



Report and
Financial
Statements for
the year ended
31 July 2021

Capel Manor College

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Executive summary

We have had a successful year despite the continuing national challenge we have all faced compounding the difficulties of the year before. Having adapted and learnt from the coronavirus crisis, the College, our staff and our students have emerged even stronger and with much optimism.

These financial statements show a strong and resilient College that is growing, expanding and improving year-on-year. More students are joining us, our academic quality and performance is good, so more students are graduating well equipped to take up vital roles in the green economy.

Financially, we weathered the losses the pandemic forced upon us and we finish the year in outstanding financial health with a good surplus that will allow us to re-invest more in our people and our estates.

We have taken on more people to support students and run our operations and we continue to devolve our operations across London so we remain responsive to local communities and local need.

Our systems, estates and facilities have received significant investment improving the learning environment and workplace and there were more significant capital projects in the pipeline.

The challenges and opportunities that we all face in relation to climate change, biodiversity, food security and the wellbeing of people and society remain very much in our sights and we are alert to the needs of London and Londoners in relation to environmental and land-based skills.

Strategic Report

The Corporation presents its annual report and audited financial statements for the year ended 31 July 2021.

Nature, Objectives and Strategies

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Capel Manor College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016, is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 20 to 22.

The Corporation was incorporated as Capel Manor Horticultural and Environmental Centre. The Secretary of State granted consent to the Corporation to change the College's name to Capel Manor College.

Public Benefit

Capel Manor College is an exempt charity under Part 3 of the Charities Act 2011.

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

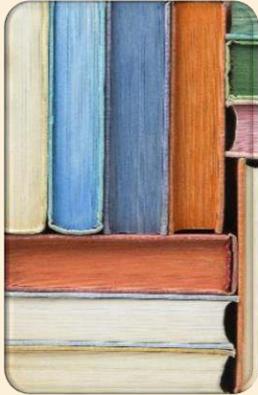
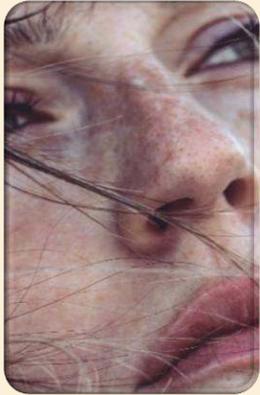
In delivering its mission, the College provides the following identifiable public benefits through the advancement of education and training:

- Providing opportunity for personal and professional development through widening participation, tackling social exclusion and social mobility
- Providing outstanding learning and student experiences
- Supporting transition into employment or progression to higher study
- Maintaining excellent links with employers, industry and commerce to provide a voice of industry and enhance student opportunity
- Providing publicly accessible greenspace and amenities for local communities
- Maintaining strong links with the Greater London Authority to support the green economy in London and the London Economic Action Partnership (LEAP)

Strategic overview

Our mission is to support the environment and green skills in London.

Our vision is for an environmentally, economically and socially sustainable future for our students.



Remain a confident, aspirational, inspirational, and consistently outstanding college making learning opportunities accessible to all Londoners.

Equip our students with the knowledge, practical skills and personal behaviours needed to fulfil worthwhile careers and individual development and promote productivity and economic wellbeing.

Engage in environmentally sound and financially sustainable management of green space, farms, animal collections and related businesses, for the benefit of the public, and education.

Provide outstanding resources, education and training activities that we manage sustainably and considerately, with nature and the climate in mind.

Support lifelong learning to enhance individuals' prospects and social mobility via clear and sustainable pathways from entry to advanced levels of study leading to rewarding careers.

Actively seek the views of employers, students and other organisations to remain responsive and current and maintain strong partnerships and collaborative ventures locally, nationally and internationally.

Lead on equality, diversity and inclusion to be truly representative of the diversity of London, embracing and promoting inclusivity in land-based careers.

Our values

Our students, staff and governors share common values that express who we are, how we behave and bring us together as a community.

Aspirational

We proactively and continuously seek the best from ourselves and each other through ambition, perseverance and resilience

Creative

We encourage passion, creativity, innovation and enterprise to enrich vocational and personal development

Fair

We value individuals and our community, promoting diversity through inclusiveness and equality through openness and mutual respect

Listening

We listen to employers, our sectors and each other and act on feedback

Professional

We encourage behaviours and standards that inspire personal and professional achievement

Responsible

We care about the environment, animals and people promoting harmony, respect and sustainability

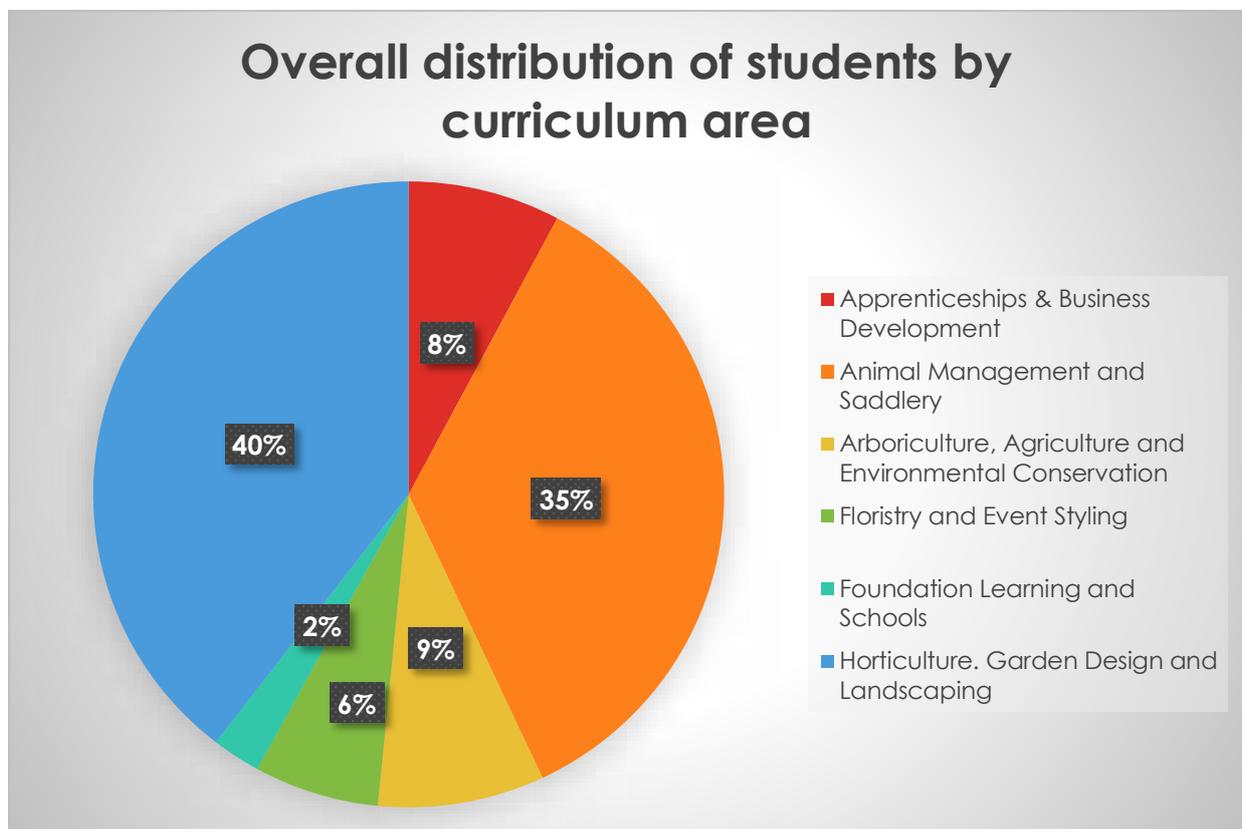
Coronavirus (COVID-19) and the global pandemic

The coronavirus pandemic has been a background to our operations in the academic year 2020-21, but having learnt a lot from the previous academic year, the College minimised the impact on teaching and learning. Having established the necessary infrastructure and systems to allow teaching and learning to continue online when needed, students were able to continue their studies and attended the College for practical learning at every available opportunity. This approach also helped our people continue with the hybrid model employing a mix of home and on-site working.

The pandemic did affect the recruitment of students at the start of the academic year and for the adult courses that started from January onwards.

There was also some interruption to the examinations that we had planned requiring our teachers to assess and grade students work.

Our estates, gardens, farms and zoos were protected and maintained throughout the year but some of our enterprises and commercial activities were disrupted by the period of lockdown when the public were not allowed to visit our sites. The exception to this was Forty Hall Farm that once again, continued to grow and sell a range of high-quality organic produce.



The proportion of learners with declared disabilities was 26.6% and the proportion of learners with declared learning difficulties was 26.4%. The College Black, Asian and Mixed Ethnicity (BAME) cohort remains high for the sector at 30.3%. This is one of the best diversity ratios for any land-based college. The College is actively seeking an even better diversity representation through policies, practices and marketing.

To date, there has been a relatively low incidence of COVID-19 within the College and the College continues to proactively monitor and respond to developments.

Sustainability

Capel Manor aspires to be a green employer as well as placing biodiversity, sustainability and climate change mitigation central to our provision. Our Charter for the environment and sustainability sets ambitious and attainable targets for our own response to climate change including our desire to have at least net zero emissions no later than 2030.

