

**Fircroft College of Adult Education**

Report and Financial Statements

Year Ended

31 July 2021

Charity registration number: 510033

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

### **Key management personnel**

Key management personnel were represented by the following in 2020/21:

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

### **Board of Governors**

A full list of Governors is given on page 17 of these financial statements.

<b>Principal and Registered Office</b>	1018 Bristol Road, Selly Oak, Birmingham B29 6LH
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### **Professional advisers**

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

Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

#### **Internal Auditors**

RSM  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF

#### **Bankers**

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

#### **Investment Management**

Smith and Williamson  
9 Colmore Row  
Birmingham  
B3 2BJ

# FIRCROFT COLLEGE OF ADULT EDUCATION

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# FIRCROFT COLLEGE OF ADULT EDUCATION

## Report of the Governing Body

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### NATURE, OBJECTIVES AND STRATEGIES

The members of the Governing Body present their report and the audited financial statements for the year ended 31 July 2021.

#### Legal status

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

#### Public Benefit Test

The members of the Governing Body, who are trustees of the charity, are disclosed on page 17. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

The student statistics on page 6 indicate the extent to which the College has met its own "social justice" mission.

#### College objects and mission

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

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

#### Values

The College has confirmed its values as:

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

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

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

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

# **FIRCROFT COLLEGE OF ADULT EDUCATION**

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

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

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

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

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

Following a strategic review in 2018, the College has a five year strategy and implementation plan which focuses on ensuring the long term sustainability of the College. This builds upon the success of its previous strategy and is embedded across the College in terms of its delivery. 2020/21 was the second year of the five year strategy. The college's strategic themes and goals were reviewed by college leaders. The themes were revised to; Learning, Wellbeing, Equity, Digital and Environment and Sustainability.

The College's Strategic Goals are to:

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

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

The continuation of the Covid-19 pandemic into 2020/21 financial year resulted in further disruption to the College, with further lockdowns restricting its ability to provide residential provision. Government and Public Health guidance has been strictly observed throughout, and control measures applied within the College estate where on-site learning has been possible.

Restrictions have placed strains on student capacity in classrooms and public spaces through social distancing, and access to food and drink facilities have been modified or restricted as appropriate, with consequential impact upon course scheduling.

Residential education is a central tenet of Fircroft, and remains at the heart of the strategy. Repeated lockdowns have removed this capability for a significant portion of the year affecting both our students and our core business model.

As in 2019/20, the College moved to on-line provision wherever possible and practical, however this style of provision is currently funded differently to residential provision and has resulted in a gap to contracted funding, and provisions for a potential £214k repayment.

Despite the constraints on capacity, the College entered into local arrangements with a local institution to expand its bedroom and teaching room capacity. This facilitated a late expansion of residential courses.

# FIRCROFT COLLEGE OF ADULT EDUCATION

## Report of the Governing Body (continued)

### CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

#### Student numbers

The College had 662 ESFA funded enrolments against the 2019/20 figure of 1,199. Consequently, the college fell short of its original funding allocation on its ASB allocation (by £132,153 82.1%) and met its grant allocation on Community allocation (£1,067,337 100%) whilst being below Advanced Learner Loans Bursary (£160,275 51.6%). This performance was adversely impacted by the coronavirus pandemic and associated Government lockdown restrictions. The ESFA revised the contractual performance targets for AEB in 2020/21 to 90% (It subsequently also accepted business case submissions for mitigation relative to local circumstances and financial distress. The College submitted a case relative to local public health circumstances severely restricting its core business model. This has been approved in the full £116k reducing the AEB shortfall to £16k).

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

	<b>Total ESFA funded learners</b>	<b>Learners with few educational qualifications</b>	<b>Learners claiming benefits</b>
Access course	27	1	21
Short courses – Adult Skills	208	70	180
Short courses – Community Learning	444	150	377
<b>Total</b>	<b>679</b>	<b>221</b>	<b>578</b>

# FIRCROFT COLLEGE OF ADULT EDUCATION

## Report of the Governing Body (continued)

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

#### Student achievements

The college runs accredited and unaccredited courses ranging from 1 day to 30 weeks and from Entry 3 to Level 3. The College results have historically been benchmarked against national Qualification Achievement Rates for the previous academic year, however, the QAR has not been published for 2019/20. In previous years our results have been significantly above the latest national Qualification Achievement Rates at every provision level.

Provision Level	2020/21		
	Retention Rate	Pass Rate	Achievement Rate
Entry Level 3	96.9%	98.4%	95.3%
Level 1	90.7%	95.8%	86.9%
Level 2	83.1%	93.4%	77.6%
Level 3	72.6%	100.0%	72.6%

#### Curriculum Developments

In 2019/20 the college introduced a 2<sup>nd</sup> Access to HE Diploma in Health which recruited successfully and enabled students to progress to Nursing for the first time. To reflect their priorities West Midlands Combined Authority gave us flexibility to run a Level 4 in Leadership and Management. In response to Covid we developed our on-line and blended delivery, but also increased our wellbeing offer with a correspondence option for students without digital access. We added NCFE as a new awarding body in order to be one of the early adopters of the Essential Digital Skills Qualification. We are part of an FE Commissioners pilot project integrating Curriculum and Finance data to achieve efficiencies and sustainability.

