

Fircroft College of Adult Education

Report and Financial Statements

Year Ended

31 July 2023

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 2022/23:

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

Board of Governors

A full list of Governors is given on pages 16 & 17 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

Internal Auditors

RSM
St Philips Point
Temple Row
Birmingham
B2 5AF

Bankers

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

Investment Management

Evelyn Partners
9 Colmore Row
Birmingham
B3 2BJ

FIRCROFT COLLEGE OF ADULT EDUCATION

Contents

Contents

Page:

4	Report of the Governing Body
14	Statement of Corporate Governance and Internal Control
22	Governing Body's statement on the College's regulatory, propriety and compliance with Funding body terms and conditions of funding
23	Statement of Responsibilities of the Governing Body
25	Independent Auditor's Report to the Governing Body of Fircroft College of Adult Education
29	Reporting Accountant's Report on Regularity to the Governing Body of Fircroft College of Adult Education and the Secretary of State for Education acting through the Department for Education
31	Statement of Comprehensive Income and Expenditure
32	College Statement of Changes in Reserves
33	Balance Sheet as at 31 July
34	Statement of Cash Flows
35	Notes to the Accounts

NATURE, OBJECTIVES AND STRATEGIES

The members of the Governing Body present their report and the audited financial statements for the year ended 31 July 2023.

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).

On 29 November 2022, the Office for National Statistics reclassified all college corporations to Central Government sector with immediate effect. The College (with all Further Education (FE) colleges) must now meet the overall requirements in HM Treasury's document Managing Public Money (MPM) and other related obligations. (As collected in the letter dated 29th November 2022 from the CEO of the Education and Skills Funding Agency (ESFA) to all Accounting Officers, and ESFA issued bite sized guides).

Public Benefit Test

The members of the Governing Body, who are trustees of the charity, are disclosed on page 16. 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 6 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 and climate/environmental justice by providing adults with an excellent learning environment for personal, professional and political development*'.

Values

Following an extensive review in 2022-23 academic year, the College has revised its values. These now are;

- Supportive
- Collaborative
- Anti-racist
- Brave
- Empowering
- Authentic

FIRCROFT COLLEGE OF ADULT EDUCATION

Report of the Governing Body (continued)

Implementation of strategic plan

Following a strategic review in 2018, the College had a five year strategy and implementation plan which focused on ensuring the long term sustainability of the College. This built upon the success of its previous strategy and was embedded across the College in terms of its delivery for 2022/23.

The college's strategic themes and goals for 2022/23 were reviewed by college leaders. The themes were revised to; Learning, Wellbeing, Equity, Digital and Environment and Sustainability. Following the Covid-19 pandemic, the college revised its strategic plan under the themes of, Respond, Recover, Restore and Rebuild.

The College's Strategic Goals throughout the year were 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

In the 2022/23 Annual Financial Statements the College announced its intention to move from its charitable trust status to an incorporated charitable body, which was achieved on 1st August 2023. To align with this change in legal status the College developed its successor strategic plan, which was approved at the first Governing Body of Fircroft College of Adult Education Ltd on 12th July 2023. This strategy will run through until 2030 and aligns with the UN 2030 plan of action for People, Planet and Prosperity.

The College's Strategic Goal moving forward to 2030 is;

To support the development of global sustainable citizens through residential adult education.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

The College had 37 ESFA, and 1,031 WMCA funded enrolments during 2022/23 against the 2021/22 figure of 1,068. Consequently, the college fell short of its original funding allocation on its WMCA ASB allocation (by £57,516 97.4.2%) and met its grant allocation on Community allocation (£1,067,337 100%) whilst being above Advanced Learner Loans Bursary (£101,473 196%).

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 Enrolments	Total WMCA funded Enrolments	Learners with few educational qualifications	Learners claiming benefits
Access course	1	5	3	5
Short courses – Adult Skills	8	204	104	188
Short courses – Community Learning	28	740	274	669
Total	37	949	381	862

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. In previous years our results have been significantly above the latest national Qualification Achievement Rates at every provision level, 2022/23 QAR national results have yet to be published but it is expected that this trend will continue.

Provision Level	2022/23		
	Retention Rate	Pass Rate	Achievement Rate
Entry Level 3	96.1%	94.9%	91.2%
Level 1	94.0%	97.9%	92.0%
Level 2	90.2%	88.3%	79.7%
Level 3	92.0%	94.6%	87.0%

Curriculum Developments

The college grew its West Midlands Combined Authority contract again in 2022/23, agreeing a delivery plan to engage those who are economically inactive, help them improve their health and wellbeing and enable more residents to achieve Level 2 and Level 3 qualifications. We also began to deliver the Multiply Maths programme. In May 2023 the college submitted an Accountability Agreement setting out for the DfE how we intend to respond to the Local Skills Improvement Plan. Key areas will be digital inclusion, green skills, leadership and management and what the LSIP calls essential skills.