We are also seeking to:

- establish, and meet, our own ambitious targets and progress measures for responding to climate change, to guide our journey to a net zero position
- use our knowledge, skills and resources to protect and conserve the landscape and natural resources we own and manage, for the benefit of people, wildlife and the wider environment in London
- work with others to build sustainable futures for the natural environment
- engage students and the community at every reasonable opportunity to develop the future workforce and volunteers needed to preserve and enhance the natural world for future generations
- seek ways to improve the carbon literacy, the awareness of environmental impact and the ways to reduce emissions, amongst the College community and our stakeholders

About our people

We value all who work for Capel and the contribution we collectively make to furthering our mission and vision and upholding our values.

The College employs approximately 310 people (expressed as 279 full time equivalents); of whom 117 are teaching staff (expressed as 107 FTE staff).

Financial Objectives

The College's financial objectives are:

- to achieve an annual operating surplus
- to pursue alternative sources of funding, on a selective basis, consistent with the College's strategic objectives and maintain its independent status
- to generate sufficient levels of income to support and enhance the asset base of the College
- to further improve the College's shorter term liquidity

Performance Indicators

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

Key Performance Indicator	Measure/Target	Actual for 2020/21
<i>Operating surplus/ sector EBITDA as % of income</i>	≥ 6%	4.9%
<i>Staff costs as a % of income</i>	≤ 70%	77.2%
<i>(excl. FRS102)</i>	≤ 70%	68.1%
<i>Operating cash flow</i>	> 0	£1,501k
<i>Liquidity (adjusted current ratio)</i>	≥ 2.5:1	2.9:1
<i>Total borrowing as a % of income</i>	≤ 4%	0%
<i>Adjusted cash days in hand</i>	≥ 30	96 days
<i>Operating deficit</i>	>0	(£1,198k)
<i>(excl. FRS102) surplus</i>	>0	£502k

Financial Position

Financial results

The results for 2020-21 are greatly influenced by the revaluation of the LGPS liabilities and, to a lesser extent, by COVID-19.

The Group generated a loss before other gains and losses in the year of £1,198k (2019-20: loss £544k), with total comprehensive income of £386k (2019-20: expenditure £4,543).

The impact of FRS102 pension reporting was to increase the net deficits by £117k (a surplus in the Enfield LGPS of £170k being offset by a deficit in the Kent LGPS of £287k); (2019-20: £5,008k (an increase of £4,939k in the Enfield LGPS and an increase of £69k in the Kent LGPS)). This results in an increase of 1% in the pension deficits. The total deficit needs to be financed over a 24-year period and thus does not impact the next 12 months or the College as “A Going Concern”. The abnormal circumstances that created this outcome are not expected to pertain for this 24-year period though the College now expects further increases to the employer contribution rate to be announced by the pension schemes. The actuarial gains and losses for each scheme are fully explained in note 22.

The factors driving this increase in the pension liability are common to all FE colleges and not specific to Capel Manor College. This valuation fully provides for:

- The Guaranteed Minimum Pension (GMP) equalisation (the High Court in England ruled on 26 October 2018 that all GMP benefits in UK pension plans must be equalised for males and females. The outcome of this judgement will affect any UK defined benefit scheme which has been contracted out of the State pension arrangements resulting in members of the scheme having a GMP);
- The McCloud judgement (the Court of Appeal’s ruling that the Government’s 2015 public sector pension reforms unlawfully treated existing public sectors differently based upon members’ age on the 1 April 2012) has also adversely affected the pension valuation;
- Current market conditions which have resulted in the discount rate being increased from 1.4% to 1.7%; and
- A recovery in asset values.

The College has no control on this aspect of its operations which is determined annually by the pension scheme actuaries.

At 31 July 2021, the College has net current assets of £3,396k, no long term debt and cash and short term investment balances of £5,325k. The group wishes to continue to accumulate reserves and cash balances in order to reinvest in its current operations and fund future development opportunities as they arise.

The group's reserves increased in the year by £386k (2019-20: decreased by £4,543k). This arises from the loss of £1,198k (2019-20: loss of £544k) and a net actuarial gain of £1,584k (Enfield LGPS gain £1,814k; Kent LGPS loss £230k); (2019-20: actuarial loss of £3,999k (Enfield LGPS loss £3,930k; Kent LGPS loss £69k).

Tangible fixed asset additions during the year amounted to £1,332k (note 10). This was split between freehold land and buildings (£513k), assets under construction (£396k), leasehold property (£86k) and equipment (£337k). £756k of this expenditure is funded by capital grants (ESFA £581k; GLA £175k).

The College has significant reliance on the education sector funding bodies for its principal funding, largely from recurrent grants. In 2020-21 the FE funding bodies provided 81% (2019-20: 79%) of the College's total income.

The group accounts incorporate the results of Forty Hall Community Vineyard Limited and Capel Manor Limited (note 11).

Treasury policies and objectives

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

Cash flows and liquidity

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum/Funding Agreement.

The group made a net cash inflow of £1,501k (2019-20: inflow of £1k) in the year (Consolidated Statement of Cash Flows).

Reserves Policy

The group has negative reserves of £769k; being net assets of £9,298k offset by pension liabilities of £10,067k. As part of its normal finance control, the College seeks to hold liquid reserves equivalent to three months trading. Presently, this would normally equate to a reserve of £4.3m.

A capital application has been submitted to develop the Mottingham campus which would require an investment of £8.9m. The College has obtained capital grant support of £5.4m in support of this project. Since the year-end, the College has made a grant application of £2.5m to the ESFA and obtained £600k in respect of the release of a covenant on the use of land. In doing so, the College is seeking to protect its reserves to support its future operations and finance organic growth opportunities.

It is the Corporation's intention to increase reserves through the generation of annual operating surpluses.

Current and Future Development and Performance

Financial Health

The financial health of the College for 2020-21 is **Outstanding**.

The College is planning a building at Mottingham with a projected cost of £8.9m. The GLA has approved a capital grant of £5.4m in support of this project. A second stage application for £2.5m of ESFA capital grant funding was made in October 2021. The balance of funds will be provided by the College. If the College succeeds in getting ESFA support the financial health

grade will remain as Outstanding in the next three years. If the College needs to use bank funding, then the financial health status will reduce to Good over the next three-year period.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the 2020-21 accounting year, the College paid 95 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Future developments

The College recognises the importance of the environment and greenspace in London both now, and in the future and the role the College has to play in supporting the environment and those working in the environment and land-based sector.

The College is seeking to grow through increasing student numbers and in particular the provision for 16-19 year olds, Apprenticeships and Higher Education.

The existing network of campus-based facilities across London is being enhanced and developed to provide greater and better opportunities for learning.

The College's open, collaborative approach to working in partnership with employers and local authorities is being pursued for maximum effectiveness and engagement.

On 29 September 2021, the College received £600k in respect of the release of a covenant on the use of land. These funds will be applied in support of the Mottingham new build.

Premises and estates

The College operates six campuses across London; Enfield and Forty Hall Farm, Mottingham, Crystal Palace Park, Regents' Park, Gunnersbury Park and Brooks Farm.

Enfield is the largest (34 acres) and oldest of the centres and is the hub of the College. Forty Hall Farm lies within two miles of the Enfield campus and is a growing, organically run 150 acres' farm, vineyard and market garden. Legal title to the 9.35-acre freehold land and buildings on the Hadlow Mottingham campus was transferred to the College on 1 January 2020.

The College leases its other sites in Crystal Palace Park, Regent's Park, Gunnersbury Park and Brooks Farm.

Reputation

The College has an excellent reputation for practical vocational training both regionally and nationally and is increasingly attracting overseas students. Its unique model of education and training embedded in real-world experiences and fundamentally linked to employers is increasingly admired.

Principal Risks and Uncertainties

The College's risk management strategy reflects the Corporation's risk appetite, changes in the risks facing the College, and where possible, the actions we take to mitigate the possibility of these risks damaging the College.

The College utilises the internal audit system and encourages good communications with its staff and stakeholders to further develop systems to protect the College's assets and reputation.

In addition to our detailed risk register, we constantly review the following College-wide risks to ensure that we remain as current and responsive to risk as possible.