#### Ofsted Inspection

The College had a short inspection in October 2017 and remains Good. We successfully completed the 4 Next Steps that inspectors recommended, in relation to Access, observations, learner goals and data. The college continues to self-assess against the 2019 Education Inspection Framework and has a quality improvement plan in place to address any areas for improvement.

#### Performance Indicators

The college has a set of KPIs which go to the Management Team on a monthly basis, around student enrolment, no shows, attendance and achievement. More emphasis is being put on destinations. Fircroft has joined 19 other colleges in commissioning J2Research to follow up 22,000 AEB students across the West Midlands. This allows us to benchmark progression to jobs and further education and volunteering, as well as softer outcomes such as the impact of careers advice and the development of social skills, wellbeing and working independently.

The College is required to complete the annual Finance Record for the ESFA. The Finance Record produces a financial health grading (as defined by the ESFA), and the College grading for 20/21 is 'Outstanding'.

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

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

#### **Beacon College and College of Sanctuary**

Since 2019 Fircroft has been recognised as a Beacon College for Mental Health and Wellbeing for the support in place for staff as well as students. Fircroft helped to develop College of Sanctuary standards to recognise colleges committed to being a safe and welcoming place for all, especially those seeking sanctuary; we feature as a case study in their Resource Pack and were awarded College of Sanctuary Status in February 2021.

#### **Future prospects**

2021/22 marks the devolution of primary AEB funding away from ESFA to WMCA. WMCA has issued contracts equal in value, and description to the legacy contracts previously issued by ESFA. Discussions are continuing between the WMCA and the College to determine a revised work/content profile to match the Combined Authorities priorities.

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

The College has received the results of the funding assurance review of the Residential Access Fund by ESFA Provider Management Oversight team. The findings are detailed in the note on Prior Year Adjustment (on page 49), but it is recognised that finalisation of the matter will impact College resources and investments. However the College and ESFA are taking measures to ensure resolution of this matter does not financially destabilise the College in any way.



# **FIRCROFT COLLEGE OF ADULT EDUCATION**

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

### **FINANCIAL POSITION**

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

The College reports a total surplus on all activity of £610,284 (2019/20 £(92,445) deficit). Operationally the College reported a £157,570 surplus before investment gains (2019/20 £246,881), reflecting the disruptive effects of Covid on delivery of funding contracts during the year. The College also experienced a significant recovery in the value of its investment portfolio following previous market volatility related to Brexit and the start of the coronavirus pandemic.

The College continues to benefit from good levels of investment income. However, the valuation of its investment portfolio grew by £452,714 (12.5%) due to changes in market values, of which £451,663 is unrealised gain on valuation. The total amount recognised in the Statement of Comprehensive Income relating to investments is £573,197 (£(206,403) in 2019/20).

#### **Covid-19**

The College continued to experience financial disruption resulting from Covid-19. Various lockdowns during 2020/21 prevented face-to-face teaching and residential provision for significant periods. Whilst remote delivery was again successfully utilised, funding has been impacted (due to differing funding methodologies for residential and remote learning).

The ESFA provided guidance in June 2021 relating to revised reconciliation arrangements for funding contracts. This guidance was later supplemented by a mechanism to supply business cases in appeal to ESFA where local conditions (of disruption) or financial distress might apply.

The College has assessed its own delivery response and has submitted a business case requesting £116k relief against a £132k AEB Skills under-performance, which has been agreed by ESFA. A similar request to WMCA has resulted in an agreed £150k covid relief funding against AEB growth funding. A mechanism does not exist to appeal the £150k under-provision to Adult Learner Loan Bursary. Consequently, the College has included provisions of £16k ESFA AEB Skills, £48k WMCA AEB growth and £150k ESFA ALL Bursary within the financial statements. Reconciliations were published later than scheduled by ESFA, and have finalised outstanding values of £nil ESFA AEB Skills, and £121k ESFA ALL Bursary. The provisions have not been adjusted in these accounts to the finalised reconciliation values.

Investment income met budget targets despite declarations by a significant number of large UK corporates of suspension/reduction of dividend payments after March 2020. Conferencing and lettings incomes continue to have been negatively impacted during 2020/21 due to both lockdown and other Covid-19 related restrictions.

Cash flow has been carefully managed during 2020/21, and balances increased by £371k over the year. The College has not needed to seek support from external sources or from releasing funds from its investments, and is free from borrowings.

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

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

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

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

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

#### **Reserves Policy**

The College has accumulated unrestricted revenue reserves of £5,772,035 which includes £678,258 for the recognition of non-government grants under the Accounting Standard FRS 102 and is therefore not available for distribution, but to offset future depreciation charges. It also includes £565,356 of investment revaluation reserves and £1,069,150 of designated reserves whose use has been earmarked by the Governing Body - namely £341,386 for strategic purposes and £95,012 for student support and £632,752 for capital development purposes.

