David Izett	01 04 2024	4 years	n/a	Independent	Finance & Resources Committee	7 of a possible 7
Professor Linda Jones	01 10 2021	4 years	8 April 2020	Independent	Search & Governance Committee	5 of a possible 6

Statement of Corporate Governance and Internal Control 31 July 2020

	Expiry of term of office	Term of office	Date of resignation	Status of appointment	Working Groups/Committees served (2018/19)	Attendance record for period concerned
Ms Jane O'Shea	01 10 2021	4 years	n/a	Independent	Search & Governance Committee	18 of a possible 18
Ms Farah Rachlin	01 10 2021	4 years	n/a	Independent	Audit Committee & Quality & Standards Committee	17 of a possible 19
Ms Sharon Raj	20 05 2024	4 years	n/a	Independent	Finance & Resources Committee	3 of a possible 3
Ms Lisa Sharp	01 10 2021	4 years	8 April 2020	Independent	Finance & Resources Committee	5 of a possible 6
Mr Graham Tharp	01 10 2021**	4 years	n/a	Staff	Finance & Resources Committee	12 of a possible 12
Mr Nigel Ware	01 10 2021	4 years	n/a	Independent	Finance & Resources Committee	19 of a possible 19

* Unless enrolment as a College student ceases before that date

** Unless employment with the College ceases before that date.

Neil Wallbank acted as Clerk to the Board during the period 1 August 2019 – 31 July 2020.

Statement of Corporate Governance and Internal Control 31 July 2020

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 College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues.

The Board

The Board conducted its business through a number of committees during the year ended 31 July 2020. Each committee has terms of reference, which have been approved by the Board. These committees are Quality and Standards, Audit, Finance and Resources, Search and Governance.

Full minutes of all meetings (except those deemed to be confidential by the Board) are available from the Clerk to the Board at the registered address. The Clerk to the Board maintains a register of financial and personal interests of the members. The register is available for inspection at the registered address and also on the College website.

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

Appointments to the Board

Any new appointments to the Board are a matter for the consideration of the Board as a whole.

Members of the Board are appointed for a term of office not exceeding four years.

Board performance

During the course of the year Board members have considered the performance of the Board as a whole and this has been reported to a Board meeting. Governance is assessed in addition as part of the overall College Self-Assessment Report which is completed annually.

Search and Governance Committee

The Board has a Search and Governance Committee, consisting of four members of the Board in 2019/20 which has been increased to 5 members in 2020/21 to include the Chairs of each sub-committee, the Chair of the Board and the Principal, which reviews governance matters and is responsible for the selection and nomination of any new member for the Board's consideration. The Remuneration Committee is a sub-committee of the Search and Governance Committee and comprises

Statement of Corporate Governance and Internal Control 31 July 2020

all members of Search and Governance aside from the Principal. Its responsibilities include making recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders.

Details of remuneration for the year ended 31 July 2020 are set out in note 6 to the financial statements.

Finance and Resources Committee

This Committee comprises four members of the Board and has terms of reference approved by the Board. The Committee meets at least five times a year and reviews financial performance and items of expenditure requiring committee approval. The Committee also has responsibility for HR and Health and Safety matters.

Audit Committee

The Audit Committee comprises four members of the Board. The Committee operates in accordance with written terms of reference approved by the Board.

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

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

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

The Audit 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.

Quality and Standards Committee

The Quality and Standards Committee comprises three members of the Board. The Committee operates in accordance with written terms of reference approved by the Board. The Committee meets at least three times a year and provides a forum for reporting on teaching and learning matters including quality improvement, learner outcomes and self-assessment.

Internal control

Scope of responsibility

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

Statement of Corporate Governance and Internal Control 31 July 2020

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2020 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 College 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 College's significant risks that has been in place for the year ended 31 July 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board at least once every term.

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board;
- Regular reviews by the Board 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 College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board on the recommendation of the Audit Committee.

Statement of Corporate Governance and Internal Control 31 July 2020

Risks faced by the Board

The College analysed the risks to which it was exposed and a programme of assurance was agreed with the Audit Committee. The Committee was provided with reports on this assurance activity in the College.