Principal risk	Strategic objective(s) linked to the principal risk	Description of principal risk	Risk areas covered by principal risk	High level controls / mitigation in place
A failure in curriculum, academic achievement and progress	<ul style="list-style-type: none"> • Be a consistently outstanding College • Create clear and sustainable pathways from entry to advanced levels of study, research and expertise leading to rewarding careers • Provide the best and widest possible range of resources, education and training activities 	A poorly defined curriculum, or poor quality teaching, learning, and assessment, results in insufficient student progress and declining academic performance that causes damage to the reputation of the College.	<ul style="list-style-type: none"> • Curriculum • Quality of teaching and learning • Academic performance • Progress and progression • Blended and online learning 	<ul style="list-style-type: none"> • Curriculum planning process • Teaching observation • SAR/QIP processes • Student records and tracking systems • Performance reviews • KPIs • Student surveys • External quality assurance • Network resilience and e-safety
A failure to provide a student experience of sufficiently high quality and range	<ul style="list-style-type: none"> • Support lifelong learning to enhance individuals' prospects, productivity, social mobility and economic effectiveness • Be an inspirational and aspirational College • Equip students of all ages with knowledge, skills and behaviours to support the green environment and land-based industries 	An unsafe environment or insufficient support for students causes declining academic performance, poor preparedness for work, declining student numbers and damage to the reputation of the College.	<ul style="list-style-type: none"> • Safeguarding • Advice and guidance • Employer links • Educational partnerships • Student personal development, behaviour and welfare • Enrichment activities • Alumni 	<ul style="list-style-type: none"> • Safeguarding team and systems • Safeguarding training for all • Matrix standard for careers advice • Learner surveys • Curriculum planning process • Employer surveys and employer liaison groups
Insufficient student recruitment and grant funding to support the curriculum	<ul style="list-style-type: none"> • Be an expanding College 	Insufficient student recruitment reduces the funding needed to maintain or grow the provision, and leads to declining financial health or performance.	<ul style="list-style-type: none"> • Student marketing and recruitment • Student records • Management information 	<ul style="list-style-type: none"> • Strategic and income related target setting • KPIs • Marketing and enrolment review meetings • Marketing strategy • DSAT validation of ILR • Internal audit

Principal risk	Strategic objective(s) linked to the principal risk	Description of principal risk	Risk areas covered by principal risk	High level controls / mitigation in place
<p>A failure to maintain an appropriate workforce, and organisational structure</p>	<ul style="list-style-type: none"> • Be a consistently outstanding College • Be an inspirational and aspirational College 	<p>Insufficient staff, or poorly developed and demotivated staff, or the ineffective deployment and utilisation of staff causes a decline in overall performance, and damage to the reputation of the College.</p>	<ul style="list-style-type: none"> • Staff recruitment and retention • Staff continuity and succession • Staff deployment and utilisation • Legal compliance • Organisation structure • Staff development • Equality, diversity and inclusion • Staff morale and welfare • Staff safety 	<ul style="list-style-type: none"> • KPIs • Internal audit • Workforce / organisational development • Equality and diversity Committee • Business planning • Change management • Regular reviews / surveys • Network resilience • Flexible work patterns • Performance reviews and development • Safety culture and working groups • Occupational health and welfare • General Data Protection Regulations
<p>A failure to diversify income, control costs or provide sufficient income from other sources</p>	<ul style="list-style-type: none"> • Be an expanding College • Open our farms, gardens, animal collections, facilities and services for commercial, recreational and educational benefit 	<p>A failure to control finances and secure sufficient additional non-funded income, provide additional security through a diversified turnover, and maintain or grow the provision, or loss of financial control, leads to declining performance or financial health of the College.</p>	<ul style="list-style-type: none"> • Commercial marketing • Commercial income • Debt • Value for money • Budgeting and forecasting • Capital investment • Fraud • Financial control • Fundraising • Other Partnerships 	<ul style="list-style-type: none"> • Strategic and income related target setting • KPIs • Marketing review meetings • External and regulatory audits • Internal audit • External project management of capital programmes • Financial regulations • Staff development • Business planning • Commercial digitisation

Principal risk	Strategic objective(s) linked to the principal risk	Description of principal risk	Risk areas covered by principal risk	High level controls / mitigation in place
A failure to maintain appropriate estates and facilities to support the curriculum and business development	<ul style="list-style-type: none"> • Provide the best and widest possible range of resources, education and training activities • Equip students of all ages with knowledge, skills and behaviours to support the green environment and land-based industries • Make learning and opportunity accessible to all Londoners and wider audiences • Manage green space, animal collections and related businesses and play an active role improving the natural environment and landscape of London 	Unsafe, inadequate, or poor quality estates, resources and facilities damages the reputation, student and staff recruitment and overall performance of the College.	<ul style="list-style-type: none"> • Campus accessibility • IT infrastructure • Safe workplace • Accommodation • Capital projects • Facilities • Cyber protection • Leases and licences • Business continuity • Gardens and grounds 	<ul style="list-style-type: none"> • Internal audit • Health and Safety Committee • KPIs • Space and occupancy surveys • Staff surveys • Student surveys • Customer surveys • Firewalls • Cloud-based systems and managed services • Resilient and distributed network structures • Staff development • Business planning
A failure to meet all requirements of legal and regulatory compliance	<ul style="list-style-type: none"> • Be a consistently outstanding College 	Error or omission in the legal and regulatory duties causes financial or reputational damage to the College.	<ul style="list-style-type: none"> • Data protection • Legal compliance • Employment law • Equalities act 	<ul style="list-style-type: none"> • Internal audit • Independent review and reporting • KPIs
A failure in the Governance and leadership of the College	<ul style="list-style-type: none"> • All strategic objectives 	Poor or insufficient governance and leadership fails to meet strategic objectives and damages the reputation, financial health, performance or progress of the College.	<ul style="list-style-type: none"> • Risk management • Communications • Legal compliance • Governance • Strategy • National, regional and local policy • Social issues and mobility • Competition 	<ul style="list-style-type: none"> • Annual governance performance reviews and skills audit • KPIs • Internal audit • Governor training • Staff development • Board level intervention / response

Other specific risks affecting the College are detailed below, some of which are not directly within the control of the College and other risks may adversely affect the College:

1. Government Funding

The College has considerable reliance on continued government funding through the ESFA. In 2020-21, 81% of the College’s revenue was public funded.

The following key issues may impact on future funding:

- Changes to Apprenticeship levy-based funding and new standards
- Reduction of funding especially the Adult Education Budget
- Removal of the specialist weighting for land based colleges
- Devolution of ESFA funding

- The recruitment of Higher Education students
- The uptake of Advanced Learning Loans
- Competition from schools for 16-18-year-old students
- Changes from existing qualifications to T-Levels

2. Tuition Fees

The College annually reviews tuition fees in line with cost of living and market forces.

Risks are mitigated by:

- Ensuring the curriculum is high quality and relevant;
- Ensuring students perceive value for money for students;
- Close monitoring of competition and changes in demand.

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficits on the College's balance sheet in line with the requirements of FRS 102.

Accounting for defined benefit pension schemes under FRS 102 is a risk as the relevant pension scheme is not under the direct control of the College. It is accounted for in accordance with the advice of an independent qualified actuaries who apply significant judgements in relation to assumptions for future salary increases, inflation, investment returns and member longevity, which all underpin their evaluations.

4. Failure to maintain the financial viability of the College

The College's current financial health grade is classified as "**Outstanding**" as described above. This is largely the consequence of astute financial management.

Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience.

Risks are mitigated by:

- Rigorous budget setting procedures and sensitively analysis;
- Regular in year budget monitoring;
- Robust financial controls;
- Exploring ongoing procurement efficiencies.

Stakeholder Relationships

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

- Students and staff;
- Education sector funding bodies;
- Employers;
- Local authorities, Government Offices/ Regional Development Agencies/LEPs;
- Local communities;
- Other Further Education institutions;
- Professional bodies;
- The Greater London Authority;
- Higher Educations Institutions;
- The Livery companies of London;
- NGO's and other regulatory authorities.

The College recognises the importance of these relationships and engages in regular communication with them through the College internet site and by meetings.

Equality and Diversity and Inclusion Policy

The College is committed to ensuring equality of opportunity for all its students, staff and the broader community which it serves. We welcome, celebrate and value the diversity of our learning community and seek to promote an inclusive learning and working environment where everyone can achieve to their full potential.

The College respects and values the diversity of students and staff who share different aspects of their identity, for example in terms of their race and ethnicity, gender, sexual orientation, gender, reassignment, religion and belief, disability or marital/civil partnership, socio-economic status and age. The College aims to ensure Equality, Diversity and Inclusion is reflected through the curriculum, enrichment activities and the range of direct and indirect student support services.

The College publishes Annual Equality Diversity reports and has an Equality, Diversity and Inclusion working group to ensure compliance with the relevant specific equality duties outlined in the Equality Act 2010. The College also undertakes equality impact assessments on new policies and procedures. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

Disability statement

The College has achieved Level 1 of the Employers 'Disability Confident Committed' award and has committed to the principles and objectives of the Positive about Disabled People standard.

The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the 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 is committed to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities for everyone.

The College is making a formal commitment to achieve the 'Mindful Employer' charter to assist the mental health wellbeing of staff. The College provides mandatory Equality, Diversity and Inclusion training for all new starters and forms part of the induction training.

The College seeks to achieve the objectives set down in the Equality Act 2010:

- a) The College has appointed staff who provide information, advice and arrange support where necessary for students with disabilities/learning difficulties.
- b) There is a range of specialist equipment, e.g. hearing loops which the College can make available for use by students alongside a range of various assistive technology.
- c) The College will appoint specialist staff to support students with learning difficulties and/or disabilities when required. There are a number of student support assistants who can provide a variety of support for learning.
- d) The College offers staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

- e) Counselling and welfare services are described in the student handbook, which is also available to students together with details on our additional learning support services which are covered as part of induction and at other times throughout the year.

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College. During the period 1 August 2020 to 31 July 2021 the College did not have any representatives and thus no time was incurred.