Ofsted Inspection

The college last had a short inspection in October 2017 when it was graded Good. Our current Self-Assessment Report judges that we remain Good overall, with Outstanding Behaviour and Personal Development gains for our students. Our next inspection will be an Enhanced Inspection with an additional inspector focusing on skills. Our self-assessment is that we make a reasonable contribution to meeting local skills needs with strong partnerships in all four of Ofsted's stakeholder groups.

Performance Indicators

The college has a set of KPIs which are reported to the Management Team on a monthly basis. These are embedded into the business cycle of the committees for Education and Student Services and we have now built up 3 years of data to discuss with governors as trends.

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 2022/23 is Good (2021/22 Outstanding).

FIRCROFT COLLEGE OF ADULT EDUCATION

Report of the Governing Body (continued)

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Fircroft continues to be recognised for the leadership we show in relation to our mission:

- one of the first colleges to be recognised as a College of Sanctuary
- early members of the Black FE Leadership Network
- first college to declare a climate emergency
- awarded the winner award for Campus, Health, Food and Drink at the Green Gown Awards for our success in moving to a plant-based menu
- Winner of learning provision at 2023 Festival of Learning awards

Future prospects

2021/22 marked the devolution of primary AEB funding away from ESFA to WMCA. WMCA issued contracts equal in value, and description to the legacy contracts previously issued by ESFA for 2020/21, and increased these by £161k (8.6%) for growth funding in 2022/23. Discussions are continuing between the WMCA and the College to determine a revised work/content profile to match the Combined Authorities priorities.

We continue to plan a full programme of courses in order to meet our WMCA and ESFA contract targets. Changes continue to be made to both the curriculum plan and the College estate to ensure the college is Covid safe.

The College highlighted its intention to move to an incorporated structure in the 2021/22 Annual Financial Statements. This was achieved at 00.01am on 1st August 2023 through an agreed transfer of all staff, assets liabilities and all operations and functions of the College. This did not change the College structure, funding or charitable purpose. The new company, Fircroft College of Adult Education is limited by guarantee, and registered in England, number 14776636, and registered with Charity Commission as number 1204069. It is currently planned that this current charitable trust will be dissolved during 2023/24.

FIRCROFT COLLEGE OF ADULT EDUCATION

Report of the Governing Body (continued)

FINANCIAL POSITION

Financial results including financial objectives

The College reports a total deficit on all activity of £(89,533) (2021/22 surplus of £105,688). Operationally the College reported a £66,224 surplus before investment losses (2021/22 £154,210), reflecting the combined pressure of cost inflation and continuing flat line funding on delivery of funding contracts during the year.

There was continuing pressure on the value of its investment portfolio across the year due to economic circumstances. High interest rates and continuing inflation in the UK have depressed market values whilst there remains continued market volatility related to the war in Ukraine.

The College continues to benefit from good levels of investment income, which reached £136,347. However, the valuation of its investment portfolio fell by a net £(155,757) (4.2%) due to changes in market values, of which £(152,439) is unrealised losses on valuation. The total amount recognised in the Statement of Comprehensive Income relating to investments is £(19,410) (£83,648 in 2021/22).

The College has assessed its delivery of funding contracts, and calculated it has met 2022/23 performance targets for income (within approved tolerances).

Cash flow has been carefully managed during 2022/23, with balances increasing by £241k over the year (including capital grants received of £357k from Department of Education which were unspent at the end of the 2022/23 financial year). The College has not needed to seek support from external sources, and is free from borrowings.

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

Objectives	Achieved?
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

The College has accumulated unrestricted revenue reserves of £5,788,170 which includes £990,171 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.

FIRCROFT COLLEGE OF ADULT EDUCATION

Report of the Governing Body (continued)

FINANCIAL POSITION (continued)

Reserves Policy

During the year the Governing Body have reviewed its Reserves Policy, and have evaluated those reserves against best practice to cover restricted funds, non-distributable capital grants and essential infrastructure for the continuance of essential education services for beneficiaries. These reserves equate to £2.8m.

A further contingency reserve of £1.5m is considered appropriate to cover unforeseen circumstances including funding reductions / maintaining adequate working capital.

The final £1.5m is considered available for use and has been designated to support capital development (moving to net zero) at £1m, and strategic development (supporting sustainability) at £0.5m. The deployment of these reserves will be balanced against the availability of cash funds to support these developments, and the operational impacts of using investment assets.