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

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

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

During 2020/21 the College delivered a capital infrastructure project, part funded by grant under the Department for Education - Further Education Capital Allocation in the sum of £93,641. The grant was specifically made to support immediate remedial work to upgrade the condition of the College estate, and work focussed upon the renewal and improvement of drainage systems within the College estate. In total the College capital expenditure was £127,062 of which £33,421 was from its own resources.

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

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

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

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

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

those risks. The College has a separate treasury management policy in place and under that policy any borrowings must be authorised by the College's Governing Body.

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

The College has seen a net cash inflow in 2020/21 of £371,138 (2019/20: inflow of £139,605). At 31<sup>st</sup> July 2021 the College had £1.1m of short term investments/cash deposits with a further £3.9m of listed investments.

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

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

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

#### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to pay invoices 30 days after either; the customer gets the invoice, or the delivery of the goods or service (if this is later). During the accounting period 1 August 2020 to 31 July 2021, the College paid 98 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

## **RESOURCES**

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

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

*Financial* - The College has £5.8m of net assets, with a turnover of £2.7m.

*People* - The College employs 61 people (expressed as average headcount basis), of whom 17 are teaching staff.

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

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

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

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

Governors agreed a new Risk Management Policy in March 2018. The College Risk Register continues to follow this methodology. The key risk elements at the close of 2020/21 are:

- Ability to deliver residential courses to the level required to meet our WMCA and ESFA contracts due to continuing Covid19 disruption (including student hesitancy)
- Residential funding review resulting in a decline in funding levels for 2021/22
- Decline in financial health score resulting from changes in funding arrangements
- Revisions to FE funding
- Future funding of residential adult education - that can cover the immediate risk to all budget lines and the future risk through the new skills bill.
- Staff wellness and well-being due to Covid19 impacting on delivery

#### **STAKEHOLDER RELATIONSHIPS**

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

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

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

As of 1<sup>st</sup> August 2021 the majority (97%) of the College's AEB (including Community Learning) income now comes directly through the West Midlands Combined Authority. The College is a member of the Colleges West Midlands Group (CWM) and the West Midlands Adult and Community Learning Alliance (ACLA). The WMCA engages regularly with both groups on AEB strategy and planning. The College also engages at a contract level regularly with WMCA staff. The College uses the WMCA AEB priorities in its curriculum planning.

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

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

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

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

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

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

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

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

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

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

The College is now an associate member of the Black FE Leaders Group. Membership gives the college access to the BFELG resources to support our work on anti-racism. We are also engaged on specialist BFELG networks including HR.

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

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

Fircroft College is a Disability Confident employer and has committed to the principles and objectives of the Disability Confident scheme. The College considers all employment applications from disabled persons,

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

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

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

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

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

#### **Disability statement**

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

- a) The College takes account of disability access in all rolling maintenance plans and new build initiatives. There are several ground floor bedrooms adapted to enable students with disabilities to engage in residential learning. Access in and around the building has also been improved.
- b) Any appeals against a decision not to offer a place to a student are dealt with under the complaints policy and procedure. These are monitored for protected characteristics.
- c) The College has an ongoing programme of staff development to ensure that all staff are aware of the issues and needs of people with learning difficulties and/or disabilities.
- d) Staff members are available to advise and make arrangements for any student or member of staff who require any additional support including the purchase of specialist equipment or support staff.
- e) The College has a range of specialist equipment including assistive technology available for use by students and staff.
- f) Arrangements for counselling and welfare services can be made available to students. Staff have access to a 24 hour employee assistance programme.

The College has a wide range of stakeholders, many from the local community, and all of whom have been impacted to varying degrees by the coronavirus pandemic. The College continues to re-engage with stakeholders, especially with students and referral partners.

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

The governors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

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

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

Approved by order of the members of the Governing Body on 15<sup>th</sup> December 2021 and signed on its behalf by:

**Prof G Layer**  
**Chair**

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Statement of Corporate Governance and Internal Control**

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#### **Corporate Governance**

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 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 accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Foundation Code”); and
- iii. having due regard to the UK Corporate Governance Code (“the Code”) insofar as it is applicable to the further education sector.

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

In the opinion of the Governing Body, the College complies with the provisions of the Code in so far as they apply to the Further Education sector, and it has complied throughout the year ended 31 July 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 in July 2015.