Going Concern

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

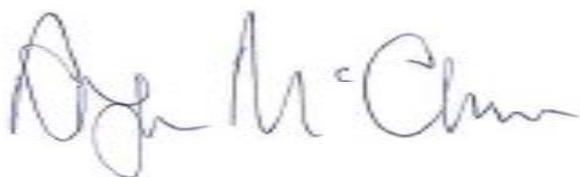
The College has cash and short term deposits of £5,325k, net current assets of £3,396k, no debt and net liabilities of £769k (after deducting a £10,067k pension liability). The actuaries' pension valuations for the year ended 31 July 2021 increased the pension deficit by £117k; an increase of 1%. These deficits are long term liabilities that do not affect cash in the shorter term.

Cash flow projections show the College to be able to meet its debts as they fall due during the period of 12 months from the date of approval of these financial statements. College management plan to generate surpluses from the current and future expansion of the student population to fund the business and its liabilities.

Disclosure of Information to the Auditor

The members 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 member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 23 February 2022 and signed on their behalf by:



Roger McClure
Chair of Governors

23 February 2022

Key Management Personnel

Principal, Chief Executive and Accounting Officer - Malcolm Goodwin

Vice Principal – Christine Bianchin

Executive Director of Finance & IT- Damien Fallon

Executive Director of HR & Central Services – James Bryan

Executive Director of Estates and Facilities – David Scott

Clerk to the Corporation and Company Secretary – Joanne Coffey

Professional Advisers

Financial Statements and Regularity Auditors

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Internal Auditors

Scrutton Bland
Fitzroy House
Crown Street
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Suffolk
IP1 3LG

Solicitors

Duffield Harrison
Rathmore House
56 High Street
Hoddesdon
Herts.
EN11 8EX

Bankers

Bank of Scotland PLC
300 Lawn Market
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Edinburgh
EN1 2PH

Clydesdale Bank PLC
88 Wood Street
London
EC2V 7QQ

Barclays Bank PLC
1 Churchill Place
London
E15 HHP

Lloyds Bank PLC
25 Gresham Street
London
EC2V 7HN

Statement of Corporate Governance and Internal Control

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 2020 to 31 July 2021 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The English Colleges' Foundation Code of Governance ("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 have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2021. 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 on 28 March 2017.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. 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.

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below.

Governors serving on the College Board during 2020-21						
Name	Date of Appointment: (A) Re-Appointment(s): (B), (C), (D), (E), (F), (G)¹	Term of office	Date of end of service	Method of appointment	Committees served	Corporation meeting attendance
Paulina Balogun	(A) 14 July 2021	4 years		Governing Body	<ul style="list-style-type: none"> • Corporation 	0/0
Dr Heather Barrett-Mold OBE	(A) Appointed at the end of the Summer term 25 March 2015 (B) 3 April 2019	4 years 4 years		Governing Body	<ul style="list-style-type: none"> • Corporation (Vice Chair) • Academic • Search, Governance and Remuneration • Strategy • Finance and Resources 	3/3
Patricia Brown	(A) 11 December 2019	4 years	Resigned 23 March 2021	Governing Body	<ul style="list-style-type: none"> • Corporation 	0/1
Paul Campbell	(A) 10 July 2013 (B) 2 July 2017	4 years 4 years	Retired 1 September 2020	Governing Body	<ul style="list-style-type: none"> • Corporation • Estates • Strategy 	0/0
Dr Sheila Cunningham	(A) 21 April 2020	4 years		Governing Body	<ul style="list-style-type: none"> • Corporation • Academic (Observer) 	3/3
Dr Beryl De Souza	(A) 2 April 2012 (B) 22 March 2016 (C) 3 April 2019	4 years 3 years 4 years		Governing Body	<ul style="list-style-type: none"> • Corporation • Estates 	3/3
Peter Doble	(A) 12 December 2018	4 years		Governing Body	<ul style="list-style-type: none"> • Corporation • Finance and Resources • Strategy • Estates (Observer) 	3/3
David Domoney	(A) 2 April 2014 (B) 28 March 2018	4 years 4 years		Governing Body	<ul style="list-style-type: none"> • Corporation • Strategy (Co-opted) 	0/2 ²

Governors serving on the College Board during 2020-21						
Name	Date of Appointment: (A) Re-Appointment(s): (B), (C), (D), (E), (F), (G)¹	Term of office	Date of end of service	Method of appointment	Committees served	Corporation meeting attendance
Doug Fussell	(D) 4 April 2012 (E) 20 July 2016 (F) 3 April 2019	4 years 3 years 1 year	1 September 2020	Governing Body	<ul style="list-style-type: none"> • Corporation • Finance and Resources • Search, Governance and Remuneration • Strategy 	0/0
Malcolm Goodwin	(A) 1 August 2017	Ongoing		Principal	All Committees except Audit, Strategy and Remuneration	3/3
John Gayer	(A) 11 February 2021	4 years		Governing Body	<ul style="list-style-type: none"> • Corporation • Estates • Finance and Resources 	2/2
Robert Howard	(A) 14 July 2010 (B) 9 July 2014 (C) 18 July 2018	4 years 4 years 4 years		Governing Body	<ul style="list-style-type: none"> • Corporation • Audit 	1/3
Guy Jones-Owen	(A) 28 March 2018	4 years		Governing Body	<ul style="list-style-type: none"> • Corporation • Audit 	3/3
Joanne Laban	(A) 11 December 2019	4 years		Governing Body	<ul style="list-style-type: none"> • Corporation 	3/5 ²
Ralph Luck OBE	(A) 31 March 2021	4 years		Governing Body	<ul style="list-style-type: none"> • Corporation 	0/1
Claus Matthews	(A) 21 October 2010	1 year	14 July 2021	Student Governor Panel ³	<ul style="list-style-type: none"> • Corporation • Academic • Estates 	1/3
Roger McClure	(A) 30 June 2016 (B) 15 July 2020	4 years 4 years		Governing Body	<ul style="list-style-type: none"> • Corporation (Chair) • Finance and Resources • Search, Governance and Remuneration • Academic (Observer) • Strategy • Estates 	3/3

Governors serving on the College Board during 2020-21						
Name	Date of Appointment: (A) Re-Appointment(s): (B), (C), (D), (E), (F), (G)¹	Term of office	Date of end of service	Method of appointment	Committees served	Corporation meeting attendance
Lady Milnes Coates	(A) 12 December 2012 (B) 7 December 2016 (C) 16 December 2020	4 years 4 years 2 years		Governing Body	<ul style="list-style-type: none"> • Corporation • Finance and Resources • Search, Governance and Remuneration 	3/3
Sarah Moreland	(A) 16 December 2020	4 years		Governing Body	<ul style="list-style-type: none"> • Corporation • Estates • Academic 	2/2
Lauren O'Leary	(A) 21 October 2010	1 year	14 July 2021	Student Governor Panel ³	<ul style="list-style-type: none"> • Corporation • Academic • Estates 	0/3
Jarryd Russell	(A) 17 October 2019 (B) 21 October 2010	1 year 1 year	14 July 2021	Student Governor Panel ³	<ul style="list-style-type: none"> • Corporation • Academic • Estates 	2/3
Sarah Seery	(A) 17 July 2019 (B) 14 July 2021	2 years 2 years		Staff Body	<ul style="list-style-type: none"> • Corporation • Academic • Estates 	3/3
Stephen Way	(A) 31 March 2021	4 years		Governing Body	<ul style="list-style-type: none"> • Corporation • Estates • Academic 	1/1
James Wisdom	(E) 14 July 2010 (F) 10 July 2013 (G) 28 March 2017	3 years 4 years 4 years	Retired 31 March 2021	Governing Body	<ul style="list-style-type: none"> • Corporation • Academic • Strategy 	2/2
Joanne Coffey served as Clerk to the Corporation in 2020-21.						
NOTES:						
1. Date of appointment data is provided for the last three terms of office in respect of governors who have held office in excess of ten years.						
2. Granted leave of absence for one term.						
3. Student Governor Panel consists of Principal, Vice Principal and Clerk to the Corporation						

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

The Corporation 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 Corporation meets each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are: Strategy; Finance and Resources; Search, Governance and Remuneration; Academic; Estates; and Audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at: Capel Manor College, Bullsmoor Lane, Enfield, Middlesex, EN1 4RQ.

The Clerk to the Corporation 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 Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

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

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

The College also has a Patron, Vice Presidents and an Honorary Fellow. Appointment as a Vice President reflects an outstanding contribution to the College or partnership with a person who could provide invaluable links or expertise.

<i>Patron and President: The Marchioness of Salisbury</i>	
<i>Vice Presidents</i>	
Roger Abraham	Donald Gratton
John Bennett	Dr David G Hessayon, VMM (Senior Vice President)
Bob Binney	Vincent Lawton
Irene Byard (Honorary Fellow)	Brigadier Andrew Parker Bowles OBE
Christine Cohen, OBE	Malcolm Parkinson MBE
Kenneth Crowther	Gordon Rae
Graham Eustance, OBE	Dame Marion Roe, DBE
David Everett	The Rt. Hon Lord Tebbit, CH, PC
Major Charles Fenwick, LVO	John Wilson
Ian S Ferguson	James Wisdom
Lord Graham of Edmonton	
Douglas Fussell	

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search, Governance and Remuneration Committee, consisting of up to six members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation’s consideration. The Corporation is responsible for ensuring that

appropriate training is provided as required. Members of the Corporation are appointed for a term of office of up to four years, not exceeding more than two full terms of office, unless exceptionally voted to serve additional terms.