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. The college operate an annual maintenance cycle and has implemented a 10 year capital plan. This plan utilises approved external funding as well as internal funded activities which are key to achieving the colleges sustainability targets for 2030.

FEC benchmarks for maintenance expenditure were met.

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, which has been updated and approved by Operations Committee to ensure compliance with HM Treasury requirements under Managing Public Money following the reclassification of FE Colleges to the Central Government Sector. Under this policy any borrowings/overdrafts by the College must be pre-approved by HM Treasury.

Cash flows and liquidity

The College has seen a net cash inflow in 2022/23 of £240,501 (2021/22 outflow of £155,955). At 31st July 2023 the College had £1,121k of short term investments/cash deposits with a further £3,698k 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 2022 to 31 July 2023, the College paid 99 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 £5.8m of net assets, with a turnover of £2.6m.

People - The College employs 55 people (expressed as average headcount basis), of whom 16 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.

The College is currently developing its latest and successor strategic plan which will run from 2025/26 onward.

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 2022/23 are:

- The negative effects of continuing flatline AEB funding, especially against growing inflationary pressures, energy and cost of living increases.
- Continuing uncertainty relating to residential uplifts made by funders (WMCA and ESFA)
- Continuing uncertainty relating to broader funding arrangements further to the DfE's funding and accountability consultation.
- Staff turnover, retention and recruitment, with growing difficulties to attract and retain staff
- Staff wellness and wellbeing following Covid, impacting upon delivery

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 as our main funder the West Midlands Combined Authority (WMCA) and the ESFA
- 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 and regional GFE colleges through the CWM partnership (Colleges west Midlands)
- Birmingham and other LEAs through the Adult and Community Learning Alliance (ACLA)
- FE Colleges through Colleges West Midlands
- Employers directly related to our curriculum offer.

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.

Since 1st August 2021 the majority (97%) of the College's AEB (including Community Learning) income comes directly through the West Midlands Combined Authority. The College is a member of the Colleges West Midlands Group (CWM) and the West Midlands Adult and Community Learning Alliance (ACLA). The WMCA engages regularly with both groups on AEB strategy and planning. The College also engages at a contract level regularly with WMCA staff. The College uses the WMCA AEB priorities in its curriculum planning. In May 2022 the College published its accountability agreement which outlines the priorities of the college in meeting in the Warwickshire and West Midlands Local Skills Improvement Plan (LSIP).

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 regular 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 2022 the College was re-accredited with the Matrix kite mark in relation to the Information, Advice and Guidance provided to students and staff.

In December 2021 the College was re-awarded with Gold status by Investors in People.

FIRCROFT COLLEGE OF ADULT EDUCATION

Report of the Governing Body (continued)

STAKEHOLDER RELATIONSHIPS (continued)

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.

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's key strategic plan responds to both social and climate justice challenges. Updates are regularly reported 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.
- e) The College has a range of specialist equipment including assistive technology available for use by students and staff.
- f) Arrangements for counselling and welfare services can be made available to students. Staff have access to a 24 hour employee assistance programme.

FIRCROFT COLLEGE OF ADULT EDUCATION

Report of the Governing Body (continued)

Events After the Reporting Period

The College highlighted its intention to move to an incorporated structure in the 2021/22 Annual Financial Statements. This was achieved at 00.01am on 1st August 2023 through an agreed transfer of all staff, assets liabilities and all operations and functions of the College. This did not change the College structure, funding or charitable purpose. The new company, Fircroft College of Adult Education is limited by guarantee, and registered in England, number 14776636, and registered with Charity Commission as number 1204069. It is currently planned that this current charitable trust will be dissolved during 2023/24.

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 13th December 2023 and signed on its behalf by:



Prof G Layer
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 2022 to 31 July 2023 and up to the date of approval of the Annual Report and Financial Statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- 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 2023. 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		Committees Served
					GB	Other	
Prof Geoff Layer	Nov-21	3 years		Independent	6/6	8/8	Chair of G and O R
Ms M Lenehan (Principal)	Mar-16	Ex-Officio		Ex-Officio	6/6	8/9	E,O,SS
	Mar-15	3 years		Independent	5/5	4/4	Chair of R O
Mr T Pettitt	Re-appointed						
	Jul-18						
	Jul-21						
Mr J Darling (Vice-Chair Since March 2020)	Jul-17	3 years		Independent	5/6	6/7	
	Reappointed Jul-20						Chair of A, G
			31 Jul 2023				
Parminster Singh Garcha	Jul-19, Jun-22 Reapp	3 Years		Independent	2/6	2/3	E
Robert Masunga	Jan-21	3 Years		Independent	3/5	3/7	A and G
Sangeeta Soni	Jan-21	3 Years		Independent	4/6	1/4	E and R
Raj Mahay	Jan-21	3 Years	7 Oct 22	Independent	0/0	0/0	
Claire Mutchell	Nov-20	3 Years		Staff governor	3/6	2/3	SSS
Josh Brickley	Jun-22	3 Years		Staff governor	4/6	2/3	O
Eluned Jones	Sep-21	3 Years		Independent	3/6	6/6	SSS and Chair of E
Carole Parkes	Sep-21	3 Years		Independent	3/6	4/6	E and Chair of SSS
Saiqa Andleeb	Mar-22	3 Years		Independent	5/6	3/6	O and SSS

