

**Fircroft College of Adult Education**

**Report and Financial Statements**

**Year Ended**

**31 July 2020**

**Charity registration number: 510033**

## **Key Management Personnel, Board of Governors and Professional advisers**

### **Key management personnel**

Key management personnel were represented by the following in 2019/20:

Mel Lenehan	Principal and CEO; Accounting officer
Michael Conway Jones	Vice Principal

### **Board of Governors**

A full list of Governors is given on page 16 of these financial statements.

### **Principal and Registered Office**

1018 Bristol Road, Selly Oak, Birmingham B29 6LH

### **Professional advisers**

#### **Financial Statements and Regularity Auditors**

Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

#### **Bankers**

Lloyds Bank plc  
University of Birmingham  
142 Edgbaston Park Road  
Edgbaston  
Birmingham  
B15 2TY

#### **Internal Auditors**

RSM  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF

#### **Investment Management**

Smith and Williamson  
9 Colmore Row  
Birmingham  
B3 2BJ

# **FIRCROFT COLLEGE OF ADULT EDUCATION**

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### NATURE, OBJECTIVES AND STRATEGIES

The members of the Governing Body present their report and the audited financial statements for the year ended 31 July 2020.

#### Legal status

Fircroft College was initially set up in 1909 and then re-established as a charitable trust on 10 September 1979, Charity number 510033, and is a designated institution under the Further and Higher Education Act 1992 for the purpose of conducting residential adult education. Unlike mainstream Further Education colleges, Fircroft College is regulated by the Charity Commission. It has no subsidiary undertakings. The College is also subject to regulation from other bodies such as DfE, and the Education and Skills Funding Agency (ESFA)

#### Public Benefit Test

The members of the Governing Body, who are trustees of the charity, are disclosed on page 15. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

The student statistics on page 4 indicate the extent to which the College has met its own "social justice" mission.

#### College objects and mission

As set out in its Trust Deed, the College's objects are *"for the public benefit, provide and promote adult, further and higher education including, without limitation, the provision of residential education"*.

The College's current mission is *'To promote social justice by providing adults with an excellent learning environment for personal, professional and political development'*.

#### Values

The College has confirmed its values as:

**Inspiring and transformative** - We strive to stimulate and enthuse individuals to develop their knowledge, confidence and skills to change their lives and communities for the better and for everyone to fulfil their potential.

**Inclusive and diverse** - We actively embrace the uniqueness of all individuals, instil a culture of dignity and respect and celebrate difference.

**Supportive** - We provide an environment which develops independence whilst recognising and responding to individual needs; an environment in which all flourish.

**Collaborative** - We are a community based on co-operation that shares knowledge and skills. We work in partnership wherever possible to leverage our uniqueness.



## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Report of the Governing Body (continued)**

#### **NATURE, OBJECTIVES AND STRATEGIES (continued)**

##### **Values (continued)**

**Develop and grow** - As a learning organisation we are committed and open to continually improving what we do and how we do it so we can evolve and respond to a fast changing world.

##### **Implementation of strategic plan**

Following a strategic review in 2018, the College has a five year strategy and implementation plan which focuses on ensuring the long term sustainability of the College. This builds upon the success of its previous strategy and is embedded across the College in terms of its delivery. 2019/20 was the first year of the five year strategy.

The College's Strategic Goals are to:

1. Provide an excellent education environment for all
2. Ensure the long term sustainability of the College
3. Develop the College's external profile and build on its reputation

##### **Impacts of Covid-19 on strategic plan**

Due to the deepening Covid-19 pandemic, the College temporarily closed for face-to face learning on the 17<sup>th</sup> March 2020 moving its teaching provision on-line wherever possible and practical. Back office operations also moved to remote working arrangements at this time, and have continued to work successfully for the remainder of the financial year. A specific Covid-19 working group was established to examine and determine all aspects of the College's response to the pandemic (health & safety, risk assessment, operational etc), and reports regularly to the Governing Body on progress, compliance and initiatives. The College has strictly observed the continuing Government guidance throughout, and has continued courses to completion wherever possible. It has also maintained contact with students to finalise work or to prepare them for a return to learning.

Consequently, the College has been unable to deliver a full programme of courses (especially residentially based courses) during 2019/20. It has however met the revised delivery targets set by ESFA and WMCA in reconciliation of their respective funding grants.

Residential education is a central tenet of Fircroft, and remains at the heart of the strategy. The College re-opened in September 2020 and will continue to deliver to this business model wherever possible, within Government restrictions as they vary relative to the threats raised by the pandemic.

However the restriction of residential provision may impact upon the Colleges income flows during 2020/21. The extent and impact will be dependent upon the funding arrangements (or any variations to them) as defined by ESFA and WMCA. Neither ESFA nor WMCA have issued funding guidance related to Covid-19 related disruption during 2020/21 financial year.

Early indications show a reluctance of students to enrol for the short non-residential courses planned in October, but this is against significant local coronavirus controls being introduced by Government in the Birmingham, Solihull and Sandwell areas of greater Birmingham in September. The Access to HE courses have recruited well and the College will be offering an additional programme in Health in 20/21. Further residential courses will begin in late October 2020.

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Report of the Governing Body (continued)**

## **CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE**

### **Student numbers**

The College had 1,199 ESFA funded enrolments against the 2018/19 figure of 1,762. Consequently, the college fell short of its original funding allocation on its ASB allocation (£355,836 82.1%) and met its grant allocation on Community allocation (£1,067,337 100%) whilst being below Advanced Learner Loans Bursary (£316,490 97.8%). This performance was adversely impacted by the coronavirus pandemic and associated Government lockdown restrictions. However in March 2020, ESFA revised the contractual performance targets with further clarifications issued in August 2020. This reduced the performance targets to between 68% - 99.9% for AEB contracts. The ALL Bursary performance is within the ESFA 3% tolerance, and consequently there will not be any adverse financial impact for the College.

In line with its mission, Fircroft College recruits high proportions of learners who have few educational qualifications (defined as none or at level 1), are on means tested benefits or attract additional funding (disadvantaged uplift) by nature of the deprived area in which they live or their individual circumstances (e.g. mental health, substance abuse or ex-offender) :

	Total ESFA funded learners	Learners with few educational qualifications	Learners claiming benefits
Access course	19	1	11
Short courses – Adult Skills	286	88	190
Short courses – Community Learning	894	458	759
Total	1,199	547	960



## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Report of the Governing Body (continued)**

#### **CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)**

##### **Student achievements**

The college runs accredited and unaccredited courses ranging from 1 day to 30 weeks and from Entry 3 to Level 3. At every level our results are significantly above the latest national Qualification Achievement Rates:

Provision Level	2018/19			Benchmarking
	Retention Rate	Pass Rate	Achievement Rate	National QAR 18/19
Entry Level 3	98.0%	100.0%	98.0%	91.0%
Level 1	97.0%	99.9%	96.9%	
Level 2	96.5%	97.7%	94.3%	87.9%
Level 3	90.5%	100.0%	90.5%	78.5%

##### **Curriculum Developments**

The College secured significant growth in 2019/20 from West Midlands Combined Authority. This enabled us to run a range of new programmes: Microsoft and Adobe associate qualifications; a Free Thinking programme for people new to the UK who had experienced significant trauma; a Level 2 leading to a Level 3 Award in Leadership and Management; a 2<sup>nd</sup> Pre-Access course in Health leading to a 2<sup>nd</sup> Access course in Health for 2020/21.