The College has a risk register that is reviewed by the Audit Committee, sections relevant to each sub committee are also subject to scrutiny by those committees. The risk register is a regular item on the Board agenda. The register identifies the key risks faced by the College together with an impact and likelihood rating for each risk.

Control weaknesses identified

The reviews did not identify any significant internal control weaknesses or failures.

Responsibilities under funding agreements

The College maintains learner records in support of funding claims to the ESFA and the GLA. Claims are made in accordance with the funding regulations in place at the time and are submitted in accordance with the timescale set out by the two funding bodies.

Statement from the Audit Committee

The Audit Committee has advised the Board that the College has an effective framework of governance and risk management in place. The Audit Committee believes that the Board has effective internal controls in place.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditors;
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- Comments made by the College's financial statements and reporting accountants for regularity assurance in their management letters and other reports.

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

Statement of Corporate Governance and Internal Control 31 July 2020

The Executive 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 Executive Team and the Audit Committee also receive regular reports from internal audit, and other sources of assurance which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board's agenda includes a regular item for consideration of risk and control and it receives reports thereon from the Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2020 meeting, the Board carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the Executive Team and internal audit, and taking account of events since 31 July 2020.

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

Approved by order of the members of the Board and signed on its behalf by:

Signed:



Professor Andrew George
Chair
Date: 15 December 2020

Signed:



Gabrielle Flint
Principal and Accounting Officer
Date: 15 December 2020

Members of the Board's statement of regularity, propriety and compliance 31 July 2020

The Board has considered its responsibility to notify the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the financial memorandum in place between the College and the ESFA. As part of our consideration we have had due regard to the requirements of the financial memorandum.

We confirm, on behalf of the Board, that after due enquiry and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's financial memorandum.

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

Signed:



Professor Andrew George
Chair

Date: 15 December 2020

Signed:



Gabrielle Flint
Principal and Accounting Officer

Date: 15 December 2020

Statement of the responsibilities of the members of the Board 31 July 2020

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

Within the terms and conditions of the College's financial memorandum with the ESFA, the Board, through its Accounting Officer is required to prepare financial statements for each financial year in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education and with the College Accounts Direction 2019 to 2020 issued by the ESFA, and the UK's Generally Accepted Accounting Practice and which give a true and fair view of the state of affairs of the College and the result for that year.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess whether the College is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

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

The Board is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the Companies Act 2006, the relevant legislation of incorporation, including the Further and Higher Education Act 1992, the Companies Act 2011 and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Board are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA are used only in accordance with the financial memorandum with the ESFA and any other conditions that may be prescribed from time to time. Members of the Board must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly.

Statement of the responsibilities of the members of the Board 31 July 2020

In addition, members of the Board are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the ESFA are not put at risk.

Signed on behalf of the Board

A handwritten signature in blue ink, appearing to be 'A. George', is written on a light blue grid background.

Professor Andrew George
Chair

Date: 15 December 2020

Independent auditor's report to the members of the Board of Richmond and Hillcroft Adult and Community College 31 July 2020

Opinion

We have audited the financial statements of Richmond and Hillcroft Adult and Community College (the 'College') for the year ended 31 July 2020 which comprise the statement of comprehensive income and expenditure, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2020 and of its deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The members of the Board are responsible for the other information. The other information comprises the information included in the annual 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.

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

Independent auditor's report to the members of the Board of Richmond and Hillcroft Adult and Community College 31 July 2020

we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the report of the members of the Board, which is also the directors' report for the purpose of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the members of the Board, which is also the directors' report for the purpose of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the members of the Board.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Post 16 Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

Responsibilities of members of the Board

As explained more fully in the statement of responsibility of the members of the Board, the members, who are also the directors of this company for the purpose of company law, 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 members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report to the members of the Board of Richmond and Hillcroft Adult and Community College 31 July 2020

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

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

Use of our report

This report is made solely to the members of the Board, 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 members of the Board those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the members of the Board as a body, for our audit work, for this report, or for the opinions we have formed.



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

19 January 2021

Reporting accountant's assurance report on regularity 31 July 2020

Reporting accountant's assurance report on regularity to the Members of the Board of Richmond and Hillcroft Adult and Community College ("the Board") and the Secretary of State for Education, acting through the Education and Skills Funding Agency ("the ESFA")

In accordance with the terms of our engagement letter dated 9 July 2018 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Richmond and Hillcroft Adult and Community College during the period 1 August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("the Code") issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) data returns, for which the ESFA or devolved authority has other assurance arrangements in place.