FIRCROFT COLLEGE OF ADULT EDUCATION

Statement of Corporate Governance and Internal Control (continued)

1.1 The Governing Body (continued)

Name	Date of Appointment	Term of office	Date of resignation	Category of membership	Attendance GB	Attendance Other	Committees served
Ben Shore	Mar-22	3 Years		Independent	6/6	7/7	A and G
Surrinder Bains	Dec - 22	3 Years	11 Sept 23	Independent	1/4	0/4	G and SSS
Chris Kenny	Dec - 22	3 Years		Independent	4/4	2/2	O
Annastazia Dickenson	Dec - 22	Duration of course	26 May 2023	Student governor	0/2	1/1	SSS
Maxine Cole	Dec - 22	Duration of course	26 May 2023	Student governor	0/2	0/1	SSS

Committee key A = Audit Committee E = Education Committee G=Governance Committee
 O = Operations Committee R = Remuneration Committee
 SSS = Staff & Student Services Committee

Attendance information shows Governing Body attendance and then Committee attendance during the period to 12th July 2023 (last meeting of 2022/2023).

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, as a minimum, four times each year.

The Governing Body conducts its business through a number of committees which are established each year. For 2022/23 the following were in place; Education Committee, Operations Committee, Staff and Student Services Committee, Remuneration Committee, Audit Committee and Governance Committee. 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.

FIRCROFT COLLEGE OF ADULT EDUCATION

Statement of Corporate Governance and Internal Control (continued)

1.1 The Governing Body (continued)

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.

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

The Remuneration 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 2023 are set out in note 7 to the financial statements.

1.4 Audit Committee

The Audit Committee comprises three 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.

1.4 Audit Committee (continued)

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 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.

1.6 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 2023 and up to the date of approval of the annual report and accounts.

1.7 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 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Governing Body.

1.8 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:

FIRCROFT COLLEGE OF ADULT EDUCATION

Statement of Corporate Governance and Internal Control (continued)

1.8 The risk and control framework (continued)

- 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.

1.9 Adoption of Reclassification Controls from 29th November 2022

Since FE colleges were classified to the central government sector with effect from 29th November 2022, the College has completed a review, and implemented relevant updates of its policies, procedures and approval processes to ensure compliance with the revised arrangements and requirements issued by the Department for Education.

1.10 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

1.10 Review of Effectiveness (continued)

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 2023 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the management team and internal audit, and taking account of events since 31 July 2023.

Based on the advice of the Audit Committee and the Accounting Officer, the 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"*.

1.11 Corporation performance

The Corporation carried out a self-assessment of its governance for the year ended 31st July 2023. Governors approved an Internal Assessment Action Plan for year 2023/24 at the meeting of Governing Body on 11th October 2023.

Governors undertake an induction process upon being appointed by the Governing Body. This has involved conversations with the Chair, Vice-Chair, Principal, Vice-Principal, Head of Finance and Regulatory Compliance and the Clerk. The content included the College Strategy, trustee duties, governance priorities, curriculum and education improvement plan and the College's financial framework and position. Governors undertook training on safeguarding, Prevent, equality, diversity and inclusion, and data protection within the first few months (this training is updated every 3 years). New governors also receive an Induction Pack from the Clerk which contains key documents.

As well as the internal induction process governors have also accessed regional induction events.

The College subscribes to the AoC/Education and Training Foundation platform from where governors can access modules as they consider necessary. They also have access to AoC briefings and webinars. The Clerk alerts governors to training relevant to their roles e.g. chairs of committees, reclassification, safeguarding.

Important training and development activities are undertaken during committee meetings e.g. Audit Committee and Education Committee have had sessions.

The Governing Body has participated in strategic sessions on:

- Climate Change Action and Sustainability
- Mission, vision, values and purpose
- A curriculum pedagogy for the future
- Towards net zero and our reserves strategy.