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



# FIRCROFT COLLEGE OF ADULT EDUCATION

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

### 1.1 The Governing Body

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

Name	Date of Appointment	Term of office	Date of resignation	Category of membership	Attendance GB	Other	Committees Served
Dr C Turner (Chair)	July 2016 Reappointed July 2019	3 years	July 2021	Independent	8/8	5/5	Chair of G and O E and R
Ms M Lenehan (Principal)	March 2016	Ex-Officio		Ex-Officio	8/8		E,O,SS
Mr A M Chishti	July 2012 Re-appointed July 2015 July 2018	3 years	July 2021	Independent	4/8	2/2	A
Rev J Mullis	July 2017 Re-appointed July 2020	3 years	May 2021	Independent	4/6	1/2	E, and R (Chair)
Mr T Pettitt	March 2015 Re-appointed July 2018 July 2021	3 years		Independent	8/8	2/2	SSS Chair, O and R
Ms N Chauhan	Oct 2017	3 years	October 2020	Staff governor	1/1		O
Mr J Darling (Vice-Chair Since March 2020)	July 2017 Reappointed July 2020	3 years		Independent	8/8	5/5	A (Chair) and G
Ms R Woodcock - Griffiths	Oct 2017	3 years	Oct 2020	Independent	0/2		
Parminder Singh Garcha	July 2019	3 Years		Independent	4/9	2/3	E,A
Vivienne Shapley	Dec 2019	3 years		Independent	8/8		O,SSS
Adeeb Basharat	March 2020	3 years	Sept 2020	Staff governor	0		
Omar Rashid	March 2020	3 Years	Dec 2020	Independent	2/3		
Robert Masunga	Jan 2021	3 Years		Independent	4/4	1/1	G
Sangeeta Soni	Jan 2021	3 Years		Independent	3/4		E
Raj Mahay	Jan 2021	3 Years		Independent	2/4	1/1	A
Angela Bate	Nov 2020	3 Years		Staff governor	1/5		
Claire Mutchell	Nov 2020	3 Years		Staff governor	4/5		
Joseph Salam	Nov 2020	1 Year	May 2021	Student governor	2/4	0/0	SSS
Mohammad Jamo	Nov 2020	1 Year	May 2021	Student governor	2/4	0/0	SSS

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

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

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

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

Attendance information shows Governing Body attendance and then Committee attendance during the period to 28th July 2021 (last meeting of 2020/2021).

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

The Governing Body is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Governing Body meets four times each year.

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

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

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

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

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

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

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

#### **Covid-19**

During 2019/20 the Governing Body decided to move to monthly meetings during the Covid-19 emergency. Audit and Governance Committees were retained on a termly basis, all other committees halted and with business covered by Governing Body. This model of business was carried forward and ran throughout 2020/21, and was reviewed termly.

### **1.2 Appointments to the Governing Body**

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

### **1.3 Remuneration Committee**

The Remuneration Committee's responsibilities are to make recommendations to the Governing Body on the remuneration and benefits of the Accounting Officer and other key management personnel. Details of remuneration for the year ended 31 July 2021 are set out in note 7 to the financial statements.

### **1.4 Audit Committee**

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

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

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

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

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

### **1.5 Internal Control**

#### **Scope of responsibility**

The Governing Body is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

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

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safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the College and the ESFA. She is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

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

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

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

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

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

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

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

Fircroft College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post-16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the College's Governing Body on the recommendation of the Audit Committee. At minimum annually, the head of the internal audit (HIA) provides the Governing Body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

#### 1.6 Review of Effectiveness

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

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

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

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

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

#### 1.7 Corporation performance

The Corporation has not carried out a self-assessment of its own performance for the year ended 31st July 2021.

#### 1.8 Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cashflow, liquidity and borrowings are described in the financial statements and accompanying notes. The College submitted a detailed financial forecast to the ESFA in July 2021, which provided clear analysis and commentary on the immediate financial years 21/22 and 22/23, also that the College has appeared to

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

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

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recruit well in terms of students for the academic year 21/22, 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.

Approved by order of the members of the Governing Body on 15<sup>th</sup> December 2021 and signed on its behalf by:

**Prof G Layer**  
**Chair**

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

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

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

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The College has considered its responsibility to notify the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the financial memorandum in place between the College and the ESFA. As part of our consideration we have had due regard to the requirements of the financial memorandum.

We confirm, on behalf of the College, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Education & Skills Funding Agency's terms and conditions of funding under the College's financial memorandum.

**Prof G Layer**  
**Chair**

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

Date: 15<sup>th</sup> December 2021

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Statement of Responsibilities of the Governing Body**

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

The law applicable to charities in England and the terms and conditions of the Financial Memorandum between the Education & Skills Funding Agency and the Governing Body of the College, requires the Governing Body of the College, through its Accounting Officer, to prepare financial statements for each financial year in accordance with the *2015 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2020 to 2021* issued by the ESFA, and which give a true and fair view of the state of affairs of the College and of the College's result for that period.

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

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

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

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

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

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

Approved by order of the members of the Governing Body on 15<sup>th</sup> December 2021 and signed on its behalf by:

**Prof G Layer**  
**Chair**



## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Independent Auditor's Report to the Governors of Fircroft College of Adult Education**

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#### **Opinion**

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

In our opinion, the financial statements:

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

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the members of the Governing Body'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 Governing Body 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 Governing Body are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Independent Auditor's Report to the Governors of Fircroft College of Adult Education (continued)**

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

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

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

#### **Responsibilities of the Governing Body**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Further and Higher Education Act 1992, the Charities Act 2011, funding agreements with the ESFA and associated funding rules,

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Independent Auditor's Report to the Governors of Fircroft College of Adult Education (continued)**

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ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;

- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

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

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

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

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

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

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

#### **Use of our report**

This report is made solely to the College's members, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the College's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

### **Independent Auditor's Report to the Governors of Fircroft College of Adult Education (continued)**

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permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

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

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

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

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In accordance with the terms of our engagement letter dated 25 May 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 Fircroft College of Adult Education during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

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

The Governing Body of Fircroft College of Adult Education is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them. Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

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

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;