Corporation performance

The Clerk to the Corporation carried out an assessment of the Corporation for the year ended 31 July 2021. On 23 February 2022, the Governing Body agreed that the Corporation had been effective.

Governance Professional's development

From 1 August 2020 to 31 July 2021, the Clerk to the Corporation attended 5 Governance Professional's London and South-East networking meetings and presentations, an Association of College's Governance Summit and took part in online modules in Unconscious Bias and Equality and Diversity training opportunities.

Remuneration

Throughout the year ended 31 July 2021, the College's Search, Governance and Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the year ended 31 July 2021 are set out in note 6 to the financial statements.

Audit Committee

The Audit Committee comprises two members of the Corporation (excluding the Accounting Officer and Chair) and an Independent Member. The Committee operates in accordance with written terms of reference approved by the Corporation.

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 follow-up reviews to ensure that such recommendations have been implemented.

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

Internal Control

Scope of responsibility

The Corporation 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 Corporation 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

he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Capel Manor College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Capel Manor College for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation 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 Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The Risk and Control Framework

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

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

Capel Manor College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum, annually, the Head of Internal Audit (HIA) provides the Governing Body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's systems of risk management, controls and governance processes.

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

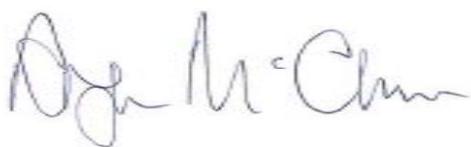
- comments made by the College’s financial statements auditors and the reporting accountant for regularity assurance in their management letters and other reports.

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

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

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

Approved by order of the members of the Corporation on 23 February 2022 and signed on their behalf by:




Roger McClure
Chair of Governors

Malcolm Goodwin
Accounting Officer

23 February 2022

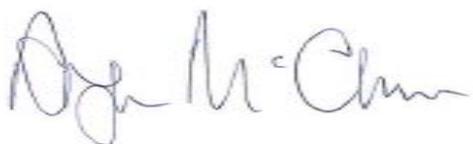
23 February 2022

Governing Body’s Statement on Regularity, Propriety and Compliance

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the Corporation’s grant funding agreements and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of grant funding agreements and contracts with the ESFA.

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the Corporation, or material non-compliance with the terms and conditions of funding under the corporation’s grant funding agreements and contracts with the ESFA, or any other public funder.

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




Roger McClure
Chair of Governors

Malcolm Goodwin
Accounting Officer

23 February 2022

23 February 2022

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Corporation's grant funding agreements and contracts with the ESFA and GLA, the Corporation, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the *Statement of Recommended Practice – Accounting for Further and Higher Education*, *ESFA's College Accounts Direction* and the *UK's Generally Accepted Accounting Practice*, and which gives a true and fair view of the state of affairs of the College and its surplus/deficit of income over expenditure for that period.

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.

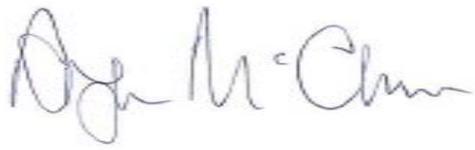
The Corporation is also required to prepare a Member's Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the Corporation.

The Corporation 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 the 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 in order to safeguard its assets and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economic, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 23 February 2022 and signed on their behalf by:

A handwritten signature in blue ink, appearing to read 'Roger McClure', is positioned above a horizontal line.

Roger McClure
Chair of Governors

23 February 2022

Independent Auditor's Report to the Corporation of Capel Manor College

Opinion

We have audited the financial statements of Capel Manor College (the parent 'College') and its subsidiaries (the 'group') for the year ended 31 July 2021 which comprise the group statement of comprehensive income, the group statement of changes in reserves, the balance sheets, the group statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and College's affairs as at 31 July 2021 and of its excess of expenditure over income for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members of the Corporation 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 Post 16 Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- 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 Corporation

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

In preparing the financial statements, the members of the Corporation 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 Corporation 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;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Further and Higher Education Act 1992, funding agreements with the ESFA and the associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, and 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;
- reviewing the minutes of Corporation and sub-committee 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 Corporation 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 Corporation, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 24 February 2022

Reporting Accountant's Assurance Report on Regularity

To: The Corporation of Capel Manor College and Secretary for Education acting through Education and Skills Funding Agency (the ESFA).

In accordance with the terms of our engagement letter dated 9 June 2021 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Capel Manor College during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of Capel Manor College and the reporting accountant

The Corporation of Capel Manor College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the ESFA and the Greater London Authority. 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 and propriety of the college's income and expenditure.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed:



Buzzacott LLP
Chartered Accountants
130 Wood Street, London, EC2V 6DL

Date: 24 February 2022

Consolidated Statements of Comprehensive Income

	Notes	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
INCOME					
Funding body grants	2	14,117	14,117	12,625	12,625
Tuition fees and education contracts	3	1,605	1,605	1,386	1,386
Other income	4	1,651	1,144	1,614	1,100
Acquisition of Mottingham	10	-	-	364	364
Investment income	5	4	4	20	20
Total income		<u>17,377</u>	<u>16,870</u>	<u>16,009</u>	<u>15,495</u>
EXPENDITURE					
Staff costs	6	13,296	13,160	11,445	11,309
Other operating expenses	7	4,634	4,335	4,029	3,750
Depreciation	10	505	504	975	974
Interest and other finance costs	8	140	140	102	102
Total expenditure		<u>18,575</u>	<u>18,139</u>	<u>16,551</u>	<u>16,135</u>
Loss for the year before tax		(1,198)	(1,269)	(542)	(640)
Taxation	9	-	-	(2)	(2)
Loss for the year after tax		<u>(1,198)</u>	<u>(1,269)</u>	<u>(544)</u>	<u>(642)</u>
Actuarial gain / (loss) in respect of pensions	22	1,584	1,584	(3,999)	(3,999)
Total comprehensive income / (expenditure) for the year		<u><u>386</u></u>	<u><u>315</u></u>	<u><u>(4,543)</u></u>	<u><u>(4,641)</u></u>

The Statement of Comprehensive Income is in respect of continuing activities.

Represented by:

Restricted comprehensive income	-	-	-	-
Unrestricted comprehensive income	386	315	(4,543)	(4,641)
	<u>386</u>	<u>315</u>	<u>(4,543)</u>	<u>(4,641)</u>

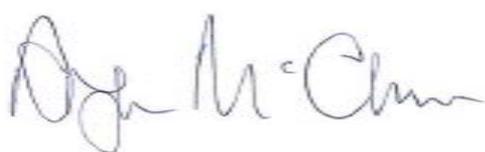
Consolidated and College Statement of Changes in Reserves

Group	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
Balance as at 31 July 2019	2,788	600	3,388
Loss from the income and expenditure account	(544)	-	(544)
Other comprehensive income – actuarial loss	(3,999)	-	(3,999)
Transfers between revaluation and income and expenditure reserves	10	(10)	-
Total comprehensive expenditure for the year	(4,533)	(10)	(4,543)
Balance at 31 July 2020	(1,745)	590	(1,155)
Loss from the income and expenditure account	(1,198)	-	(1,198)
Other comprehensive income – actuarial gain	1,584	-	1,584
Transfers between revaluation and income and expenditure reserves	11	(11)	-
Total comprehensive income for the year	397	(11)	386
Balance as at 31 July 2021	(1,348)	579	(769)
College			
Balance at 31 July 2019	2,735	600	3,335
Loss from the income and expenditure account	(642)	-	(642)
Other comprehensive income – actuarial loss	(3,999)	-	(3,999)
Surpluses gift aided by subsidiaries	50	-	50
Transfers between revaluation and income and expenditure reserves	10	(10)	-
Total comprehensive expenditure for the year	(4,581)	(10)	(4,591)
Balance at 31 July 2020	(1,846)	590	(1,256)
Loss from the income and expenditure account	(1,269)	-	(1,269)
Other comprehensive income – actuarial gain	1,584	-	1,584
Surpluses gift aided by subsidiaries	83	-	83
Transfers between revaluation and income and expenditure reserves	11	(11)	-
Total comprehensive income for the year	409	(11)	398
Balance at 31 July 2021	(1,437)	579	(858)

Balance Sheets as at 31 July

	Notes	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Non-current assets					
Tangible fixed assets	10	8,473	8,470	7,646	7,642
Investments	11	-	-	-	-
Total fixed assets		<u>8,473</u>	<u>8,470</u>	<u>7,646</u>	<u>7,642</u>
Current assets					
Stocks		66	4	90	10
Trade and other receivables	12	407	430	1,054	1,061
Short term deposits	13	854	854	769	769
Cash and cash equivalents		4,471	4,264	2,970	2,823
Total current assets		<u>5,798</u>	<u>5,552</u>	<u>4,883</u>	<u>4,663</u>
Less: Creditors – amounts falling due within one year	14	(2,402)	(2,242)	(1,702)	(1,579)
Net current assets		<u>3,396</u>	<u>3,310</u>	<u>3,181</u>	<u>3,084</u>
Total assets less current liabilities		11,869	11,780	10,827	10,726
Less: Creditors – amounts falling due after more than one year	15	(2,571)	(2,571)	(2,032)	(2,032)
Provisions: Defined benefit obligations	16	(10,067)	(10,067)	(9,950)	(9,950)
Total net liabilities		<u>(769)</u>	<u>(858)</u>	<u>(1,155)</u>	<u>(1,256)</u>
Unrestricted Reserves:					
Income and expenditure account		(1,348)	(1,437)	(1,745)	(1,846)
Revaluation reserve		579	579	590	590
Total reserves		<u>(769)</u>	<u>(858)</u>	<u>(1,155)</u>	<u>(1,256)</u>