The Clerk has undertaken relevant internal and external training. This has included sessions aimed at governance professionals provided by the AoC, online Clerks network meetings for the Midlands region, Eversheds Sutherland and Corporate Governance Institute. The training has included sessions on reclassification and the clerking/administration of companies.

FIRCROFT COLLEGE OF ADULT EDUCATION

Statement of Corporate Governance and Internal Control (continued)

1.12 Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cashflow, liquidity and borrowings are described in the financial statements and accompanying notes. The College submitted a detailed financial forecast to the ESFA in July 2023, which provided clear analysis and commentary on the immediate financial years 2022/23, 2023/24 and 2024/25, also that the College has appeared to recruit well in terms of students for the academic year 23/24, accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future.

Under current plans (outlined in **Events After The Reporting Period** on page 13) the current charitable trust (Fircroft College Trust, Charity No. 510033) transferred its activity into a new company limited by guarantee for 2023/24 financial year, and all assets, liabilities and activities will continue in that new company. Subsequently the current Fircroft College Trust will be dissolved during 2023/24 and will not be trading in capacity other than to effect the transfer of assets to Fircroft College of Adult Education (Company No 14776636, Charity Number 1204069). In these circumstances the College has prepared these Financial Statements on a basis other than going concern as it will not exist for a period of 12 months after the signing of these financial statements.

Approved by order of the members of the Governing Body on 13th December 2023 and signed on its behalf by:



Prof G Layer
Chair



M Lenehan
Accounting Officer

FIRCROFT COLLEGE OF ADULT EDUCATION

Statement of Regularity, Propriety and Compliance

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

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

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



M Lenehan
Accounting Officer

Date: 13th December 2023

Statement of the chair of governors

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



Prof G Layer
Chair

Date: 13th December 2023

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 corporation's grant funding agreements and contracts with the Education and Skills Funding Agency (ESFA) and any other relevant funding bodies, the Governing Body of the College is required to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period.

Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the corporation will continue in operation

The Governing Body is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about 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 corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The Governing Body is responsible for the maintenance and integrity of its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, 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 and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the Governing Body must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient

FIRCROFT COLLEGE OF ADULT EDUCATION

Statement of Regularity, Propriety and Compliance

and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the Governing Body on **13th December 2023** and signed on its behalf by:



Prof G Layer
Chair of governors

Opinion

We have audited the financial statements of Fircroft College of Adult Education (the 'College') for the year ended 31 July 2023 which comprise the statement of comprehensive income and expenditure, the statement of changes in reserves, the balance sheet, the statement of cash flows and the notes to the accounts including the 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 2023 and of its total comprehensive expenditure 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.

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to the statement regarding going concern in the accounting policies, which indicates that the members of the Governing Body have prepared the financial statements on a basis other than going concern basis. This is due to the activities, assets and liabilities of the College being transferred to Fircroft College of Adult Education which is limited by guarantee at 00.01 on 1st August 2023. Following an orderly transfer Fircroft College Trust will then close and be dissolved. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

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

Responsibilities of the Governing Body

As explained more fully in the statement of responsibilities of members of the Governing Body, the members of the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members of the Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the sector;

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

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Further and Higher Education Act 1992, the Charities Act 2011, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Governing Body meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC and the College's legal advisors.

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

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

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

Use of our report

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

Buzzacott LLP

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Date: 20 December 2023

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 Education and Skills Funding Agency ("the ESFA")

In accordance with the terms of our engagement letter dated 8 November 2023 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Fircroft College of Adult Education during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA has other assurance arrangements in place.

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

Respective responsibilities of Fircroft College of Adult Education and the reporting accountant

The Governing Body of Fircroft College of Adult Education is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them. Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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)

Approach (continued)

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

20 December 2023

FIRCROFT COLLEGE OF ADULT EDUCATION

Statement of Comprehensive Income and Expenditure

	Note	2023 £	2022 £
Income			
Funding body grants	1	2,332,931	2,152,047
Tuition fees and education contracts	2	126,380	151,732
Other income	3	21,795	48,124
Investment income	4	136,347	132,190
Donations	5	10,000	10,000
Total Income		2,627,453	2,494,093
Expenditure			
Staff costs	6	1,719,488	1,528,166
Other operating expenses	8	704,189	655,928
Depreciation	10	137,552	155,789
Total Expenditure		2,561,229	2,339,883
Surplus before other gains and losses		66,224	154,210
(Loss) / Gain on investments			
Net realised		(3,318)	1,416
Net unrealised		(152,439)	(49,958)
(Deficit) / Surplus before Tax		(89,533)	105,668
Taxation	9	-	-
Total Comprehensive (Expenditure)/Income for the Year		(89,533)	105,668
Represented by:			
Restricted comprehensive income		-	-
Unrestricted comprehensive (expenditure)		(89,533)	105,668
		(89,533)	105,668