##### **Ofsted Inspection**

The College had a short inspection in October 2017 and remains Good. We successfully completed the 4 Next Steps that inspectors recommended, in relation to Access, observations, learner goals and data. The college has been self-assessing against new Education Inspection Framework since it was introduced in September 2019.

##### **Performance Indicators**

In the most recent National Learner Satisfaction Survey, the college came top in the West Midlands with 96% of learners saying they would recommend us to family and friends. With 19 other colleges in the West Midlands we commissioned J2 Research to obtain progression data from last year's students. The % progressing to employment (25%) was comparable with the other colleges, and a scores at Fircroft were higher in relation to social skills, keeping well, being active in society, volunteering and working independently.

The College is required to complete the annual Finance Record for the ESFA. The Finance Record produces a financial health grading (as defined by the ESFA), and the College grading for 19/20 is 'Outstanding'.

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Report of the Governing Body (continued)**

#### **Covid-19**

When the college closed in March, we moved all our qualifications on-line and supported students to achieve. We rang all students and continued to ring the most vulnerable students every week. We established that 40% of our students were digitally excluded, so we ran a Wellbeing course by sending out activities and recording a video every fortnight. With the Red Cross and other partners we created and distributed 1800 learning packs for families in temporary accommodation during lockdown.

#### **Future prospects**

The College received notification in August 2020 from the ESFA that they intend to undertake a targeted assurance review of residential and learner support funding claimed by the college in 2018/19 and 2019/20. This is in addition to the review of residential funding policy which is also taking place by the DfE which will result in a new FE residential funding policy for 2021/22. Note 19 on Page 47 identifies the initial feedback from the ESFA of the assurance review.

The College, in its planning for 2020/21 is adhering to the funding rules which have now been clarified by both the DfE and the ESFA. The College has incurred a reduction in the ALL bursary allocation for the year as a direct result of the ESFA applying their interpretation of the current funding rules. To mitigate, an additional access programme in Health is planned and is currently being recruited to. Student support funding and bursaries have been completely updated and we have embedded capturing the need for students to be residents on all courses. An increase in our loans allocation and bursary will be sought in October 2020.

#### **Covid-19**

The College has planned a full programme of courses in order to meet our ESFA and WMCA contract targets. Significant changes have been made to both the curriculum plan and the College estate to ensure the college is Covid safe.



## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Report of the Governing Body (continued)**

#### **FINANCIAL POSITION**

##### **Financial results including financial objectives**

The College reports a total loss on all operations of £(92,445) (2018/19 - £110,887 surplus). Operationally the College reported a strong £246,881 surplus before investment gains and losses, reflecting the benefits of additional/growth funding contracts delivered during the year, but suffered a reduction in the value of its investment portfolio following market volatility since the start of the coronavirus pandemic.

The College continues to benefit from significant levels of investment income. However, the valuation of its investment portfolio fell by £(339,326) (9.1%) due to changes in market value, of which £(257,925) is unrealised loss on valuation. The total amount recognised in the Statement of Comprehensive Income relating to investments is £(206,403) (£227,450 in 2018/19).

##### **Covid-19**

In response to Government lockdown measures, the College closed for face-to-face delivery during March 2020, and continued delivery remotely wherever possible, and supporting existing learners to successfully complete their courses/qualifications. Additionally, contact has been maintained with learners to both help provide support during the lockdown and to provide guidance and assistance prior to their return to learning.

The ESFA provided guidance in September 2020 relating to revised reconciliation arrangements for funding contracts. The College has assessed its own delivery response and considers that it will meet the required ESFA criteria, and that there will be no requirement for clawback of income due to underperformance.

Investment income met budget targets despite declarations by a significant number of large UK corporates of suspension/reduction of dividend payments after March 2020. The College's investment managers have advised returns may fall by 13% over a full year (c £(17k)) across 2020/21. Conferencing and lettings incomes have been negatively impacted during 2019/20 by c. £(52)k due to both lockdown and other Covid-19 related restrictions.

Cash flow has been carefully managed during 2019/20, and balances increased by £140k over the year whilst also funding £280k of capital additions from free cash flow. The College has not needed to seek support from external sources or from releasing funds from its investments, and is free from borrowings.

The financial objectives set by the Governing Body and their achievement are set out below:

<b>Objectives</b>	<b>Achieved?</b>
Cash days (including short term investments) in excess of 25	Yes
Current ratio in excess of 1.5	Yes
Reserves more than 2 months core costs	Yes
Surplus for the year on core activities in excess of £20,000	Yes
15% - 25% of income to be non-governmental	No
No more than 70% of income to be payroll related	Yes
Generate cash inflow from operating activities	Yes

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Report of the Governing Body (continued)**

#### **FINANCIAL POSITION (continued)**

##### **Reserves Policy**

The College has accumulated unrestricted revenue reserves of £5,683,152 which includes £610,135 for the recognition of non-government grants under the Accounting Standard FRS 102 and is therefore not available for distribution, but to offset future depreciation charges. It also includes £565,356 of investment revaluation reserves and £1,069,150 of designated reserves whose use has been earmarked by the Governing Body - namely £341,386 for strategic purposes and £95,012 for student support and £632,752 for capital development purposes.

In recent times the College has maintained sufficient contingency funding to offset any reductions in levels of government funding. As part of the strategic review being undertaken, including evaluation of likely future funding levels, Fircroft will determine the level of reserves identified by the Governing Body as being appropriate for the College. This will develop a clear Reserves Policy, with reasons stated for holding reserves, how they will be built up and maintained. The College will review its level of reserves and its policy on an annual basis.

##### **Capital base and planned maintenance**

The College has a long lease interest in the Bristol Road property which runs to 2055, which includes the responsibility for the maintenance of the buildings and grounds. Consequently a planned maintenance programme was developed by the College in 2009. This programme was reviewed and updated in 2016 to inform future maintenance requirements. Whilst no significant items were identified, work to improve a number of smaller items is underway.

During 2019/20 the College delivered a number of important capital infrastructure projects. These have included the renovation of the Primrose Hill accommodation building, together with other renovation work to George Breeze Hall and the kitchens to include Covid-19 compliant work spaces. The College has funded a total capital expenditure of £279,523 from its own resources.

##### **Treasury policies and objectives**

Treasury management is the management of the College's cash flows, its banking 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 and under that policy any borrowings must be authorised by the College's Governing Body.