The financial statements on pages 36 to 64 were approved and authorised for issue by the Corporation on 23 February 2022 and were signed on its behalf on that date by:



Roger McClure
Chair of Governors
23 February 2022



Malcolm Goodwin
Accounting Officer
23 February 2022

Consolidated Statement of Cash Flows

	Notes	2021 £'000	2020 £'000
Cash flow from operating activities			
Loss for the year		(1,198)	(544)
Adjustment for non-cash items:			
Depreciation		505	975
Decrease in stocks		24	1
Decrease / (increase) in debtors		647	(573)
Increase / (decrease) in creditors		700	(87)
Increase / (decrease) in creditors due after one year		539	(73)
Pensions costs less contributions payable		1,701	1,009
Adjustment for investing or financing activities:			
Acquisition DFE Laptops and Mottingham assets		(64)	(364)
Investment income		(4)	(20)
Net cash flow from operating activities		<u>2,850</u>	<u>324</u>
Cash flows from investing activities			
Payments made to acquire fixed assets		(1,268)	(514)
Investment income		4	20
(Increase) / decrease in short term deposits		(85)	171
		<u>(1,349)</u>	<u>(323)</u>
Increase in cash and cash equivalents in the year		<u>1,501</u>	<u>1</u>
Cash and cash equivalents at beginning of the year	17	2,970	2,969
Cash and cash equivalents at end of the year	17	4,471	2,970

Notes to the Accounts

1. 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) and the College Accounts Direction for 2020-21 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 judgements in applying the College’s accounting policies.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, Forty Hall Community Vineyard Limited and Capel Manor Limited controlled by the group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2021.

The College has another subsidiary company, Enfield Veg Co Limited, which remained dormant in the financial year ended 31 July 2021.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cash flow, liquidity and borrowings are described in the financial statements and accompanying notes.

The College currently has no loans outstanding.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its financial statements.

Recognition of income

Funding body recurrent grants are recognised 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 Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the funding bodies or other bodies received in respect of the acquisition of fixed assets are capitalised, held as deferred income and recognised in income in line with depreciation over the life of the assets, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

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.

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

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Accounting for Post-retirement benefits

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

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Local Government Pension Scheme (LGPS)

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

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

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

Short term employment benefits

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

Non-current Assets - Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Building improvements made since incorporation are included in the balance

sheet at cost. Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful economic life to the College of between 10 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of 10-15 years. Improvements to leasehold property are depreciated over the remaining life of the lease.

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

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

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

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

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

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

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

Buildings owned by third parties

Where the College enjoys the use of an asset which it does not own and for which no rental or a nominal rental is paid, if practicable, a value is attributed to this benefit and capitalised, with a corresponding credit to deferred capital grants which are subsequently released to the income and expenditure account over the useful economic life of the asset at the same rate as the depreciation charge on the related asset.

Equipment

Equipment costing less than £5,000 per individual item is written off to the income and expenditure account in the period of acquisition, unless it is part of a scheme of capital work. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the College of between one and three years from incorporation and is now fully depreciated. All other equipment is depreciated over its useful economic life as follows:

- building improvements – the shorter of 10-15 years on a straight-line basis or the remainder of the lease term
- equipment – 5 years on a straight-line basis
- motor vehicles – 4 years on a straight-line basis

A full year of depreciation is charged in the year of acquisition.

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

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

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.

Investments

The investments in the subsidiary companies are accounted for at cost less impairment in the individual financial statements.

Inventories

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Cash and cash equivalents

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

Financial Liabilities and equities

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

All loans and short term deposits held by the group are classified as basic financial instruments in accordance with FRS102. These instruments are initially recorded at the transaction price less any transaction costs (historic cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost; however, the College has calculated that the difference between the historic 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 charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 6% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions

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

Borrowing costs

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

Agency arrangements

The College acts as an agent in the collection and payment of certain discretionary support funds and adult learning grants. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 24, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Learner Support Funds applications and payments.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- Provision for bad debts

Provision is made in full against the value of a debt where its recovery has become uncertain.

2 Funding body grants

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Recurrent grants				
ESFA- adult	400	400	526	526
GLA - adult	1,826	1,826	1,769	1,769
ESFA- 16-18	8,621	8,621	7,360	7,360
ESFA- apprenticeships	318	318	453	453
Specific grants				
ESFA- high needs funding	1,989	1,989	1,785	1,785
ESFA-Teachers' Pension	251	251	196	196
Coronavirus Job Retention Scheme (see below)	13	13	149	149
Capacity and Delivery Fund	184	184	165	165
Release of deferred capital grants	97	97	57	57
EFSA Discretionary learner support	30	30	33	33
GLA Discretionary learner support	137	137	132	132
EFSA Tuition fund	160	160	-	-
ESFA Additional specific bursaries	27	27	-	-
DFE Donated laptops	64	64	-	-
Total	14,117	14,117	12,625	12,625

The Corporation furloughed its catering and commercial income generating staff under the government's Coronavirus Job Retention Scheme. The funding received in respect of 10 staff £13k (2020: 16 staff; £149k) relates to staff costs which are included within staff costs. The College paid 100% of salary though the grant only supported 80% of the cost. No staff were made redundant.

3 Tuition fees and education contracts

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Tuition fees	1,211	1,211	1,079	1,079
Education contracts	394	394	307	307
Total	1,605	1,605	1,386	1,386

Tuition fees funded by bursaries: Included within the above amounts are tuition fees funded by bursaries of £36k (2020: £27k).

4 Other income

	Group 2021	College 2021	Group 2020	College 2020
	£'000	£'000	£'000	£'000
Residencies and catering	123	123	152	148
ESFA Free school meal funds	54	54	76	76
Other income generating activities	233	142	167	57
Farming income	423	32	386	11
Capital grants	59	59	23	23
Teaching related activities	232	232	79	79
Examination and registration costs	122	122	125	125
Premises income	82	67	249	229
Other income	323	313	357	352
Total	1,651	1,144	1,614	1,100

5 Investment income

	Group 2021	College 2021	Group 2020	College 2020
	£'000	£'000	£'000	£'000
Other interest receivable	4	4	20	20
Total	4	4	20	20

6 Staff costs – Group and College

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

	2021 No.	2020 No.
Teaching staff	107	97
Non-teaching staff	172	160
Total Staff	279	257

Staff costs for the above persons

	Group 2021	College 2021	Group 2020	College 2020
	£'000	£'000	£'000	£'000
Wages and salaries	8,563	8,445	7,747	7,629
Social security costs	766	760	765	759
Other pension costs (note 22)	3,088	3,076	2,212	2,200
Includes £1,560k FRS102 adjustment (2020: £907k)				
Payroll sub total	<u>12,417</u>	<u>12,281</u>	<u>10,724</u>	<u>10,588</u>
Contracted out staffing services	<u>879</u>	<u>879</u>	<u>721</u>	<u>721</u>
Total Staff costs	<u>13,296</u>	<u>13,160</u>	<u>11,445</u>	<u>11,309</u>

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprises the Principal, the Clerk to the Governing Body and the Senior Leadership Team.

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

	2021 No.	2020 No.
The number of key management personnel including the Accounting Officer was:	<u>8</u>	<u>6</u>

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

	Key management personnel		Other staff	
	2021 No.	2020 No.	2021 No.	2020 No.
£15,001 to £20,000	1	-		
£30,001 to £35,000	1	1		
£35,001 to £40,000	1	-		
£40,001 to £45,000	1	-		
£45,001 to £50,000	1	-		
£60,001 to £65,000	-	-	2	-
£70,001 to £75,000	-	1	-	-
£75,001 to £80,000	2	2	-	-
£80,001 to £85,000	-	1	-	-
£125,001 to £130,000	1	1	-	-
	<u>8</u>	<u>6</u>	<u>2</u>	<u>-</u>

Key management personnel compensation is made up as follows:

	2021 £'000	2020 £'000
Salaries	463	471
Employers National Insurance	<u>56</u>	<u>57</u>
	519	528
Pension contributions	<u>88</u>	<u>90</u>
Total emoluments	<u>607</u>	<u>618</u>

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

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid key management personnel):

	2021 £'000	2020 £'000
Salary	129	128
Pension contributions	<u>30</u>	<u>29</u>
	<u>159</u>	<u>157</u>

The pension contributions in respect of the Accounting Officer and key management personnel are in respect of employer's contributions to the Teachers' Pension Scheme or Local Government Pension Scheme and are paid at the same rates as for other employees.

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

The Corporation adopted the AoC's Senior Staff Remuneration Code in July 2019 and assess pay in line with its principles.