FIRCROFT COLLEGE OF ADULT EDUCATION

College Statement of Changes in Reserves

	Income and Expenditure Reserves £	Restricted Reserves £	Total £
Balance at 1st August 2021	<u>5,772,035</u>	<u>51,952</u>	<u>5,823,987</u>
Surplus from the income and expenditure account	105,668	-	105,668
Transfers between restricted and income and expenditure reserves	-	-	-
Total comprehensive income for the year	<u>105,668</u>	<u>-</u>	<u>105,668</u>
Balance at 31st July 2022	5,877,703	51,952	5,929,655
Balance at 1st August 2022	<u>5,877,703</u>	<u>51,952</u>	<u>5,929,655</u>
Deficit from the income and expenditure account	(89,533)	-	(89,533)
Transfers between restricted and income and expenditure reserves	-	-	-
Total comprehensive expenditure for the year	<u>(89,533)</u>	<u>-</u>	<u>(89,533)</u>
Balance at 31st July 2023	<u>5,788,170</u>	<u>51,952</u>	<u>5,840,122</u>

FIRCROFT COLLEGE OF ADULT EDUCATION

Balance Sheet as at 31 July

	Note	2023 £	2022 £
Non-Current Assets			
Investments	11	3,698,044	3,679,388
Tangible fixed assets	10	2,086,558	2,176,670
Total fixed assets		5,784,602	5,856,058
Current assets			
Stock		3,970	4,362
Trade and other receivables	12	108,651	175,228
Short term investments	13	156,713	348,411
Cash at bank and in hand		964,562	555,855
Total current assets		1,233,896	1,083,856
Less : Creditors - amounts falling due within one year	14	(188,205)	(354,672)
Net current assets		1,045,691	729,184
Total assets less current liabilities		6,830,293	6,585,242
Creditors - amounts falling due after one year	15	(990,171)	(655,587)
NET ASSETS		5,840,122	5,929,655
Restricted reserves	16	51,952	51,952
Unrestricted reserves			
Income and expenditure account		5,788,170	5,877,703
Total reserves		5,840,122	5,929,655

The financial statements on pages 31 to 51 were approved by the Governing Body and authorised for issue on 13th December 2023 and were signed on behalf of the Governing Body by:



Prof G Layer
Chair



M Lenehan
Accounting Officer

FIRCROFT COLLEGE OF ADULT EDUCATION
Statement of Cash Flows

	Note	2023 £	2022 £
Cash flows from operating activities			
(Deficit) for the year		(89,533)	105,668
Adjustment for non-cash items			
Depreciation		137,552	155,789
Decrease in stocks		392	(1,050)
Decrease in debtors		66,577	(41,592)
Decrease in creditors due within one year		(162,967)	(586,839)
Increase / (Decrease) in creditors due after one year		334,584	(22,671)
Adjustment for investing or financial activities			
Net investment loss		164,033	48,300
Investment income		(136,347)	(132,190)
Net cash flow from operating activities		<u>314,291</u>	<u>(474,585)</u>
Cash flows from investing activities			
Investment income		136,347	132,190
Disposal of non-current asset investments		386,325	561,934
Payments made to acquire non-current asset investments		(545,522)	(318,496)
Payments made to acquire fixed assets		(50,940)	(57,038)
Net cash flow from investing activities		<u>(73,790)</u>	<u>318,590</u>
Increase/(Decrease) in cash and cash equivalents in the year		<u>(73,790)</u>	<u>318,590</u>
	17	<u>240,501</u>	<u>(155,995)</u>
Cash and cash equivalents at beginning of the year	17	965,914	1,121,909
Cash and cash equivalents at end of the year	17	<u>1,206,416</u>	<u>965,914</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 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2022 to 2023 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the 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.

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.

All the activities of the College together with all its assets and liabilities were transferred to a newly incorporated company limited by guarantee at the end of the 2022/23 financial year, which will continue all of the College operations. Following approval of these accounts Fircroft College Trust (Charity No 510033) will be dissolved, and consequently the College has prepared these Financial Statements on a basis other than going concern.

There are no resultant adjustments to the financial results and position reported in these financial statements as a result of this.

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)

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 remaining life of the lease.

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.