##### **Cash flows and liquidity**

The College has seen a cash inflow in 2019/20 of £139,605 (2018/19: outflow of £150,203) with the College benefiting from additional contractual work from the ESFA and West Midlands Combined Authority (WMCA). At 31<sup>st</sup> July 2020 the College had £0.6m of short term investments/cash deposits with a further £3.4m of listed investments.

The College has no borrowings. It manages its surplus cash deposits to ensure the appropriate balance between interest generation and working capital.



## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Report of the Governing Body (continued)**

#### **FINANCIAL POSITION (continued)**

##### **Trade union facility time**

The College does meet the criteria for publishing information under the Trade Union (Facility Time Publication Requirements) Regulations 2017 on facility time arrangements for trade union officials at the college.

##### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to pay invoices 30 days after either; the customer gets the invoice, or the delivery of the goods or service (if this is later). During the accounting period 1 August 2019 to 31 July 2020, the College paid 98 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

#### **RESOURCES**

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

Tangible resources include the buildings at the Bristol Road site, which are on a long lease (to 2055) from Bourneville Village Trust.

*Financial* - The College has £5.7m of net assets, with a turnover of £2.8m.

*People* - The College employs 72 people (expressed as average headcount basis), of whom 17 are teaching staff.

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

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

Governors agreed a new Risk Management Policy in March 2018. The College Risk Register continues to follow this methodology. The key risk elements at the close of 2019/20 are:

- Ability to deliver residential courses to the level required to meet our ESFA and WMCA contracts due to Covid19 restrictions
- Possibility of second wave and local or national lockdowns
- Possibility of lower numbers of adult learners enrolling
- Decline in financial health score due to audit and clawback decisions for 20/21
- Staff wellness and well-being due to Covid19 impacting on delivery
- Residential funding review resulting in a decline in funding levels for 2021/22.
- Increasing focus of Adult Education Budget on job outcomes

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Report of the Governing Body (continued)**

#### **STAKEHOLDER RELATIONSHIPS**

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

- Students
- Funding Bodies including the ESFA as our main funder and the West Midlands Combined Authority (WMCA) as our future funder under devolution of Adult Education Budget (AEB)
- FE Commissioner
- Staff, Governors and volunteers
- The voluntary sector – locally, regionally and nationally – including as employers
- Community groups – locally and regionally
- Other FE and HE institutions – particularly the other Long Term Residential Colleges and other Institutes of Adult Learning
- Birmingham and other LEAs through the Adult and Community Learning Alliance
- FE Colleges through the Further Educational Skills and Productivity Group
- Employers.

The College recognises the importance of these relationships and engages in regular communication with them through social media, regular meetings and by participating in relevant networks, joint funding bids, projects and special initiatives.

#### **Staff and student involvement**

Employee engagement, consultation and communication is a fundamental part of the current College objectives. An Employee Voice Team is in place, and meets regularly, that is made up of 2 representatives from each area of the college, 2 employee representatives, the union representative and HR. This forum is a two way mechanism for employees and management to collaborate on changes and projects that affect working life at the College. The College produces a monthly newsletter that aids communication and increases engagement. Staff are invited to termly briefings that cover strategy, news and issues.

Each academic year two student governors are elected to serve as members of the College's Governing Body, and they join two staff governors who are elected for a three year term.

The College has a Student Engagement Strategy. Students are invited to give feedback to the College through learner satisfaction surveys, feedback forms and regular focus groups and fora. This year the College has also established a group of student champions.

In March 2019 the College was re-accredited with the Matrix kite mark in relation to the Information, Advice and Guidance provided to students and staff.

#### **Equality, Diversity and Inclusion**

The College is committed to ensuring Equality, Diversity and Inclusion for all who learn, work and use the College's facilities. We respect and value positively differences and will not tolerate any form of behaviour or activity that discriminates without proper justification on the grounds of gender, race, disability, religious or cultural belief, sexual orientation, marital status, family responsibilities, age, unrelated criminal convictions and economic status.



## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Report of the Governing Body (continued)**

#### **STAKEHOLDER RELATIONSHIPS (continued)**

##### **Equality, Diversity and Inclusion (continued)**

The College seeks to create a learning community which reflects and celebrates the diverse community at large because it values the individual contributions of all. All learners, governors, staff, volunteers and visitors will be treated with respect and dignity and will be provided with a residential learning environment free from unlawful discrimination, harassment or victimisation. Within the framework of the law and best employment and educational practice, the College is committed to achieving and maintaining this environment. In 2012, Fircroft became the first College to achieve a gold award under the UK Equality and Diversity Award scheme and has been re-accredited with this award in both 2014, 2016 and 2018.

The College publishes its Equality, Diversity and Inclusion policy on its website. The College holds focus groups involving learners and staff who discuss solutions for issues affecting the College and are involved in making recommendations and setting targets. The College has an EDI team with representatives from across the College areas. There is also a designated staff member as an Equality Champion. The Operations Committee receives and discusses reports, makes recommendations and provides information to the Governing Body.

Fircroft College is a Disability Confident employer and has committed to the principles and objectives of the Disability Confident scheme. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion that are, as far as possible, identical to those for other members of staff. This is also reflected in the college policies as they are updated.

The College is passionate about providing staff and governors (as needed) with outstanding training covering issues of equality, diversity and inclusion.

##### **Disability statement**

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005 and Equality Act 2010.

- a) The College takes account of disability access in all rolling maintenance plans and new build initiatives. There are several ground floor bedrooms adapted to enable students with disabilities to engage in residential learning. Access in and around the building has also been improved.
- b) Any appeals against a decision not to offer a place to a student are dealt with under the complaints policy and procedure. These are monitored for protected characteristics.
- c) The College has an ongoing programme of staff development to ensure that all staff are aware of the issues and needs of people with learning difficulties and/or disabilities.
- d) Staff members are available to advise and make arrangements for any student or member of staff who require any additional support including the purchase of specialist equipment or support staff.

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Report of the Governing Body (continued)**

#### **Covid-19**

The College has a wide range of stakeholders, many from the local community, and all of whom have been impacted to varying degrees to the coronavirus pandemic. The College has re-opened in September 2020 and every effort is being made to re-engage with stakeholders, especially with students and referral partners.

#### **Disclosure of information to auditors**

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

Approved by order of the members of the Governing Body on 27<sup>th</sup> January 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Dr C Turner', is written over the printed name and title.

**Dr C Turner**  
**Chair**



**Corporate Governance**

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 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);
- ii. in accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Foundation Code”); and
- iii. having due regard to the UK Corporate Governance Code (“the Code”) insofar as it is applicable to the further education sector.

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

In the opinion of the Governing Body, the College complies with the provisions of the Code in so far as they apply to the Further Education sector, and it has complied throughout the year ended 31 July 2020. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted in July 2015.

As a registered Charity, the Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission’s guidance on public benefit and that the required statements appear elsewhere in these financial statements.