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

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

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

#### **Conclusion**

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

Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

December 2021

# FIRCROFT COLLEGE OF ADULT EDUCATION

## Statement of Comprehensive Income and Expenditure

	Note	2021 £	2020 £
<b>Income</b>			
Funding body grants	1	2,311,168	2,429,348
Tuition fees and education contracts	2	163,496	256,518
Other income	3	7,522	17,986
Investment income	4	120,483	132,923
Donations	5	51,883	13,000
<b>Total Income</b>		<b>2,654,552</b>	<b>2,849,775</b>
<b>Expenditure</b>			
Staff costs	6	1,681,579	1,731,624
Other operating expenses	8	599,907	669,937
Depreciation	10	215,496	201,333
<b>Total Expenditure</b>		<b>2,496,982</b>	<b>2,602,894</b>
<b>Surplus before other gains and losses</b>		<b>157,570</b>	<b>246,881</b>
Gain / (Loss) on investments			
Net realised		1,051	(81,401)
Net unrealised		451,663	(257,925)
<b>Surplus / (Deficit) before Tax</b>		<b>610,284</b>	<b>(92,445)</b>
Taxation	9	-	-
<b>Total Comprehensive Income for the Year</b>		<b>610,284</b>	<b>(92,445)</b>
Represented by:			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		610,284	(92,445)
		<b>610,284</b>	<b>(92,445)</b>

## FIRCROFT COLLEGE OF ADULT EDUCATION

### College Statement of Changes in Reserves

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	<b>Income and Expenditure Reserves</b>	<b>Restricted Reserves</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 1<sup>st</sup> August 2019 (Restated)</b>	5,254,196	51,952	5,306,148
Deficit from the income and expenditure account	(92,445)	-	(92,445)
<b>Balance at 31<sup>st</sup> July 2020 (Restated)</b>	<u>5,161,751</u>	<u>51,952</u>	<u>5,213,703</u>
Surplus from the income and expenditure account	<b>610,284</b>	-	<b>610,284</b>
<b>Balance at 31<sup>st</sup> July 2021</b>	<u><b>5,772,035</b></u>	<u><b>51,952</b></u>	<u><b>5,823,987</b></u>

See note 19 for details of the restated amounts.



# FIRCROFT COLLEGE OF ADULT EDUCATION

## Balance Sheet as at 31 July

	Note	2021 £	Restated 2020 £
<b>Non-Current Assets</b>			
Tangible fixed assets	10	2,275,421	2,363,855
Investments	11	3,944,803	3,507,528
<b>Total fixed assets</b>		<b>6,220,224</b>	<b>5,871,383</b>
<b>Current assets</b>			
Stock		3,312	3,691
Trade and other receivables	12	133,636	87,329
Short term investments	13	148,653	148,666
Cash and cash equivalents		937,931	498,696
<b>Total current assets</b>		<b>1,223,532</b>	<b>738,382</b>
<b>Less : Creditors - amounts falling due within one year</b>	14	<b>(941,511)</b>	<b>(264,526)</b>
<b>Net current assets</b>		<b>282,021</b>	<b>473,856</b>
<b>Total assets less current liabilities</b>		<b>6,502,245</b>	<b>6,345,239</b>
Creditors - amounts falling due after one year	15	(678,258)	(1,131,536)
<b>NET ASSETS</b>		<b>5,823,987</b>	<b>5,213,703</b>
<b>Restricted reserves</b>	16	<b>51,952</b>	<b>51,952</b>
<b>Unrestricted reserves</b>			
Income and expenditure account		5,772,035	5,161,751
<b>Total reserves</b>		<b>5,823,987</b>	<b>5,213,703</b>

The financial statements on pages 31 to 52 were approved by the Governing Body and authorised for issue on 15<sup>th</sup> December 2021 and were signed on behalf of the Governing Body by:

**Prof G Layer**  
Chair

**M Lenehan**  
Accounting Officer

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

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	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Surplus / (Deficit) for the year		<b>610,284</b>	(92,445)
<b>Adjustment for non-cash items</b>			
Depreciation		<b>215,496</b>	201,333
Decrease in stocks		<b>379</b>	84
(Increase) / Decrease in debtors		<b>(46,307)</b>	47,207
Increase / (Decrease) in creditors due within one year		<b>676,985</b>	(52,425)
Increase / (Decrease) in creditors due after one year		<b>(453,278)</b>	(20,000)
<b>Adjustment for investing or financial activities</b>			
Net investment (gain) / loss		<b>(452,727)</b>	339,297
Investment income		<b>(120,483)</b>	(132,923)
<b>Net cash flow from operating activities</b>		<b><u>430,349</u></b>	<u>290,128</u>
<b>Cash flows from investing activities</b>			
Investment income		<b>120,483</b>	132,923
Disposal of non-current asset investments		<b>136,862</b>	363,422
Payments made to acquire non-current asset investments		<b>(189,494)</b>	(367,345)
Payments made to acquire fixed assets		<b>(127,062)</b>	(279,523)
<b>Net cash flow from investing activities</b>		<b><u>(59,211)</u></b>	<u>(150,523)</u>
<b>Increase in cash and cash equivalents in the year</b>		<b><u>371,138</u></b>	<u>139,605</u>
Cash and cash equivalents at beginning of the year	17'	<b>750,771</b>	611,166
Cash and cash equivalents at end of the year		<b><u>1,121,909</u></b>	<u>750,771</u>

**Accounting policies**

*Statement of accounting policies*

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

*Basis of preparation*

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2020 to 2021 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

*Basis of accounting*

The financial statements are prepared in accordance with the historical cost convention unless otherwise stated.