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

Respective responsibilities of the Members of the Board of Richmond and Hillcroft Adult Community College and the reporting accountant

The Board of Richmond and Hillcroft Adult and Community College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

Reporting accountant's assurance report on regularity 31 July 2020

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

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

19 January 2021

Statement of comprehensive income and expenditure Year to 31 July 2020

	Notes	2020 £'000	2019 £'000
Income			
Funding body grants	1	5,417	5,108
Tuition fees and education Contracts	2	2,169	2,515
Other grants and contracts	3	293	246
Other income	4	653	738
Investment income	5	335	397
Total income		8,867	9,004
Expenditure			
Staff costs	6	5,708	5,686
Other operating expenses	7	2,590	2,579
Depreciation	9	843	809
Interest payable	16	432	492
Total expenditure		9,573	9,566
Deficit before other gains and losses		(706)	(562)
Deficit before tax		(706)	(562)
Taxation	8	—	—
Deficit for the year		(706)	(562)
Actuarial loss in respect of pension schemes	16	(3,940)	(782)
Total Comprehensive Expenditure for the year		(4,646)	(1,344)
Represented by:			
Unrestricted comprehensive expenditure		(4,646)	(1,344)
		(4,646)	(1,344)

The Statement of Comprehensive Income and Expenditure items are in respect of continuing activities.

Statement of changes in reserves Year to 31 July 2020

	Income and expend- -iture account £'000	Revalua- -tion reserve £'000	Restricted Benefac- -tion fund £'000	Restricted other funds £'000	Restricted Endow- ment fund £'000	Total £'000
Balance at 1 August 2018	39,022	5,262	17	1,068	3	45,372
Deficit from the income and expenditure account	(562)	-	-	-	-	(562)
Other comprehensive income – Actuarial loss in respect of pension schemes	(782)	-	-	-	-	(782)
Transfers between revaluation and income and expenditure reserves	89	(89)	-	-	-	-
Total comprehensive expenditure for the year	(1,255)	(89)	-	-	-	(1,344)
Balance at 31 July 2019	37,767	5,173	17	1,068	3	44,028
Deficit from the income and expenditure account	(706)	-	-	-	-	(706)
Other comprehensive income – Actuarial loss in respect of pension schemes	(3,940)	-	-	-	-	(3,940)
Transfers between revaluation and income and expenditure reserves	89	(89)	-	-	-	-
Total comprehensive expenditure for the year	(4,557)	(89)	-	-	-	(4,646)
Balance at 31 July 2020	33,210	5,084	17	1,068	3	39,382

Balance sheet 31 July 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Non current assets					
Tangible fixed assets	9		53,040		53,566
Current assets					
Trade and other receivables	10	529		827	
Cash and cash equivalents	15	4,381		4,352	
		4,910		5,179	
Creditors - amounts falling due within one year	11	(3,478)		(3,766)	
Net current assets			1,432		1,413
Total assets less current liabilities			54,472		54,979
Creditors - amounts falling due after more than one year	12		(5,374)		(5,546)
Provisions					
Net pension liability	16		(9,716)		(5,405)
Total net assets			39,382		44,028
Restricted reserves					
Benefaction fund			17		17
Endowment fund			3		3
Other restricted funds			1,068		1,068
			1,088		1,088
Unrestricted reserves					
Income and expenditure reserve			33,210		37,767
Revaluation reserve			5,084		5,173
TOTAL RESERVES			39,382		44,028

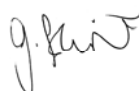
The financial statements on pages 36 to 58 were approved by the Directors and signed on their behalf by:

Signed:



Andrew George
Chair

Signed:



Gabrielle Flint
Principal & Accounting Officer

Date: 15 December 2020

Date: 15 December 2020

Company Limited by Guarantee
Registration Number: 0201528 (England and Wales)