# FIRCROFT COLLEGE OF ADULT EDUCATION

## Statement of Corporate Governance and Internal Control (continued)

### 1.1 The Governing Body

The governors who served on the Governing Body (GB) during the year and up to the date of signature of this report are set out below:

Name	Date of Appointment	Term of office	Date of resignation	Category of membership	Attendance GB	Other	Committees Served
Dr C Turner (Chair)	July 2016 Reappointed July 2019	3 years		Co-opted	8/8	8/9	Chair of G and O E and R E,O,SS
Ms M Lenehan (Principal)	March 2016	Ex-Officio		Ex-Officio	8/9	6/6	E,O,SS
L Lucas (Vice Chair)	July 2003 Re-appointed July 2014 July 2017	3 years	March 2020	Co-opted	2/4	2/3	A and SS (Chair)
B Kehrer	October 2009 Re-appointed July 2015 July 2018	3 years	July 2020	Voluntary sector	4/7	3/6	A and G
E Hibbert	October 2018	3 years	December 2019	Co-opted	0/2	0/1	E
Mr A M Chishti	July 2012 Re-appointed July 2015 July 2018	3 years		Voluntary sector	6/9	4/5	E, SS and R
Rev J Mullis	July 2017 Re-appointed July 2020	3 years		Cadbury Family	8/9	5/5	E, SS and R (Chair)
Mr T Pettitt	March 2015 Re-appointed July 2018	3 years		Voluntary sector	8/9	5/5	E Chair, O and R
Ms N Chauhan	Oct 2017	3 years		Staff governor	7/9	2/2	O
Mr J Darling (Vice-Chair Since March 2020)	July 2017 Reappointed July 2020	3 years		Co-opted	9/9	7/7	A (Chair) and G
Ms R Woodcock - Griffiths	Oct 2017	3 years		Co-opted	0/9		
Amarno Inai	Oct 2019	1 year	May 2020	Student governor	2/6	2/2	SS
Parveen Dad	Oct 2019	1 year	May 2020	Student governor	1/6	1/2	SS
Parminder Garcha	July 2019	3 years		Co-opted	4/9	2/3	A
Vivienne Shapley	Dec 2019	3 years		Co-opted	6/7		
Adeeb Basharat	March 2020	3 years	Sept 2020	Staff governor	4/5		
Omar Rashid	March 2020	3 Years		Co-opted	3/5		

Committee key A = Audit Committee E = Education Committee G=Governance Committee  
O = Operations Committee R = Remuneration Committee SS = Student Services Committee



## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Statement of Corporate Governance and Internal Control (continued)**

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#### **1.1 The Governing Body (continued)**

Attendance information shows Governing Body attendance and then Committee attendance during the period to 29 July 2020 (last meeting of 2019/2020).

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

The Governing Body 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 Governing Body meets four times each year.

The Governing Body conducts its business through a number of committees. In July 2018, a new committee structure was approved and the committees effective from the year 2018/2019 are Education Committee, Operations Committee, Student Services Committee, Audit Committee and Governance Committee (approved by the Governing Body at the October 2018 meeting). Full minutes of all meetings, except those deemed to be confidential by the Governing Body, are available on application from the Clerk to the Governing Body at:

Fircroft College, 1018 Bristol Road, Selly Oak, Birmingham, B29 6LH.

The Clerk to the Governing Body maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

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

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

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

#### **Covid-19**

Following the closure of the College for face-to-face teaching in March 2020, the Governing Body determined to move to monthly meetings during the Covid-19 emergency. Audit and Governance Committees were retained on a termly basis, all other committees halted and with business covered by Governing Body. This model of business is carried forward into 2020/21, and is reviewed termly.

**1.2 Appointments to the Governing Body**

Any new appointments to the Governing Body are a matter for the consideration of the Governing Body as a whole. The Governing Body has a Governance committee, which is comprised of at least three governors and is responsible for the selection and nomination of any new member for the Governing Body's consideration. The Governing Body is responsible for ensuring that appropriate training is provided as required. Members of the Governing Body are now appointed for a term of office not exceeding 3 years in the first instance.

**1.3 Remuneration Committee**

Throughout the year ending 31 July 2020, the members of the College's remuneration committee were the same as the College's Operations Committee (excluding the Principal and staff governor). The committee's responsibilities are to make recommendations to the Governing Body on the remuneration and benefits of the Accounting Officer and other key management personnel. Details of remuneration for the year ended 31 July 2020 are set out in note 7 to the financial statements.

**1.4 Audit Committee**

The Audit Committee comprises four governors of the College (who exclude the Accounting Officer and Chair) and an external member. The Committee operates in accordance with written terms of reference approved by the Governing Body.

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

The College's internal auditors 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 audit recommendations, and internal audit undertakes periodic follow up reviews to ensure such recommendations have been implemented.

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

**1.5 Internal Control**

**Scope of responsibility**

The Governing Body 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 Governing Body 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



## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Statement of Corporate Governance and Internal Control (continued)**

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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 ESFA. She is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk 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 Fircroft College for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

#### **Capacity to handle risk**

The Governing Body 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 Governing Body 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 accounts. This process is regularly reviewed by the Governing Body.

#### **The risk and control framework**

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

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

Fircroft 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 College's Governing Body on the recommendation of the Audit Committee. At minimum annually, the head of the internal audit (HIA) provides the Governing Body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes. The Covid-19 related move by the College to remote operations during mid-March 2020 impacted upon the schedule of internal audits, with two of four planned audits being cancelled. As a consequence of this reduced work programme the HIA has not included an opinion relating to 2019/20.



**1.5 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.
- comments made by the College's financial statements auditors and the regularity reporting accountants in their management letters and other reports.

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

The management team receives reports setting out key performance and risk indicators, and considers possible control issues brought to their attention by early warning mechanisms, which are embedded across the College. The management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Governing Body's agenda includes a regular item for consideration of risk and control and receives reports thereon from the management team and Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2020 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the management 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 Governing Body 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 safeguarding of their assets*".

**1.6 Corporation performance**

The Corporation has not carried out a self-assessment of its own performance for the year ended 31st July 2020.

**1.7 Going Concern**

The Governors have considered the requirement that the financial statements should be prepared on a going concern basis unless they intend to liquidate the charity or cease operations, or have no realistic alternative but to do so.

After making appropriate enquiries, the Governing Body considers that the College has adequate resources to continue in operational existence for the foreseeable future, and are committed to fund any shortfall for



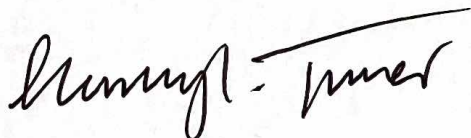
## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Statement of Corporate Governance and Internal Control (continued)**

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maintain a high level of liquid and investment assets which total over £4.15m at 31st July 2020, and provides a substantial 1.7 times cover over its current funding. The College has no borrowings, banking covenants or pension deficits, and returned a strong operational performance of the College in 2019/20 in achieving an ESFA Financial Health Score of Outstanding.