*Going concern*

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

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

*Recognition of income*

*Revenue grant funding*

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

## **FIRCROFT COLLEGE OF ADULT EDUCATION**

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

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

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

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

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

###### ***Capital grant funding***

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

###### ***Fee income***

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

###### ***Investment income***

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

##### ***Restricted reserves***

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

**Accounting policies** (continued)

*Accounting for post-employment benefits*

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

*Teachers pension scheme*

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

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

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

*Short term Employment benefits*

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

*Non-Current Assets - Tangible fixed assets*

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

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

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

*Land and buildings*

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

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

*Equipment*

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

## FIRCROFT COLLEGE OF ADULT EDUCATION

### Notes to the Accounts (continued)

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#### Accounting policies (continued)

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

###### *Depreciation*

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

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

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

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

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

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

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

##### *Leased assets*

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

##### *Investments*

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

##### *Stocks*

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

##### *Maintenance of premises*

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

**Accounting policies** (continued)

**Financial liabilities and equity**

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

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

***Taxation***

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

The College receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

***Cash and cash equivalents***

Cash includes cash in hand, and sums on short term deposits with recognised banks, investment managers, building societies and government securities. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

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

***Provisions and contingent liabilities***

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the

## FIRCROFT COLLEGE OF ADULT EDUCATION

### Notes to the Accounts (continued)

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#### Accounting policies (continued)

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

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

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

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

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

#### *Other key sources of estimation uncertainty*

- *Tangible fixed assets*

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

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



# FIRCROFT COLLEGE OF ADULT EDUCATION

## Notes to the Accounts (continued)

### 1 Funding Body Grants

	2021 £	2020 £
Recurrent grants		
ESFA delivery	1,595,589	1,501,575
ESFA student support funds	160,276	328,433
West Midlands Combined Authority delivery	502,020	550,000
Specific grants		
Teachers Pension Scheme contributory grant	30,613	29,340
Release of government capital grants	22,670	20,000
<b>Total</b>	<b>2,311,168</b>	<b>2,429,348</b>

### 2 Tuition Fees and Education Contracts

	2021 £	2020 £
Advanced level course fees for learners aged over 24	41,013	46,596
Tuition fees	35,158	11,308
Education contracts	87,325	198,614
<b>Total</b>	<b>163,496</b>	<b>256,518</b>

### 3 Other Income

	2021 £	2020 £
Residencies, catering and conferences	(116)	13,551
Miscellaneous income	7,638	4,435
<b>Total</b>	<b>7,522</b>	<b>17,986</b>

# FIRCROFT COLLEGE OF ADULT EDUCATION

## Notes to the Accounts (continued)

### 4 Investment Income

	2021 £	2020 £
Other investment income	120,392	131,865
Other interest receivable	91	1,058
<b>Total</b>	<b>120,483</b>	<b>132,923</b>

### 5 Donations

	2021 £	2020 £
Donation for upkeep of the gardens	10,150	2,000
Other Donations and Bequests	41,733	11,000
<b>Total</b>	<b>51,883</b>	<b>13,000</b>

### 6 Staff Costs

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

	2021 No.	2020 No.
Teaching staff	17	17
Non-teaching staff	44	55
	<b>61</b>	<b>72</b>

#### Staff costs for the above persons

	2021 £	2020 £
Wages and salaries	1,340,028	1,367,641
Social security costs	119,564	119,033
Other pension costs	167,799	163,204
<b>Payroll sub total</b>	<b>1,627,391</b>	<b>1,649,878</b>
Contracted out staffing services	31,074	78,246
	<b>1,658,465</b>	<b>1,728,124</b>
Fundamental restructuring costs – contractual	23,114	3,500
<b>Total staff costs</b>	<b>1,681,579</b>	<b>1,731,624</b>

## FIRCROFT COLLEGE OF ADULT EDUCATION

### Notes to the Accounts (continued)

#### 6 Staff Costs (continued)

##### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Principal and the Vice Principal.

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

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

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

	2021 No	2020 No
Number of key management personnel including the Accounting Officer was:	<u>2</u>	<u>2</u>

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

	Key management personnel		Other staff	
	2021 No.	2020 No.	2021 No.	2020 No.
£60,001 to £65,000 p.a.	1	1	-	-
£100,001 to £105,000 p.a.	1	1	-	-
	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>

## FIRCROFT COLLEGE OF ADULT EDUCATION

### Notes to the Accounts (continued)

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

Key management personnel emoluments are made up as follows:	2021 £	2020 £
Salaries	163,928	161,646
Social security costs	20,191	19,911
	<u>184,119</u>	<u>181,557</u>
Pension contributions	38,818	38,278
<b>Total emoluments</b>	<b><u>222,937</u></b>	<b><u>219,835</u></b>

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

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

	2021 £	2020 £
Salaries	102,035	100,614
Pension contributions	24,162	23,825
	<u>126,196</u>	<u>124,439</u>

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

The Governors of the College, other than the Accounting Officer and staff members, did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. The College does not have any overseas activities.