Statement of cash flows 31 July 2020

		2020 £'000	2019 £'000
Cash flow from operating activities			
Deficit for the year		(706)	(562)
Adjustment for non-cash items			
Depreciation		843	809
Decrease / (increase) in trade and other receivables		298	(121)
Decrease in creditors due within one year		(348)	(280)
(Decrease) / increase in creditors due after one year		(172)	54
Pensions costs less contributions payable		371	353
Adjustment for investing or financing activities			
Investment income		(19)	(19)
Net cash flow from operating activities		267	234
Cash flows from investing activities			
Investment income (excluding pension)		19	19
Payments made to acquire fixed assets		(257)	(560)
		(238)	(541)
Increase / (decrease) in cash and cash equivalents in the year		29	(307)
	Notes	2020 £'000	2019 £'000
Cash and cash equivalents at 1 August 2019	15	4,352	4,659
Cash and cash equivalents at 31 July 2020	15	4,381	4,352

Principal accounting policies 31 July 2020

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 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2019 to 2020 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the higher relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

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

Going concern

The College has been affected by Covid-19 both operationally and financially in 2019/20. It is likely that this impact will continue into 2020/21. In order to maintain provision the College was able to react to the pandemic and lockdown and deliver over 50% of its provision on-line. However a fall in income of £137,000 was reported for the year. The College anticipates that a similar method of delivery will be required in 2020/21 to further manage the impact of Covid-19. Continued measures to make the College sites Covid-19 secure will enable the College to provide face to face delivery wherever possible. The College has been successful in its funding bids to the GLA for support in investing in equipment and adaptations to enable it to continue to operate safely on site and also deliver programmes remotely. The support awarded in 2020/21 amounts to £250,000.

The College has a strong balance sheet with net assets of £39,382,000 and net current assets of £1,432,000. The College's cash balance at 31 July 2020 was £4,381,000 which represented an increase in cash for the year of £29,000. The College worse case cash forecast for December 2021 indicates a cash balance of £2,905,000.

In anticipation of another difficult year due to Covid-19 the Board recognised that the College would be facing a deficit position in 2020/21. The budget approved in July 2020 planned for a deficit of £1,081,000 with a deficit EBITDA of £416,000. The Board would welcome some indication from both the GLA and the ESFA regarding the year-end reconciliation process for 2020/21 to enable it to plan with greater certainty.

Principal accounting policies 31 July 2020

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

Recognition of income

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depends on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element 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 October following the year end. Adult Skills grant income is recognised based on a year end reconciliation of income claimed and actual delivery. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102.

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

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

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

Accounting for post-employment benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 16, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Principal accounting policies 31 July 2020

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

Actuarial gains and losses are recognised immediately in 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 College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Non-current Assets - Tangible fixed assets

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

Land and buildings

Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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

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

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

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

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

Principal accounting policies 31 July 2020

Assets under construction are accounted for at cost, based on direct costs in relation to planning permission and other professional fees, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

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

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

Equipment

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

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

- computer equipment 3 years
- furniture, fixtures and fittings 10 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

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

Principal accounting policies 31 July 2020

Borrowing costs

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

Cash and cash equivalents

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

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College receives no exemption in respect of Value Added Tax.

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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

Principal accounting policies 31 July 2020

Agency arrangements

The College acts as an agent in the collection and payment of the Advanced Learner Loans Bursary. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 18 except for: the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant; the income for Childcare support provided by the College's Crèche; and unspent funds not reclaimed by the ESFA.

Judgements in applying accounting policies

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

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

Other key sources of estimation uncertainty

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the financial statements 31 July 2020

1. Funding body grants

	2020 £'000	2019 £'000
Recurrent grants		
Education and Skills Funding Agency - adult	667	4,686
Education and Skills Funding Agency 16-18	107	163
Education and Skills Funding Agency - apprenticeships	—	2
Greater London Authority - Devolved Grant	4,006	—
Specific grants		
Release of deferred capital grants	162	152
Education and Skills Funding Agency - Residential Access	—	100
Education and Skills Funding Agency – ALL Bursary	310	—
Teachers' Pension Scheme contribution grant	165	—
HE Grant	—	5
	5,417	5,108

2. Tuition fees and education contracts

	2020 £'000	2019 £'000
Adult education fees	1,818	2,143
Fees for HE loan supported courses	178	175
Total Tuition fees	1,996	2,318
Education contracts	173	197
Total	2,169	2,515

3. Other grants and contracts

	2020 £'000	2019 £'000
Big Lottery Grant	175	240
Other grants and contracts	5	6
Coronavirus Job Retention Scheme grant	113	—
	293	246

The College furloughed some of the administration, estates staff and variable hour teachers under the government's Coronavirus Job Retention Scheme. The funding received of £113k relates to staff costs which are included within the staff costs note below as appropriate.