Approved by order of the members of the Governing Body on 27<sup>th</sup> January 2021 and signed on its behalf by:



**Dr C Turner**  
**Chair**



**M Lenehan**  
**Accounting Officer**

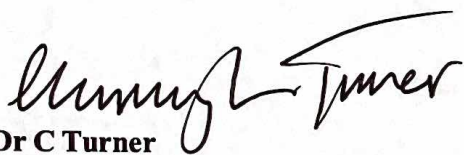
## **FIRCROFT COLLEGE OF ADULT EDUCATION**

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

The College has considered its responsibility to notify the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with 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 College, 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 Education & Skills Funding Agency's terms and conditions of funding under the College's financial memorandum.

We confirm that no instances of material irregularity or funding non-compliance have been discovered to date beyond those disputed items outlined in note 19 in the notes to the accounts. If any instances are identified after the date of this statement, these will be notified to the ESFA.



**Dr C Turner**  
**Chair**



**M Lenehan**  
**Accounting Officer**

Date: 27<sup>th</sup> January 2021



## FIRCROFT COLLEGE OF ADULT EDUCATION

### Statement of Responsibilities of the Governing Body

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The members of the Governing Body (who act as trustees for the charitable activities of the College) are required to present audited financial statements for each financial year.

The law applicable to charities in England and the terms and conditions of the Financial Memorandum between the Education & Skills Funding Agency and the Governing Body of the College, requires the Governing Body of the College, through its Accounting Officer, to prepare financial statements and the for each financial year in accordance with the *2015 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2019 to 2020* issued by the ESFA, and which give a true and fair view of the state of affairs of the College and of the College's result for that period.

In preparing the financial statements, the Governing Body is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

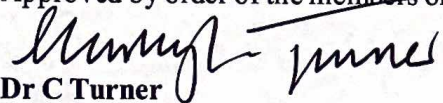
The Governing Body is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

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

Approved by order of the members of the Governing Body on 27<sup>th</sup> January 2021 and signed on its behalf by:

  
Dr C Turner  
Chair



**Opinion**

We have audited the financial statements of Fircroft College of Adult Education (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 and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the college's affairs as at 31 July 2020 and of its surplus of expenditure over income for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

**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 Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governing Body has 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 Governing Body is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, 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 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.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 or the Post 16 Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- the information given in the Report of the Governing Body is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of the Governing Body**

As explained more fully in the statement of responsibilities of members of the Governing Body, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body determines 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 Governing Body is responsible for assessing the college's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Body either intends to liquidate the college or to cease operations, or has 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.

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

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](http://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 Governing Body in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the Members of the Governing Body 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 Governing Body, for our audit work, for this report, or for the opinions we have formed.

*Buzzacott LLP*

Buzzacott LLP  
Chartered Accountants and Registered Auditor  
130 Wood Street  
London  
EC2V 6DL

10 February 2021



**Reporting Accountant's Report on Regularity to the Governing Body of Fircroft College ("the Governing Body") and the Secretary of State for Education acting through the Education and Skills Funding Agency ("the ESFA")**

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In accordance with the terms of our engagement letter dated 20 October 2020 and further to the requirements of the financial memorandum with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Fircroft 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) returns, for which the ESFA has other assurance arrangements in place.

This report is made solely to the Governing Body of Fircroft 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 Governing Body 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 Governing Body of Fircroft College and the ESFA for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of the Governing Body of Fircroft College and the reporting accountant**

The Governing Body of Fircroft 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 year ended 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 Post 16 Audit Code of Practice 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.

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Reporting Accountant's Report on Regularity to the Governing Body of Fircroft College of Adult Education ("the Governing Body") and the Secretary of State for Education acting through the Department for Education ("the Department") (continued)**

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#### **Approach (continued)**

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 self-assessment questionnaire 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, except for the matter listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year ended 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.

The ESFA has undertaken a targeted assurance review of residential and learner support funding claimed by the College in 2018/19 and 2019/20. As detailed in note 19, this review has identified a potential variance in treatment from the 2013/14 agreement to the latest funding rules of between £309,000 and £350,000.

*Buzzacott LLP*

Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

10 February 2021



# FIRCROFT COLLEGE OF ADULT EDUCATION

## Statement of Comprehensive Income and Expenditure

	Note	2020 £	2019 £
<b>Income</b>			
Funding body grants	1	2,429,348	1,914,371
Tuition fees and education contracts	2	256,518	121,822
Other income	3	17,986	84,489
Investment income	4	132,923	145,685
Donations	5	13,000	15,500
<b>Total Income</b>		<b>2,849,775</b>	<b>2,281,867</b>
<b>Expenditure</b>			
Staff costs	6	1,731,624	1,484,102
Other operating expenses	8	669,937	614,301
Depreciation	10	201,333	154,342
<b>Total Expenditure</b>		<b>2,602,894</b>	<b>2,252,745</b>
<b>Surplus before other gains and losses</b>		<b>246,881</b>	<b>29,122</b>
(Loss) / Gain on investments			
Net realised		(81,401)	(11,967)
Net unrealised		(257,925)	93,732
<b>(Deficit) / Surplus before Tax</b>		<b>(92,445)</b>	<b>110,887</b>
Taxation	9	-	-
<b>Total Comprehensive Income for the Year</b>		<b>(92,445)</b>	<b>110,887</b>
Represented by:			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		(92,445)	110,887
		<b>(92,445)</b>	<b>110,887</b>

**FIRCROFT COLLEGE OF ADULT EDUCATION****College Statement of Changes in Reserves**

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	<b>Income and Expenditure Reserves</b>	<b>Restricted Reserves</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 1<sup>st</sup> August 2018</b>	5,661,710	54,952	5,716,662
Surplus from the income and expenditure account	110,887		110,887
Transfers between restricted and unrestricted reserves	3,000	(3,000)	-
<b>Balance at 31<sup>st</sup> July 2019</b>	<u>5,775,597</u>	<u>51,952</u>	<u>5,827,549</u>
Deficit from the income and expenditure account	(92,445)	-	(92,445)
Transfers between restricted and income and expenditure reserves	-	-	-
<b>Balance at 31<sup>st</sup> July 2020</b>	<u>5,683,152</u>	<u>51,952</u>	<u>5,735,104</u>