The remuneration package of key management personnel, including the Principal and Chief Executive, is subject to annual review by the Search, Governance and Remuneration Committee of the Corporation who use benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of the Corporation, who conducts an annual review of his performance against the College's overall objectives using both qualitative and quantitative measures of performance.

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

	2021 £'000	2020 £'000
Principal's basic salary as a multiple of the median of all staff	6.2	4.5
Principal and CEO's total remuneration as a multiple of the median of all staff	6.4	5.5

7 Other operating expenses

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Teaching costs	936	929	868	864
Non-teaching costs	2,347	2,055	2,006	1,732
Premises costs	1,351	1,351	1,155	1,154
Total	4,634	4,335	4,029	3,750

Other operating expenses include:

	2021 £'000	2020 £'000
Auditor's remuneration: Financial statements and regularity audit	36	29
Internal audit	14	22
Other services provided by the financial statements auditor - tax compliance and non-audit services	-	27
Hire of assets under operating leases	41	41

8 Interest and other finance costs – Group and College

	2021 £'000	2020 £'000
Net interest on defined pension liability (note 22):		
Enfield LGPS	133	102
Kent LGPS	7	-
Total	140	102

9 Taxation

The tax provision arises on the surplus generated by Forty Hall Community Vineyard Limited. The surplus of Capel Manor Limited will be gift aided to the College.

10 Tangible fixed assets (Group)

	Land and Buildings		Long leasehold	Plant and Equipment	Total
	Freehold £'000	Under Construction £'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2020	9,101	-	1,047	904	11,052
Disposals	-	-	-	(6)	(6)
Additions in year	513	396	86	337	1,332
At 31 July 2021	<u>9,614</u>	<u>396</u>	<u>1,133</u>	<u>1,235</u>	<u>12,378</u>
Depreciation					
At 1 August 2020	2,132	-	692	582	3,406
Disposals	-	-	-	(6)	(6)
Charge for the year	267	-	51	187	505
At 31 July 2021	<u>2,399</u>	<u>-</u>	<u>743</u>	<u>763</u>	<u>3,905</u>
Net book value at 31 July 2021	<u>7,215</u>	<u>396</u>	<u>390</u>	<u>472</u>	<u>8,473</u>
Net book value at 31 July 2020	<u>6,969</u>	<u>-</u>	<u>355</u>	<u>322</u>	<u>7,646</u>

Following a recommendation from the FE Commissioner, on 1 January 2020, the College acquired Mottingham, a campus in Bromley, southeast London from the education administrators of Kent-based Hadlow College.

Mottingham is a 9-acre freehold property. The Secretary of State for Education retains the right to 100% of any net sale proceeds from the land for a period of 40 years from the transfer date, through an overage clause.

The asset under construction costs are in respect of a proposed building project at the Mottingham site. A planning application will be submitted in 2021 with the expectation of approval being given to commence construction in early 2022 (note 18).

Tangible fixed assets (College only)

	Land and buildings		Long leasehold £'000	Plant and Equipment £'000	Total £'000
	Freehold £'000	Under Construction £'000			
Cost or valuation					
At 1 August 2020	9,101	-	1,047	878	11,026
Additions	513	396	86	337	1,332
At 31 July 2021	9,614	396	1,133	1,215	12,358
Depreciation					
At 1 August 2020	2,132	-	692	560	3,384
Charge for the year	267	-	51	186	504
At 31 July 2021	2,399	-	743	746	3,888
Net book value at 31 July 2021	7,215	396	390	469	8,470
Net book value at 31 July 2020	6,969	-	355	318	7,642

Land and buildings were valued in 1996 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice. If fixed assets had not been revalued before being deemed as cost on transition they would have been included at £nil historical cost.

Land and buildings with a net book value of £579k (2020: £590k) have been partly financed by exchequer funds, through for example the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the ESFA, to surrender the proceeds.

The College occupies land and buildings at Forty Hall Farm. 4.85 hectares of land at the farm are held on a 99-year lease at a peppercorn rent. The farm buildings and a further 64 hectares of land are held under an agricultural tenancy. The College has a partnership agreement with the London Borough of Enfield to manage and conserve the farm estate and to restore the derelict buildings on site. The properties are maintained and insured by the College. The properties are included in the balance sheet at £nil cost, as the properties were in a state of disrepair at the start of the tenancy.

11 Non-current investment (College)

	2021 £	2020 £
Investments in subsidiary companies	5	5
Total	<u>5</u>	<u>5</u>

The College owns 100 per cent of the issued ordinary £1 shares of Capel Manor Limited, a company incorporated in England and Wales. Capel Manor Limited owed £46,356 to the College at 31 July 2021 (2020: £26,258). The principal business activity of Capel Manor Limited is to develop profitable commercial income streams from which it will distribute all its trading profits to the College under gift aid.

The College owns a 50% share in Forty Hall Community Vineyard Limited, a company incorporated in England and Wales. The College owed Forty Hall Community Vineyard Limited £480 at 31 July 2021 (2020 - £480). The principal business activity of Forty Hall Community Vineyard Limited is the operation of a commercial vineyard that provides a community therapeutic resource via a locally appointed management committee of volunteers.

The College owns 100 per cent of the issued ordinary £1 shares of Enfield Veg Co Limited, a company incorporated in England and Wales. The company did not trade during the year.

12 Trade and other receivables

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Amounts falling due within one year:				
Trade debtors	278	255	567	548
Prepayments and accrued income	129	129	353	353
Amounts owed from subsidiary undertakings	-	-	-	26
Other debtors	-	46	134	134
Total	<u>407</u>	<u>430</u>	<u>1,054</u>	<u>1,061</u>

13 Current investments

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Short term deposits	<u>854</u>	<u>854</u>	<u>769</u>	<u>769</u>
Total	<u>854</u>	<u>854</u>	<u>769</u>	<u>769</u>

Deposits are held with banks and building societies operating in the London market and licenced by the Financial Conduct Authority with more than three months' maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at the time of placement.

14 Creditors: amounts falling due within one year

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Payments received in advance	511	500	404	392
Trade creditors	213	194	141	125
Other taxation and social security	231	225	174	171
Accruals and deferred income	858	853	634	627
Deferred income – capital grants	148	148	73	73
Amounts owed to subsidiary undertakings	-	1	-	-
Amounts owed to funding bodies	135	135	-	-
Other creditors	306	186	276	191
Total	2,402	2,242	1,702	1,579

15 Creditors: amounts falling after one year

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Deferred income – capital grants	2,571	2,571	2,032	2,032
Total	2,571	2,571	2,032	2,032

16 Provisions (Group and College)

Defined benefit obligations

	2021 £'000	2020 £'000
At 1 August 2020	(9,950)	(4,942)
Kent LGPS deficit on acquisition (note 21)	-	(69)
Expenditure in the period	(1,701)	(1,009)
Actuarial gain / (loss) in period	1,584	(3,930)
At 31 July 2021	(10,067)	(9,950)

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 22. The principal assumptions for this calculation are:

	2021	2020
Price inflation	2.6%	2.2%
Discount rate	1.6%	2.1%

17 Cash and Cash Equivalents

	At 31 July 2020 £'000	Cash flows £'000	At 31 July 2021 £'000
Cash and cash equivalents	<u>2,970</u>	<u>1,501</u>	<u>4,471</u>
Total	<u>2,970</u>	<u>1,501</u>	<u>4,471</u>

18 Capital commitments (Group and College)

	2021 £'000	2020 £'000
Commitments contracted for at 31 July	<u>-</u>	<u>-</u>
Authorised but not contracted at 31 July	<u>9,356</u>	<u>8,997</u>

19 Lease obligations (Group and College)

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

	2021 £'000	2020 £'000
Land and buildings:		
Expiring within one year	222	244
Expiring within two and five years inclusive	278	371
Expiring in over five years	1,897	1,990
	<u>2,397</u>	<u>2,605</u>
Equipment:		
Expiring within one year	41	41
Expiring within two and five years inclusive	-	-
	<u>41</u>	<u>41</u>

20 Contingent liability

The College took advantage of a VAT exemption of £610k in the construction of an Animal Care building that was completed in the year ending 31 July 2015. This arises from the building being used to educate 16-19-year-old students. This exemption is subject to a ten-year review (2025) in which any education of adults must not exceed 5% of the student population. Governors have adopted a strategy that will prevent the liability from crystallising. A contingent liability of £61k per annum exists should that strategy fail.

21 Kent Local Government Pension Scheme

The College acquired the Mottingham campus from Hadlow College on 1 January 2020. In so doing, 23 staff were TUPE'd to the College. Being members of Kent LGPS scheme, the College has made pension deductions using the rules of that scheme but was unable to remit them to the scheme as the College was not a recognised employer to that scheme. At 31 July 2020 £14k was due to Kent LGPS.

This situation was resolved when the Secretary of State for Education gave permission for the College to be a member of two LGPS schemes. Funds were paid over in September 2020. Negotiations will commence in 2021-22 between the Enfield and Kent LGPS schemes for these staff to transfer to the Enfield scheme in the future.