Notes to the financial statements 31 July 2020

4. Other income

	2020 £'000	2019 £'000
Other income generating activities	261	270
Creche income	53	86
Rent income	276	264
Other income	63	118
	653	738

5. Investment income

	2020 £'000	2019 £'000
Bank interest receivable	19	19
Net return on pension scheme (note 16)	316	378
	335	397

6. Staff costs

The average head count (including key management personnel) employed by the College during the year was:

	2020 No	2019 No
Teaching staff	309	267
Non-teaching staff	146	217
	455	484

Staff costs for the above persons:

	2020 £'000	2019 £'000
Wages and salaries	4,050	4,099
Social security costs	303	306
Other pension costs	1,103	982
Payroll sub total	5,456	5,387
Contracted out staffing services	217	299
Restructuring costs - contractual	35	—
Total staff costs	5,708	5,686

6 Staff costs (continued)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team which comprises the Principal; the Vice Principal – Teaching and Learning; and the Director of Finance and Resources.

	2020 No	2019 No
The number of key management personnel including the Accounting Officer was:	3	3

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

	Key management personnel		Other staff	
	2020	2019	2020	2019
£75,001 - £80,000 p.a.	2	2	—	—
£95,001 - £100,000 p.a.	1	1	—	—
	3	3	—	—

Key management personnel emoluments are made up as follows:

	2020 £'000	2019 £'000
Salaries	257	257
Pension contributions	56	43
National Insurance - Employer's contributions	32	32
Total contributions	345	332

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

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

	2020 £'000	2019 £'000
Salaries	97	97
Pension contributions	22	16
Total remuneration	119	113

6 Staff costs (continued)

Key management personnel (continued)

The Board adopted the AoC's Senior Staff Remuneration Code in 2019 and assesses pay in line with its principles. The remuneration of the Accounting Officer is reviewed annually by the Remuneration Committee and is benchmarked, using the ESFA benchmark tool and the AoC Senior Staff Salary Survey.

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

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

	2020 £'000	2019 £'000
Principal's basic salary as a multiple of the median of all staff	4.2	N/A
Principal's total remuneration as a multiple of the median of all staff	4.6	N/A

7 Other operating expenses

	2020 £'000	2019 £'000
Teaching costs	763	939
Non-teaching costs	968	793
Premises costs	859	847
Total	2,590	2,579

Other operating expenses include:

	2020 £'000	2019 £'000
Auditors' remuneration		
• Financial statements audit	30	32
• Other services provided by the financial statements auditor (Regularity and Teachers' Pensions Audit)	6	3
Internal audit	11	20
Hire of assets under operating leases	47	58

8 Taxation

Richmond and Hillcroft Adult and Community College is a charity with no additional trading activities. The Members of the Board of the College do not believe any corporation tax liability was incurred in 2019/20.

9 Tangible fixed assets

	Freehold land and buildings £'000	Equipment, fixtures and fittings £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation				
At 1 August 2019	54,910	317	44	55,271
Additions	100	94	123	317
Disposals	—	(110)	—	(110)
At 31 July 2020	55,010	301	167	55,478
Depreciation				
At 1 August 2019	1,662	43	—	1,705
Charge for the year	730	113	—	843
Elimination in respect of disposals	—	(110)	—	(110)
At 31 July 2020	2,392	46	—	2,438
Net book value at 31 July 2020	52,618	255	167	53,040
Net book value at 31 July 2019	53,248	274	44	53,566

The land and buildings owned by Hillcroft College prior the merger were revalued by the District Valuer based at Wimbledon at 31 July 2012. The Valuation conformed to Practice Statement 5 of the RICS Appraisal and Valuation Manual. The land was valued at £4,018,800 and the buildings at a depreciated replacement cost of £2,294,554. This value excludes VAT. The historical cost was £1,000 for the land and £126,240 for the buildings.