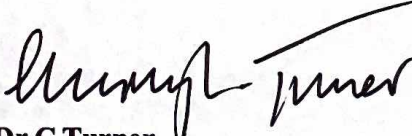


# FIRCROFT COLLEGE OF ADULT EDUCATION

## Balance Sheet as at 31 July

	Note	2020 £	2019 £
<b>Non-Current Assets</b>			
Tangible fixed assets	10	2,363,855	2,285,665
Investments	11	3,507,528	3,762,705
<b>Total fixed assets</b>		<b>5,871,383</b>	<b>6,048,370</b>
<b>Current assets</b>			
Stock		3,691	3,775
Trade and other receivables	12	87,329	134,536
Short term investments	13	148,666	148,695
Cash and cash equivalents		498,696	439,259
<b>Total current assets</b>		<b>738,382</b>	<b>726,265</b>
<b>Less : Creditors - amounts falling due within one year</b>	14	<b>(264,526)</b>	<b>(316,951)</b>
<b>Net current assets</b>		<b>473,856</b>	<b>409,314</b>
<b>Total assets less current liabilities</b>		<b>6,345,239</b>	<b>6,457,684</b>
<b>Creditors - amounts falling due after one year</b>	15	<b>(610,135)</b>	<b>(630,135)</b>
<b>NET ASSETS</b>		<b>5,735,104</b>	<b>5,827,549</b>
<b>Restricted reserves</b>	16	<b>51,952</b>	<b>51,952</b>
<b>Unrestricted reserves</b>			
Income and expenditure account		5,683,152	5,775,597
<b>Total reserves</b>		<b>5,735,104</b>	<b>5,827,549</b>

The financial statements on pages 29 to 50 were approved by the Governing Body and authorised for issue on 27<sup>th</sup> January 2021 and were signed on behalf of the Governing Body by:

  
**Dr C Turner**  
Chair

  
**M Lenehan**  
Accounting Officer

**FIRCROFT COLLEGE OF ADULT EDUCATION**  
**Statement of Cash Flows**

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	Note	2020 £	2018 £
<b>Cash flows from operating activities</b>			
(Deficit) surplus for the year		(92,445)	110,887
<b>Adjustment for non-cash items</b>			
Depreciation		201,333	154,342
Decrease / (Increase) in stocks		84	(361)
Decrease / (Increase) in debtors		47,207	(37,481)
(Decrease) / Increase in creditors due within one year		(52,425)	62,667
(Decrease) in creditors due after one year		(20,000)	(20,000)
<b>Adjustment for investing or financial activities</b>			
Net investment gain		339,297	(81,751)
Investment income		(132,923)	(145,685)
<b>Net cash flow from operating activities</b>		<u>290,128</u>	<u>42,618</u>
<b>Cash flows from investing activities</b>			
Investment income		132,923	145,685
Disposal of non-current asset investments		363,422	515,086
Payments made to acquire non-current asset investments		(367,345)	(406,291)
Payments made to acquire fixed assets		(279,523)	(447,301)
<b>Net cash flow from investing activities</b>		<u>(150,523)</u>	<u>(192,821)</u>
<b>Increase / (Decrease) in cash and cash equivalents in the year</b>		<u>139,605</u>	<u>(150,203)</u>
Cash and cash equivalents at beginning of the year	17	611,166	761,369
Cash and cash equivalents at end of the year		<u>750,771</u>	<u>611,166</u>



**Accounting policies**

***Statement of accounting policies***

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

***Basis of preparation***

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 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 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 unless otherwise stated.

***Going concern***

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Report of the Governing Body. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes, and note 19 outlining contingent liabilities and post balance sheet events.

The College has no loans or overdrafts and the College's forecasts and financial projections indicate that none will be required for the foreseeable future. Accordingly the College has a reasonable expectation that it has more than adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

***Recognition of income***

***Revenue grant funding***

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

**Accounting policies (continued)**

***Recognition of income (continued)***

***Revenue grant funding (continued)***

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

***Capital grant funding***

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

***Fee income***

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

***Investment income***

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

***Restricted reserves***

Where income is received for purposes specified by the donor or by the terms of appeal under which it was raised, that income is included in the restricted reserves. Any use of the restricted reserve is included as expenditure shown on the face of the Statement of Comprehensive Income.



**Accounting policies (continued)**

***Accounting for post-employment benefits***

Post-employment benefits to tutors of the College are provided by the Teachers' Pension Scheme (TPS). The TPS is a defined benefit scheme, which is externally funded and contracted out of the State Second Pension.

***Teachers pension scheme***

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the 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.

The TPS is a multi-employer scheme and the College does not possess sufficient information to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

No members of staff are members of the Local Government Pension Scheme (LGPS).

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

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

The College's policy is to carry all assets at historical cost, except the financial benefit of the lease arrangements (see below) which is carried at valuation but now deemed costs.

***Land and buildings***

The College does not pay a market rate for the lease of the premises from which it operates, hence the College has capitalised the benefit it receives from this arrangement.

Any improvements to the buildings are included at cost. Finance costs, which are directly attributable to the construction of land and buildings are capitalised as part of the cost of those assets.

***Equipment***

Equipment costing less than £250 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Notes to the Accounts (continued)**

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#### **Accounting policies (continued)**

##### ***Non-Current Assets - Tangible fixed assets (continued)***

###### ***Depreciation***

Long leasehold land and buildings are depreciated on a straight line basis over the term of the lease (45 years to 1 April 2055).

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

General equipment	5 years
Computer equipment	3 years
Furniture, fixtures and fittings	10 years
Computer software	5 years

A full year's depreciation will be calculated and applied in the financial year of acquisition of any asset.

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. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

###### ***Subsequent expenditure on existing fixed assets***

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

##### ***Leased assets***

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term.

##### ***Investments***

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

##### ***Stocks***

Stocks are stated at the lower of their cost (using the cost method) and net realisable value being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow moving and defective items.

##### ***Maintenance of premises***

The College has a maintenance plan in line with its obligations under its lease agreement with Bournville Village Trust.



**Accounting policies (continued)**

**Financial liabilities and equity**

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

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

***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 charity 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 similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

***Cash and cash equivalents***

Cash includes cash in hand, and sums on short term deposits with recognised banks, investment managers, building societies and government securities. 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.

***Provisions and contingent liabilities***

Provisions are recognised where the College has a present legal or constructive obligation as a result of a past event and 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

**Accounting policies (continued)**

College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

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

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group'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***

The total figure for Tangible Fixed Assets includes £1,281,900 which is the value, deemed cost, ascribed to the financial benefit of the long leasehold properties transferred to Fircroft College by professional valuers in 2009 and 2010.

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. As noted above the long leasehold property is depreciated over the remaining lease term.