Accounting policies (continued)

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are 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

	2023 £	2022 £
Recurrent grants		
ESFA delivery	65,260	75,368
ESFA student support funds	105,595	134,084
West Midlands Combined Authority delivery	2,095,192	1,886,631
Specific grants		
Teachers Pension Scheme contributory grant	44,213	33,294
Release of government capital grants	22,671	22,670
Total	2,332,931	2,152,047

2 Tuition Fees and Education Contracts

	2023 £	2022 £
Advanced level course fees for learners aged over 24	48,352	35,760
Tuition fees	14,612	9,480
Education contracts	63,416	106,492
Total	126,380	151,732

3 Other Income

	2023 £	2022 £
Residencies, catering and conferences	13,154	29,267
Miscellaneous income	8,641	18,857
Total	21,795	48,124

FIRCROFT COLLEGE OF ADULT EDUCATION

Notes to the Accounts (continued)

4 Investment Income

	2023 £	2022 £
Other investment income	133,791	132,086
Other interest receivable	2,556	104
Total	136,347	132,190

5 Donations

	Unrestricted £	2023 Restricted £	College £	2022 College £
Donation for upkeep of the gardens	10,000	-	10,000	10,000
Total	10,000	-	10,000	10,000

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:

	2023 No.	2022 No.
Teaching staff	16	17
Non-teaching staff	39	39
	55	56

Staff costs for the above persons

	2023 £	2022 £
Wages and salaries	1,348,154	1,231,211
Social security costs	125,204	113,720
Other pension costs	170,304	144,105
Payroll sub total	1,643,662	1,489,036
Contracted out staffing services	75,826	35,826
	1,719,488	1,524,862
Fundamental restructuring costs – Contractual	-	594
- Non contractual	-	2,710
Total staff costs	1,719,488	1,528,166

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 and the Governing Body.

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 HR Manager (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.

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

	2023 No	2022 No
Number of key management personnel including the Accounting Officer was:	<u>2</u>	<u>2</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	
	2023 No.	2022 No.	2023 No.	2022 No.
£60,001 to £65,000 p.a.	-	1	-	-
£65,001 to £70,000 p.a.	1	-	-	-
£105,001 to £110,000 p.a.	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
	<u>2</u>	<u>2</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:	2023	2022
	£	£
Salaries	176,519	170,698
Social security costs	22,329	21,770
	198,848	192,468
Pension contributions	41,800	40,113
Total emoluments	240,648	232,582

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:

	2023	2022
	£	£
Salaries	109,150	106,070
Pension contributions	25,838	24,964
	134,988	131,034

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.

Relationship of Principal pay and remuneration expressed as a multiple

	2023	2022
Principal's basic salary as a multiple of the median of all staff	4.7	4.9
Principal and CEO's total remuneration as a multiple of the median of all staff	5.4	5.6

FIRCROFT COLLEGE OF ADULT EDUCATION

Notes to the Accounts (continued)

8 Other operating expenses

	2023 £	2022 £
Teaching costs	69,774	46,000
Non-teaching costs	475,503	481,290
Premises costs	158,912	128,638
Total	704,189	655,928

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 9.

	2023	2022
Other operating expenses include:		
Auditor's remuneration:		
- Financial statements audit	15,960	12,360
- Other services provided by the financial statements auditors	11,610	16,548
- Internal auditors' remuneration	14,112	14,112
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 £
Cost or valuation			
At 1 August 2022	3,638,703	701,068	4,339,771
Additions	919	50,021	50,940
Disposals	(3,500)	(2,522)	(6,022)
At 31 July 2023	<u>3,636,122</u>	<u>748,567</u>	<u>4,384,689</u>
Depreciation			
At 1 August 2022	1,580,978	582,123	2,163,101
Charge for the year	66,859	70,693	137,552
Eliminated in respect of disposals	-	(2,522)	(2,522)
At 31 July 2023	<u>1,647,837</u>	<u>650,294</u>	<u>2,298,131</u>
Net book value at 31 July 2023	<u>1,988,285</u>	<u>98,273</u>	<u>2,086,558</u>
Net book value at 31 July 2022	<u>2,057,725</u>	<u>118,945</u>	<u>2,176,670</u>

11 Non-current investments

	2023 £	2022 £
Balance at 1 August 2022	3,617,740	3,909,478
Additions at cost	545,522	318,496
Disposals at book value (proceeds £389,707, realised loss £3,318)	(393,025)	(560,518)
Net (losses) on revaluation at 31 July 2023	(157,333)	(49,716)
Market value at 31 July 2023	<u>3,612,904</u>	<u>3,617,740</u>
Cash held by investment managers	85,140	61,648
Balance at 31 July 2023	<u>3,698,044</u>	<u>3,679,388</u>
Represented by:		
Fixed interest stocks (listed)	677,488	621,857
Equities and unit trusts (listed)	1,491,005	1,691,269
Overseas (listed)	1,445,020	1,304,613
Cash balances	84,531	61,649
Total	<u>3,698,044</u>	<u>3,679,388</u>
Total cost of listed investments	<u>2,826,747</u>	<u>2,625,448</u>