Land and buildings transferred on merger at 1 October 2017 from Richmond Adult and Community College were adjusted to fair value based on independent professional advice. The gain on the adjustment to fair value of these assets was £30,151,000 which was included in the Consolidated Statement of Comprehensive Income in 2017/18.

RHACC continues to develop the College's buildings and invested £100,000 during the year.

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	£
Cost	127,240
Aggregate depreciation based on cost	(114,516)
Net book value based on cost	12,724

Notes to the financial statements 31 July 2020

10 Trade and other receivables

	2020 £'000	2019 £'000
<i>Amounts falling due within one year</i>		
Trade receivables	263	606
Other debtors	4	4
Prepayments and accrued income	260	215
Benefaction account	2	2
	529	827

11 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade payables	191	133
Other payables	32	32
Other taxation and social security	87	85
Accruals and deferred income	1,184	1,299
Deferred income – government capital grants	162	153
Amounts owed to the Education and Skills Funding Agency	1,822	2,064
	3,478	3,766

	2020 £'000	2019 £'000
Deferred income at 1 August	763	279
Released from previous years	(763)	(279)
Resources deferred during the year	554	763
Deferred income at 31 July	554	763

At the balance sheet date, the College was holding tuition fees (£482k) received in advance for courses starting or continuing in 2020 (2019: £821k) and £72k for other income including lettings, donations and grants (2019: £nil)

12 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Deferred income – government capital grants	5,374	5,546

Notes to the financial statements 31 July 2020

13 Lease obligations

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

	2020 £'000	2019 £'000
Equipment		
Not later than one year	72	72
Later than one year and not later than five years	107	178
	179	250

14 Provisions

	Defined benefit obligations £'000	Total £'000
At 1 August 2019	5,405	4,270
Movement in the year (note 16)	4,311	1,135
At 31 July 20120	9,716	5,405

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 16.

15 Cash and cash equivalents

	At 1 August 2019 £'000	Cash flows £'000	At 31 July 2020 £'000
Cash and cash equivalents	4,352	29	4,381
	4,352	29	4,381

16 Defined benefit obligations

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

	2020 Total £'000	2019 Total £'000
Teachers' Pension Scheme contributions paid	418	328
Local Government Pension Scheme:		
. Contributions paid	430	415
. FRS 102 (28) charge	255	239
Charge to the Statement of Comprehensive Income	685	654
Total pension cost for year within staff costs (note 6)	1,103	982

16 Defined benefit obligations (continued)

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

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

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

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

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

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

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

The pension costs paid to TPS in the year amounted to £412,000 (2019: £328,000).

16 Defined benefit obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the Wandsworth Council Pension Fund Local Authority. The total contributions made for the year ended 31 July 2020 were £536,000, of which employer's contributions totalled £430,000 and employees' contributions totalled 106,000. The agreed contribution rates for future years are 17.3% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2020 by a qualified independent actuary.

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	2.45%	2.75%
Future pensions increases	2.25%	2.35%
Discount rate for scheme liabilities	1.35%	2.10%
Inflation assumption (CPI)	2.25%	2.35%
Commutation of pensions to lump sums (pre-April 2008 service)	50%	50%
Commutation of pensions to lump sums (post-April 2008 service)	75%	75%

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

	At 31 July 2020 Years	At 31 July 2019 Years
Retiring today		
Males	21.8	23.4
Females	24.4	24.8
Retiring in 20 years		
Males	23.2	25.1
Females	25.9	26.6

Sensitivity analysis is provided below:

	2020 Approx monetary amount (£'000's)
Discount rate + 0.1%	24,069
Discount rate - 0.1%	25,157
Mortality assumption – 1 year increase	25,633
Mortality assumption – 1 year decrease	19,617
CPI rate +0.1%	25,141
CPI rate -0.1%	24,084

16 Defined benefit obligations (continued)

The sensitivity analysis represents the present value of plan liabilities as a result of the change in each underlying assumption.