# FIRCROFT COLLEGE OF ADULT EDUCATION

## Notes to the Accounts (continued)

### 1 Funding Body Grants

	2020 £	2019 £
Recurrent grants		
ESFA delivery	1,501,575	1,572,621
ESFA student support funds	328,433	321,750
West Midlands Combined Authority delivery	550,000	-
Specific grants		
Teachers Pension Scheme contributory grant	29,340	-
Release of government capital grants	20,000	20,000
<b>Total</b>	<b>2,429,348</b>	<b>1,914,371</b>

### 2 Tuition Fees and Education Contracts

	2020 £	2019 £
Advanced level course fees for learners aged over 24	46,596	41,300
Tuition fees	11,308	12,955
Education contracts	198,614	67,567
<b>Total</b>	<b>256,518</b>	<b>121,822</b>

### 3 Other Income

	2020 £	2019 £
Residencies, catering and conferences	13,551	52,064
Miscellaneous income	4,435	32,425
<b>Total</b>	<b>17,986</b>	<b>84,489</b>

# FIRCROFT COLLEGE OF ADULT EDUCATION

## Notes to the Accounts (continued)

### 4 Investment Income

	2020 £	2019 £
Other investment income	131,865	143,869
Other interest receivable	1,058	1,816
<b>Total</b>	<b>132,923</b>	<b>145,685</b>

### 5 Donations

	2020 £	2019 £
Donation for upkeep of the gardens	2,000	15,500
Other Donations and Bequests	11,000	-
<b>Total</b>	<b>13,000</b>	<b>15,500</b>

### 6 Staff Costs

The average number of persons (including key management personnel) employed by the College during the year, on an average headcount basis, was:

	2020 No.	2019 No. (Restated)
Teaching staff	17	12
Non-teaching staff	55	72
	<b>72</b>	<b>84</b>

#### Staff costs for the above persons

	2020 £	2019 £
Wages and salaries	1,367,641	1,166,454
Social security costs	119,033	103,104
Other pension costs	163,204	114,768
<b>Payroll sub total</b>	<b>1,649,878</b>	<b>1,384,326</b>
Contracted out staffing services	78,246	78,110
	<b>1,728,124</b>	<b>1,462,436</b>
Fundamental restructuring costs – contractual	3,500	21,666
<b>Total staff costs</b>	<b>1,731,624</b>	<b>1,484,102</b>



**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 Principal and the Vice Principal.

The Governing Body works to an agreed process of reviewing the remuneration of the senior post holders based on review against whole college performance measures, as previously defined by governors and used for college wide pay reviews, and relevant benchmarking. The Remuneration Committee receives reports directly from Head of People and Commercial Development (who performs this role on behalf of the Committee). The Remuneration Committee evaluates the whole college performance measures and reviews benchmarking data from other IAL's, where available, and the AOC, then agrees recommendations to be made to the full Governing Body for any changes in remuneration. The principles of fairness, independence, justification and transparency are delivered through the agreed procedure and reporting process.

Staff costs include compensation paid to key management personnel for loss of office.

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

	2020 No	2019 No
Number of key management personnel including the Accounting Officer was:	<u>2</u>	<u>3</u>

The number of key management personnel and other staff who received annual emoluments, excluding employer contributions to national insurance and pensions but including benefits in kind, above £60,000 was:

	Key management personnel		Other staff	
	2020 No.	2019 No.	2020 No.	2019 No.
£60,001 to £65,000 p.a.	1	-	-	-
£95,001 to £100,000 p.a.	-	1	-	-
£100,001 to £105,000 p.a.	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2</u>	<u>1</u>	<u>-</u>	<u>-</u>

## FIRCROFT COLLEGE OF ADULT EDUCATION

### Notes to the Accounts (continued)

#### 7 Emoluments of Key management personnel, Accounting Officer and other higher paid staff (continued)

Key management personnel emoluments are made up as follows:	2020 £	2019 £
Salaries	161,646	210,842
Social security costs	19,911	25,341
	<u>181,557</u>	<u>236,183</u>
Pension contributions	38,278	34,456
	<u>219,835</u>	<u>270,639</u>

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

The above compensation includes amounts paid to the Principal and Chief Executive who is the accounting officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2020 £	2019 £
Salaries	100,614	96,796
Pension contributions	23,825	15,952
	<u>124,439</u>	<u>112,748</u>

The pension contributions in respect of the Accounting Officer and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme or College scheme as appropriate. These are all paid at the same rate as for all other members of the Teachers' Pension Scheme.

The Governors of the College, other than the Accounting Officer and staff members, did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. The College does not have any overseas activities. Compensation for loss of office has been paid to one former member of key management personnel.

#### Compensation for loss of office paid to former key management personnel

	2020 £	2019 £
Compensation paid to the former post-holder – contractual		19,841

The severance payment was approved by the College's Remuneration Committee and Governing Body.



# FIRCROFT COLLEGE OF ADULT EDUCATION

## Notes to the Accounts (continued)

### 7 Emoluments of Key management personnel, Accounting Officer and other higher paid staff (continued)

	2020	2019
Principal's basic salary as a multiple of the median of all staff	5.4	5.4
Principal and CEO's total remuneration as a multiple of the median of all staff	5.45	5.4

### 8 Other operating expenses

	2020 £	2019 £
Teaching costs	115,674	102,000
Non-teaching costs	435,577	394,159
Premises costs	118,686	118,142
<b>Total</b>	<b>669,937</b>	<b>614,301</b>

The College has a contractual obligation to maintain the buildings it leases from Bourneville Village Trust and consequently has a planned maintenance programme for these buildings. More information can be found in the Report of the Governing Body, Capital base and planned maintenance, on page 6.

	2020 £	2019 £
<b>Other operating expenses include:</b>		
Auditor's remuneration:		
- Financial statements audit	10,740	9,732
- Other services provided by the financial statements auditors	8,304	7,596
- Internal auditors' remuneration	8,244	10,680
Hire of land and buildings under operating leases	149	149

### 9 Taxation

The Governors do not believe the College to be liable for any income tax arising out of its activities during either year.

# FIRCROFT COLLEGE OF ADULT EDUCATION

## Notes to the Accounts (continued)

### 10 Tangible fixed assets

	Land and buildings long leasehold £	Equipment and furniture £	Total £
<b>Cost or valuation</b>			
At 1 August 2019	3,418,577	679,065	4,097,642
Additions	118,876	160,647	279,523
Disposals	-	(76,612)	(76,612)
<b>At 31 July 2020</b>	<b>3,537,453</b>	<b>763,100</b>	<b>4,300,553</b>
<b>Depreciation</b>			
At 1 August 2019	1,384,947	427,030	1,811,977
Charge for the year	64,138	137,195	201,333
Eliminated in respect of disposals	-	(76,612)	(76,612)
<b>At 31 July 2020</b>	<b>1,449,085</b>	<b>487,613</b>	<b>1,936,698</b>
<b>Net book value at 31 July 2020</b>	<b>2,088,368</b>	<b>275,487</b>	<b>2,363,855</b>
Net book value at 31 July 2019	2,033,630	252,035	2,285,665

### 11 Non-current investments

	2020 £	2019 £
Balance at 1 August 2019	3,739,493	3,766,537
Additions at cost	367,345	406,291
Disposals at book value (proceeds £363,422, realised losses £(81,401))	(444,823)	(527,053)
Net (losses) gains on revaluation at 31 July 2020	(257,896)	93,718
<b>Market value at 31 July 2020</b>	<b>3,404,119</b>	<b>3,739,493</b>
Cash held by investment managers	103,409	23,212
<b>Balance at 31 July 2020</b>	<b>3,507,528</b>	<b>3,762,705</b>
Represented by:		
Fixed interest stocks (listed)	799,874	879,894
Equities and unit trusts (listed)	1,611,878	1,776,626
Overseas (listed)	992,367	1,082,973
Cash balances	103,409	23,212
<b>Total</b>	<b>3,507,528</b>	<b>3,762,705</b>
<b>Total cost of listed investments</b>	<b>2,639,578</b>	<b>2,616,933</b>



# FIRCROFT COLLEGE OF ADULT EDUCATION

## Notes to the Accounts (continued)

### 12 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Amounts due from the ESFA	-	45,030
Trade debtors	14,132	19,059
Prepayments and accrued income	73,197	70,447
<b>Total</b>	<b>87,329</b>	<b>134,536</b>

### 13 Current Investments

	2020 £	2019 £
Short term deposits	148,666	148,695
	<b>148,666</b>	<b>148,695</b>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date.