On acquisition, the College accepted a pension liability estimated at £69k (assets £256k, liabilities £325k). This is disclosed as part of the pension liability on the balance sheet:

Defined benefit obligations:	2021	2020
	£'000	£'000
Enfield LGPS (note 22)	9,711	9,881
Kent LGPS (note 22)	<u>356</u>	<u>69</u>
Total liability	<u>10,067</u>	<u>9,950</u>

As at 31 July 2021 the College has obtained an actuarial valuation of the College's share of both scheme's assets and liabilities (note 22).

22 Pension and similar obligations

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

Total pension cost for the year	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Teachers' Pension Scheme: contributions paid		800		680
Local Government Pension Scheme: Contributions paid:				
Enfield LGPS	710		615	
Kent LGPS	18		10	
FRS 102 charge	<u>1,560</u>		<u>907</u>	
Charge to the Income and Expenditure Account (staff costs)				1,532
		<u>2,288</u>		<u> </u>
Total Pension Cost for Year (note 6)		<u>3,088</u>		<u>2,212</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2019 and of the LGPS 31 March 2019.

Contributions amounting to £180k (2019-20: £188k) were payable to the schemes at 31 July and are included within creditors.

Teachers' Pension Scheme

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

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2019. The valuation report was published by the Department for Education (DfE). The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year.

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

The pension costs paid to TPS in the year amounted to £800k (2019-20: £680k).

Enfield Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by the London Borough of Enfield Local Authority. The total contributions made for the year ended 31 July 2021 were £970k, of which employer's contributions totalled £710k and employees' contributions totalled £260k. The agreed contribution rates for future years are 15.8% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	4.1%	3.7%
Rate of increase for pensions in payment and to deferred pensions	2.6%	2.2%
Discount rate for scheme liabilities	1.7%	1.4%
Rate of increase in inflation (Consumer Price Index)	2.6%	2.2%
Commutation of pensions to lump sums	70%	70%

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

	At 31 July 2021	At 31 July 2020
	Years	Years
Retiring today		
Males	22.5	22.4
Females	24.4	24.3
Retiring in 20 years		
Males	23.1	23.0
Females	25.1	25.0

The College's share of the assets and liabilities in the scheme and the actual return on plan assets were:

	Value at 31 July 2021 £'000	Value at 31 July 2020 £'000
Equities	8,150	6,084
Property	2,888	777
Government Bonds	1,027	988
Corporate Bonds	2,134	1,909
Cash	1,139	579
Other	706	2,831
	<hr/>	<hr/>
Total market value of assets	16,044	13,168
	<hr/>	<hr/>
Actual return on plan assets	<u>2,237</u>	<u>(379)</u>

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

	2021 £'000	2020 £'000
Fair Value of plan assets	16,044	13,168
Present value of plan liabilities	<u>(25,755)</u>	<u>(23,049)</u>
Net pensions liability (Note 21)	<u>(9,711)</u>	<u>(9,881)</u>

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

	2021 £'000	2020 £'000
Amounts included in staff costs:		
Current service cost	2,220	1,521
Past Service cost	-	-
Total	<u>2,220</u>	<u>1,521</u>

	2021 £'000	2020 £'000
Amounts included in finance costs:		
Net interest cost (note 8)	<u>(133)</u>	<u>(102)</u>
	<u>(133)</u>	<u>(102)</u>

	2021 £'000	2020 £'000
Amount recognised in Other Comprehensive Income:		
Return on pension plan assets	2,048	(671)
Experience losses arising on defined benefit obligations	<u>(235)</u>	<u>(3,259)</u>
Amount recognised in Other Comprehensive Income	<u>1,813</u>	<u>(3,930)</u>

	2021 £'000	2020 £'000
Movement in net defined benefit liability during year:		
Net defined benefit liability in scheme at 1 August	(9,881)	(4,942)
Movement in year:		
Current service cost	(2,220)	(1,521)
Past service cost	-	-
Employer contributions	710	614
Net interest	(133)	(102)
Actuarial gain / (loss)	<u>1,813</u>	<u>(3,930)</u>
Net defined benefit liability at 31 July	<u>(9,711)</u>	<u>(9,881)</u>

Asset and Liability Reconciliation

	2021 £'000	2020 £'000
Defined benefit obligations at 1 August	23,049	17,886
Current service cost	2,220	1,521
Interest cost	322	394
Contributions by scheme participants	257	239
Experience gains and losses on defined benefit obligations	235	3,259
Estimated benefits paid	(328)	(250)
Past service cost	-	-
	<u>25,755</u>	<u>23,049</u>
Defined benefit obligations at 31 July	<u>25,755</u>	<u>23,049</u>

Changes in fair value of plan assets

	2021 £'000	2020 £'000
Fair value of plan assets at 1 August	13,168	12,944
Interest on assets	189	292
Return on plan assets	2,048	(671)
Employer contributions	710	614
Contributions by Scheme participants	257	239
Benefits paid	(328)	(250)
	<u>16,044</u>	<u>13,168</u>
Fair value of plan assets at 31 July	<u>16,044</u>	<u>13,168</u>

Kent Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by the Kent County Council. The total contributions made for the year ended 31 July 2021 were £23k, of which employer's contributions totalled £18k and employees' contributions totalled £5k. The agreed contribution rates for future years are 16.2% and 17.3% for employers for the periods 1 April 2020 to 31 March 2021 and 1 April 2021 to 31 March 2022 respectively, and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon an actuarial valuation of the fund as at 31 July 2021 by a qualified independent actuary. No valuation was prepared for the prior year. Estimated data was prepared by the actuary as at 1 January 2020 to enable the College to assess its financial exposure in taking on the Mottingham campus from Hadlow College.

	At 31 July 2021	At 31 Jan 2020
Rate of increase in salaries	3.85%	3.5%
Rate of increase for pensions in payment and to deferred pensions	2.85%	2.5%
Discount rate for scheme liabilities	1.6%	2.1%
Rate of increase in inflation (Consumer Price Index)	2.85%	2.5%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2021	At 31 Jan 2020
	Years	Years
Retiring today		
Males	21.6	21.8
Females	23.6	23.7
Retiring in 20 years		
Males	22.9	23.2
Females	25.1	25.2

The College's share of the assets and liabilities in the scheme and the actual return on plan assets were:

	Value at 31 July 2021 £'000	Value at 31 Jan 2020 £'000
Equities	305	244
Property	49	41
Government Bonds	3	3
Corporate Bonds	65	49
Cash	14	11
Other	33	29
	<hr/>	<hr/>
Total market value of assets	469	377
	<hr/>	<hr/>
Actual return on plan assets	60	-
	<hr/>	<hr/>

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

	2021 £'000	2020 £'000
Fair Value of plan assets	469	256
Present value of plan liabilities	<u>(825)</u>	<u>(325)</u>
Net pensions liability (Note 21)	<u>(356)</u>	<u>(69)</u>

As no actuarial valuation was completed at 31 July 2020, there are no comparative figures to disclose. Amounts recognised in the Statement of Comprehensive Income in respect of the plan for this financial year are as follows:

	2021 £'000
Amounts included in staff costs:	
Current service cost	85
Past Service cost	-
Total	<u>85</u>

	2021 £'000
Amounts included in finance costs:	
Net interest cost (note 8)	<u>(7)</u>
	<u>(7)</u>

	2021 £'000
Amount recognised in Other Comprehensive Income:	
Return on pension plan assets	60
Experience losses arising on defined benefit obligations	<u>(18)</u>
Amount recognised in Other Comprehensive Income	<u>48</u>

	2021 £'000
Movement in net defined benefit liability during year:	
Net defined benefit liability in scheme at 1 August	(69)
Movement in year:	
Current service cost	(85)
Past service cost	-
Employer contributions	35
Net interest	(7)
Actuarial gain / (loss)	<u>(230)</u>
Net defined benefit liability at 31 July	<u>(356)</u>

Asset and Liability Reconciliation

	2021 £'000
Defined benefit obligations at 1 August	325
Revaluation of assets	278
Current service cost	85
Interest cost	20
Change in financial assumptions	146
Change in demographic assumptions	(8)
Contributions by scheme participants	11
Experience gains and losses on defined benefit obligations	(18)
Estimated benefits paid	(14)
Past service cost	-
	<hr/>
Defined benefit obligations at 31 July	825

Changes in fair value of plan assets

	2021 £'000
Fair value of plan assets at 1 August	256
Revaluation of assets	121
Interest on assets	13
Return on plan assets	47
Employer contributions	35
Contributions by Scheme participants	11
Benefits paid	(14)
	<hr/>
Fair value of plan assets at 31 July	469

23 Related party transactions

Owing to the nature of the College's operations and the composition of the Governing Body being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Governing Body may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and standard procurement procedures. There were no such transactions in the year.

No expenses were paid to or on behalf of the Governors during the year (2019-20 £Nil).

No governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2019-20: None).

Transactions and balances with the funding bodies are detailed in notes 2, 12 and 14.

24 Amounts disbursed as agentDiscretionary support funds

	2021 £'000	2020 £'000
Funding body grants	413	526
Disbursed to students	(373)	(287)
Administration costs	-	-
Amount consolidated in financial statements	<u>20</u>	<u>(239)</u>
Balance unspent as at 31 July, included in creditors	<u><u>60</u></u>	<u><u>-</u></u>

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