Local Government Pension Scheme

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

	Value at 31 July 2020 £'000	Value at 31 July 2019 £'000
Equity instruments	8,949	10,117
Gilts	352	435
Bonds	2,134	1,701
Property	1,312	657
Cash	759	141
Multi-asset fund	1,385	1,925
Total fair value of plan assets	14,891	14,976
Actual return on plan assets	172	667

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

	2020 Total £'000	2019 Total £'000
Fair value of plan assets	14,891	14,976
Present value of plan liabilities	(24,607)	(20,381)
Net pensions liability	(9,716)	(5,405)

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

	2020 Total £'000	2019 Total £'000
Amounts included in staff cost		
Current service cost	(685)	(617)
Past service cost	-	(37)
Total	(685)	(654)
Amounts included in investment income	316	378
Amounts included in interest costs	(425)	(486)
Administration expenses	(7)	(6)
Net interest cost	(116)	(114)
Return on pension plan assets	(488)	289
Other actuarial losses on assets	(65)	—
Experience losses arising on defined benefit obligations	(646)	—
Changes in assumptions underlying the present value of plan liabilities	(2,741)	(1,071)
Amount recognised in Other Comprehensive Income	(3,940)	(782)

16 Defined benefit obligations (continued)

Local Government Pension Scheme

Movement in net defined benefit liability during year

	2020 Total £'000	2019 Total £'000
Net defined benefit liability in scheme at 1 August	(5,405)	(4,270)
Movement in year:		
. Past service cost	—	(37)
. Current service cost	(685)	(617)
. Employer contributions	430	415
. Net interest on the defined liability	(116)	(114)
. Actuarial loss	(3,940)	(782)
Net defined benefit liability at 31 July	(9,716)	(5,405)

Asset and Liability Reconciliation

	2020 Total £'000	2019 Total £'000
Defined benefit obligations at 1 August	20,381	18,518
Current service cost	685	617
Interest cost	425	486
Contributions by Scheme participants	106	94
Change in demographic assumptions	(588)	(1,177)
Changes in financial assumptions	3,329	2,248
Estimated benefits paid	(377)	(442)
Past service cost	—	37
Experience losses on defined benefit obligations	646	—
Defined benefit obligations at 31 July	24,607	20,381

Changes in fair value of plan assets

	2020 Total £'000	2019 Total £'000
Fair value of plan assets at 1 August	14,976	14,248
Interest on plan assets	316	378
Return on plan assets	(488)	289
Employer contributions	430	415
Contributions by Scheme participants	106	94
Estimated benefits paid	(377)	(442)
Administration expenses	(7)	(6)
Other actuarial losses	(65)	—
Fair value of plan assets at 31 July	14,891	14,976

17 Related party transactions

Owing to the nature of the College'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 in accordance with the College's financial regulations and normal procurement procedures. Transactions with the ESFA are detailed in note 1.

The total expenses paid to or on behalf of the members of the Board during the year was £58 for 2 Governors (2019: £105 for 2 Governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Board meetings in their official capacity.

No Board member received any remuneration or waived payments from the College or its subsidiaries during the year (2019: £nil).

The College will disclose all related party transactions in accordance with the College's financial regulations. There were none in 2019/20 (2018/19: none).

18 Learner support funds

	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
<i>Learner Support Funds</i>		
Other Learner Support Funds (Advanced Learner Loans Bursary)		
Grant received – current year	366	359
Less: Disbursed to students	(47)	(148)
Less: Administration fee	(22)	(9)
Less: Retained income	(256)	-
Underspend for the year	41	202

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

The College had unspent funds at the year-end of £296,853. In accordance with the revised ESFA year-end reconciliation process £40,824 will be repayable to the ESFA and the balance of £256,029 has been included in the Statement of Comprehensive Income and Expenditure.

19 Contingent liability

The Department for Education is in the process of undertaking a review of residential funding for FE colleges and in conjunction with this the ESFA has undertaken an audit of the College's Residential Access fund claim in respect of 2018/19. All four English residential colleges have been the subject of the review and audit. The audit has primarily focused on the way in which the colleges have applied the funding methodology as it applies to residential provision.

Notes to the financial statements 31 July 2020

The ESFA has identified a potential clawback for RHACC of between £85,000 - £105,000. The College is in the process of disputing the basis of the audit findings and potential clawback with the ESFA. At this time there is no certainty that the College will suffer any clawback, or if it does, the amount of clawback and when it is likely to occur.