FIRCROFT COLLEGE OF ADULT EDUCATION

Notes to the Accounts (continued)

12 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	-	69,342
Prepayments and accrued income	108,651	105,886
Total	108,651	175,228

13 Current Investments

	2023 £	2022 £
Short term deposits	156,713	348,411
	156,713	348,411

Deposits are held with investment managers in securities, and available/convertible to cash at short notice

14 Creditors: Amounts Falling Due within One Year

	2023 £	2022 £
Trade creditors	36,665	69,850
Other creditors	46,709	62,992
Other taxation and social security	-	31,693
Accruals	75,036	87,467
Deferred income – Government Capital grants	29,795	22,670
Amounts owed to the ESFA and WMCA	-	80,000
Total	188,205	354,672

FIRCROFT COLLEGE OF ADULT EDUCATION

Notes to the Accounts (continued)

15 Creditors: Amounts Falling Due after One Year

	2023 £	2022 £
Deferred income – Government Capital grants	990,171	655,587
Total	990,171	655,587

16 Restricted Reserves

	2023 £	2022 £
Centenary Appeal	30,280	30,280
Student Hardship	8,444	8,444
Work with ex-offenders	13,228	13,228
Total	51,952	51,952

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

	1st August 2022 £	Cash Flows £	31st July 2023 £
Cash at bank and in hand	555,855	408,707	964,562
Cash held in short term investments	348,411	(191,698)	156,713
Cash held by investment managers	61,648	23,492	85,141
Net Funds	965,914	240,501	1,206,416

FIRCROFT COLLEGE OF ADULT EDUCATION

Notes to the Accounts (continued)

18 Lease obligations

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

Future minimum lease payments due	2023	2022
	£	£
Land and buildings		
Not later than one year	149	149
Later than one year and not later than five years	596	596
Later than five years	3,977	4,126
	<u>4,722</u>	<u>4,871</u>
Other		
Not later than one year	2,620	7,934
Later than one year and not later than five years	2,218	2,015
	<u>4,838</u>	<u>9,948</u>
Total lease payments due	<u>9,560</u>	<u>14,819</u>

19 Post Balance Sheet Events

The College highlighted its intention to move to an incorporated structure in the 2021/22 Annual Financial Statements. This was achieved at 00.01am on 1st August 2023 through an agreed transfer of all staff, assets liabilities and all operations and functions of the College. This did not change the College structure, funding or charitable purpose. The new company, Fircroft College of Adult Education is limited by guarantee, and registered in England, number 14776636, and registered with Charity Commission as number 1204069. It is currently planned that this current charitable trust will be dissolved during 2023/24.

20 Related party transactions

a) Funding Bodies

Transactions with the ESFA are detailed in notes 1 and 14.

b) Governors

The total expenses paid to or on behalf of the Governors during the year was £504 in respect of 1 governors (2022: £940 in respect of 3 governors). This represents technology, travel and conference costs incurred in attending Governor meetings and events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2022: none).

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. Prior to 31 July 2023, the latest actuarial valuation of the TPS, related to the period ended 31 March 2016. A further valuation of the TPS scheme, relating to the period ended 31 March 2020 was published in October 2023.

Total pension cost for the year

	2023	2022
	£	£
Teachers' Pension Scheme; employer contributions paid	107,714	87,059
Group Pension Plan: employer contributions paid	62,592	57,045
Total pension cost for the year	<u>170,306</u>	<u>144,104</u>

There were outstanding contributions of £8,219 at 31 July 2023 (2022 - £20,216).

The employer's contribution rate for Peoples Pension was 8% during the year.

The employer's contribution rate for Teachers Pension was 23.68% during the year.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, 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.

21 Pension and similar obligations (continued)

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

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

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

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

The actuarial valuation of the TPS which applied during the year ended 31 July 2023 was carried out as at 31 March 2016. 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 paid a teacher pension employer contribution grant of £44,213 (2021/22 £33,294) to cover the additional costs during the 2022-23 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

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

The latest actuarial TPS valuation results, as at 31 March 2020, were released in October 2023. The valuation result is due to be implemented from 1 April 2024, from this date employer contribution rates will increase to 28.68% (including a 0.08% administration levy).

The pension costs paid to TPS in the year amounted to £107,714 (2022 - £87,059).