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

	2021 £	2020 £
Compensation paid to the former post-holder – contractual	<u>                    </u>	<u>                    </u>

## FIRCROFT COLLEGE OF ADULT EDUCATION

### Notes to the Accounts (continued)

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

	2021	2020
Principal's basic salary as a multiple of the median of all staff	5.1	5.4
Principal and CEO's total remuneration as a multiple of the median of all staff	5.8	5.5

#### 8 Other operating expenses

	2021	2020
	£	£
Teaching costs	83,029	115,674
Non-teaching costs	402,880	435,577
Premises costs	113,998	118,686
<b>Total</b>	<b>599,907</b>	<b>669,937</b>

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

	2021	2020
	£	£
<b>Other operating expenses include:</b>		
Auditor's remuneration:		
- Financial statements audit	11,064	10,740
- Other services provided by the financial statements auditors	20,730	8,304
- Internal auditors' remuneration	14,250	8,244
Hire of land and buildings under operating leases	149	149

#### 9 Taxation

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

# FIRCROFT COLLEGE OF ADULT EDUCATION

## Notes to the Accounts (continued)

### 10 Tangible fixed assets

	Land and buildings long leasehold £	Equipment and furniture £	<b>Total £</b>
<b>Cost or valuation</b>			
At 1 August 2020	3,537,453	763,100	4,300,553
Additions	95,434	31,628	127,062
Disposals	-	(54,971)	(54,971)
<b>At 31 July 2021</b>	<b><u>3,632,887</u></b>	<b><u>739,757</u></b>	<b><u>4,372,644</u></b>
<b>Depreciation</b>			
At 1 August 2020	1,449,085	487,613	1,936,698
Charge for the year	67,126	148,370	215,496
Eliminated in respect of disposals	-	(54,971)	(54,971)
<b>At 31 July 2021</b>	<b><u>1,516,211</u></b>	<b><u>581,012</u></b>	<b><u>2,097,223</u></b>
<b>Net book value at 31 July 2021</b>	<b><u>2,116,676</u></b>	<b><u>158,745</u></b>	<b><u>2,275,421</u></b>
Net book value at 31 July 2021	<u>2,088,368</u>	<u>275,487</u>	<u>2,363,855</u>

### 11 Non-current investments

	2021 £	2020 £
Balance at 1 August 2020	<b>3,404,119</b>	3,739,493
Additions at cost	<b>189,494</b>	367,345
Disposals at book value (proceeds £136,862, realised gain £1,051)	<b>(135,811)</b>	(444,823)
Net (losses) gains on revaluation at 31 July 2020	<b>451,676</b>	(257,896)
<b>Market value at 31 July 2021</b>	<b><u>3,909,478</u></b>	<u>3,404,119</u>
Cash held by investment managers	<b>35,325</b>	103,409
<b>Balance at 31 July 2020</b>	<b><u>3,944,803</u></b>	<u>3,507,528</u>
Represented by:		
Fixed interest stocks (listed)	<b>829,236</b>	799,874
Equities and unit trusts (listed)	<b>1,890,132</b>	1,611,878
Overseas (listed)	<b>1,190,110</b>	992,367
Cash balances	<b>35,325</b>	103,409
<b>Total</b>	<b><u>3,944,803</u></b>	<u>3,507,528</u>
<b>Total cost of listed investments</b>	<b><u>2,723,605</u></b>	<u>2,639,578</u>

# FIRCROFT COLLEGE OF ADULT EDUCATION

## Notes to the Accounts (continued)

### 12 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	<b>14,986</b>	14,132
Prepayments and accrued income	<b>118,650</b>	73,197
<b>Total</b>	<b>133,636</b>	87,329

### 13 Current Investments

	2021 £	2020 £
Short term deposits	<b>148,653</b>	148,666
	<b>148,653</b>	148,666

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

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

	2021 £	2020 £
Trade creditors	<b>26,263</b>	92,280
Other creditors	<b>66,575</b>	64,641
Other taxation and social security	<b>33,047</b>	33,284
Accruals	<b>57,206</b>	54,321
Deferred income – Government Capital grants	<b>22,670</b>	20,000
Amounts owed to the ESFA	<b>735,750</b>	-
<b>Total</b>	<b>941,511</b>	264,526

# FIRCROFT COLLEGE OF ADULT EDUCATION

## Notes to the Accounts (continued)

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

	2021 £	Restated 2020 £
Deferred income – Government Capital grants	678,258	610,135
Amounts owed to the ESFA (note 19)	-	521,401
<b>Total</b>	<b>678,258</b>	<b>1,131,536</b>

### 16 Restricted Reserves

	2021 £	2020 £
Centenary Appeal	30,280	30,280
Student Hardship	8,444	8,444
Work with ex-offenders	13,228	13,228
<b>Total</b>	<b>51,952</b>	<b>51,952</b>