### 14 Creditors: Amounts Falling Due within One Year

	2020 £	2019 £
Trade creditors	92,280	52,394
Other creditors	64,641	64,014
Other taxation and social security	33,284	30,393
Accruals	54,321	70,222
Deferred income – Government Capital grants	20,000	20,000
Amounts owed to the ESFA	-	79,928
<b>Total</b>	<b>264,526</b>	<b>316,951</b>

# FIRCROFT COLLEGE OF ADULT EDUCATION

## Notes to the Accounts (continued)

### 15 Creditors: Amounts Falling Due after One Year

	2020 £	2019 £
Deferred income – Government Capital grants	<u>610,135</u>	<u>630,135</u>

### 16 Restricted Reserves

	2020 £	2019 £
Centenary Appeal	30,280	30,280
Student Hardship	8,444	8,444
Work with ex-offenders	13,228	13,228
	-	-
<b>Total</b>	<u>51,952</u>	<u>51,952</u>

### 17 Cash and cash equivalents and analysis of changes in net debt

	2019 £	Cash Flows £	2020 £
Cash at bank and in hand	439,259	59,437	498,696
Cash held in short term investments	148,695	(29)	148,666
Cash held by investment managers	23,212	80,197	103,409
<b>Net Funds</b>	<u>611,166</u>	<u>139,605</u>	<u>750,771</u>

### 18 Lease obligations

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

Future minimum lease payments due	2020 £	2019 £
<b>Land and buildings</b>		
Not later than one year	149	149
Later than one year and not later than five years	596	596
Later than five years	4,424	4,573
	<u>5,169</u>	<u>5,318</u>



**18 Lease obligations (continued)**

<b>Other</b>		
Not later than one year	8,454	7,914
Later than one year and not later than five years	18,322	25,156
	<u>26,776</u>	<u>33,070</u>
<b>Total lease payments due</b>	<u>31,945</u>	<u>38,389</u>

**19 Contingent liabilities and post balance sheet events**

During 2019 the DfE signalled its intention to undertake a review of residential funding policy, and in August 2020 the ESFA informed the College of its intent to perform a targeted assurance review of residential and learner support funding across the four Specially Designated Institutions (SDI's) remaining in England.

The ESFA tasked the Provider Market Oversight Assurance Team (PMOA) to undertake its review with the following scope "This assurance review has been assigned to the team because of concerns that have been identified following both an audit at Ruskin College and an analysis of the data supplied by the three Specialist Designated Institutions (SDIs) in response to the preliminary work for the review of the residential access funding for 2021/22. This targeted assurance review will allow the ESFA to quantify any funds at risk for the three SDIs concerned".

In further clarification received on the 10<sup>th</sup> September 2020 from the ESFA PMOA team the scope of their review was identified as residential and learner support funding claimed by the College in 2018/19 and 2019/20.

Since 2013/14 the College has followed the funding terms included within an agreement between the SDI's and ESFA (an agreement recognised by the ESFA). However ESFA claim they have changed and modified their Funding Rules since 2013/14, but without specific notice of change to the SDI's or of fundamental change from the nature of the 2013/14 agreement.

ESFA PMOA Team in January 2021 have provided their initial valuation of variance in treatment from the 2013/14 agreement to their latest funding rules. For the years under review (2018/19 and 2019/20) they have calculated a preliminary variance of £309k - £350k in favour of ESFA. ESFA have indicated they will seek to recover this value from the College. Furthermore, they have verbally indicated that they reserve the right to further review years 2016/17 and 2017/18, but have given no indication of recovery considerations.

ESFA are yet to provide the College with formal notification of the claim, or the basis upon which they are seeking clawback. The College has not agreed with any of the claim(s), had no opportunity to review or challenge the ESFA's position or assessment, and no payment timetable exists.

Based on the information available to Governors when approving the financial statements, no evidence has been provided that ESFA's position is legally valid or enables the probability or amount of any potential obligation to be measured with sufficient reliability. The College has engaged legal advice in the determination of this matter.

Governors have specifically considered the implications of the interim ESFA report against these financial statements, current liquidity, and forward business plans. They continue to believe the College remains viable and robust.

## **20 Related party transactions**

### **a) Funding Bodies**

Transactions with the ESFA are detailed in notes 1, 11, 12 and 13.

### **b) Governors**

The total expenses paid to or on behalf of the Governors during the year was £984 in respect of 1 governor (2019: £1,027; in respect of 3 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2019: none).

### **c) Other related parties**

A total amount of £10,875 of consulting fees in the year (2019 - £12,163) were paid to the husband of the Chair of Governors for the provision of specialist sector knowledge and support in areas of financial modelling and management information systems. A balance of £nil (2019 - £nil) was due to them at year end. The College sought and gained Charity Commission approval for this appointment, which was approved by Governing Body in December 2019.

A total amount of £39,581 (2019 - £43,571) were paid to companies within the Pertemps Group under long established agreements. A balance of £nil (2019 - £11,503) was due to them at year end. The wife of the governor Mr Earl Hibbert is a salaried director with Pertemps. Mr Hibbert became a governor of the College in October 2018, and subsequent to the arrangements with Pertemps, and resigned in December 2019.



**21 Pension and similar obligations**

The College's employees belong to two principal pension schemes, the Teachers Pension Scheme England and Wales ('TPS') for academic staff and a group pension plan for non-academic staff. The group pension plan is administered by The People's Pension. The TPS scheme is a defined benefit scheme and the group pension plan is a defined contribution scheme. The College pays employer contributions at a rate 23.68%.

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

**Total pension cost for the year**

	2020	2019
	£	£
Teachers' Pension Scheme; employer contributions paid	107,585	58,353
Group Pension Plan: employer contributions paid	55,758	56,540
<b>Total pension cost for the year</b>	<b>163,343</b>	<b>114,893</b>

There were outstanding contributions of £21,099 at 31 July 2020 (2019 - £16,004).

**Teachers' Pension Scheme**

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

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

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

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

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

**20 Pension and similar obligations (continued)**

**Teachers' Pension Scheme (continued)**

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 2018/19). 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 at the following location:

<https://www.teacherspensions.co.uk/-/media/documents/member/documents/news-items/teachers-pension-scheme-actuarial-valuation-2016>

The pension costs paid to TPS in the year amounted to £107,585 (2019 - £58,353).