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

	1st August 2020 £	Cash Flows £	31st July 2021 £
Cash at bank and in hand	498,696	439,235	937,931
Cash held in short term investments	148,666	(13)	148,653
Cash held by investment managers	103,409	(68,084)	35,325
<b>Net Funds</b>	<b>750,771</b>	<b>371,138</b>	<b>1,121,909</b>



## FIRCROFT COLLEGE OF ADULT EDUCATION

### Notes to the Accounts (continued)

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#### 18 Lease obligations

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

<b>Future minimum lease payments due</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Land and buildings</b>		
Not later than one year	<b>149</b>	149
Later than one year and not later than five years	<b>596</b>	596
Later than five years	<b>4,275</b>	4,424
	<b>5,020</b>	5,169
	<hr/> <hr/>	<hr/> <hr/>
<b>Other</b>		
Not later than one year	<b>8,454</b>	8,454
Later than one year and not later than five years	<b>9,867</b>	18,322
	<b>18,322</b>	26,776
	<hr/> <hr/>	<hr/> <hr/>
<b>Total lease payments due</b>	<b>23,342</b>	31,945
	<hr/> <hr/>	<hr/> <hr/>

#### 18 Prior Period Adjustment and post balance sheet events

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

The ESFA tasked the Provider Market Oversight Assurance Team (PMOA) to undertake its review. The results of the PMOA audit were notified to the College at a total value of £689,483 due to ESFA, following misinterpretations of funding rules by the College between 2016/17 and 2019/20. On further review, against applicable reconciliation tolerances, the ESFA PMOA revised the value at variance between the parties to £521,401, relating to 2016/17 to 2018/19. No variance amount is repayable for 2019/20. The review focused on the funding treatment of residential and non-residential students against a 2013/14 agreed funding methodology with ESFA. The issue was clarity relating to the explicit replacement of the 2013/14 rules and the timing of their application. ESFA has confirmed there is no consideration of fraudulent activity by the College.

The error has been corrected by restating each of the affected financial statement line items for the prior period as follows:

## FIRCROFT COLLEGE OF ADULT EDUCATION

### Notes to the Accounts (continued)

<b>Balance Sheet (extract)</b>	<b>31<sup>st</sup> July 2020</b>	<b>Change</b>	<b>31<sup>st</sup> July 2020 (Restated)</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Creditors - amounts falling due after one year	(610,135)	(521,401)	(1,131,536)
<b>NET ASSETS</b>	<b>5,735,104</b>	<b>(521,401)</b>	<b>(5,213,703)</b>
Unrestricted Reserves			
Income & Expenditure Account	5,683,152	(521,401)	5,161,751
<b>TOTAL RESERVES</b>	<b>5,735,104</b>	<b>(521,401)</b>	<b>5,213,703</b>

<b>Statement of Changes in Reserves (extract)</b>	<b>Balance 1<sup>st</sup> August 2019</b>	<b>Increase /(Decrease)</b>	<b>Balance 1<sup>st</sup> August 2019 (Restated)</b>	<b>Balance 31<sup>st</sup> July 2020 (Restated)</b>
	<b>£</b>	<b>£</b>	<b>£</b>	
Income and Expenditure Reserves	5,775,597	(521,401)	5,254,196	5,161,751
Restricted Reserves	51,952		51,952	51,952
<b>TOTAL RESERVES</b>	<b>5,827,549</b>	<b>(521,401)</b>	<b>5,306,148</b>	<b>5,213,703</b>

### 19 Related party transactions

#### a) Funding Bodies

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

#### b) Governors

The total expenses paid to or on behalf of the Governors during the year was £692 in respect of 2 governors (2020: £984; in respect of 3 governors). This represents IT equipment, video conferencing subscriptions and conference fees incurred in attending Governor meetings and events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2020: none).

#### c) Other related parties

A total amount of £15,250 of consulting fees in the year (2020 - £10,875) were paid to the husband of the Chair of Governors for the provision of specialist sector knowledge and support in areas of financial

## FIRCROFT COLLEGE OF ADULT EDUCATION

### Notes to the Accounts (continued)

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modelling and management information systems. A balance of £nil (2020 - £nil) was due to them at year end. The College sought and gained Charity Commission approval for this appointment, which was approved by Governing Body in November 2020.

A total amount of £23,421 (2020 - £39,581) were paid to companies within the Pertemps Group under long established agreements. A balance of £nil (2020 - £nil) was due to them at year end. The wife of the governor Mr Earl Hibbert is a salaried director with Pertemps. Mr Hibbert became a governor of the College in October 2018, and subsequent to the arrangements with Pertemps, and resigned in December 2019.

### 20 Pension and similar obligations

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

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

#### Total pension cost for the year

	2021	2020
	£	£
Teachers' Pension Scheme; employer contributions paid	110,368	107,585
Group Pension Plan: employer contributions paid	57,431	55,758
<b>Total pension cost for the year</b>	<b>167,799</b>	<b>163,343</b>
	=====	=====

There were outstanding contributions of £22,658 at 31 July 2021 (2020 - £21,099).

#### 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.

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### Notes to the Accounts (continued)

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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 (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

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

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

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

The pension costs paid to TPS in the year amounted to £110,368 (2020 - £107,585).