Brooklands College

Annual Report and Financial Statements
Year ended 31 July 2019

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REFERENCE AND ADMINISTRATIVE DETAILS

Members of the Corporation
A full list of Governors is given on pages 14 to 16 of these financial statements. Josephine Carr acted as Clerk to the Corporation for the whole year.

Leadership team for the year ended 31 July 2019

Gail Walker	Principal and CEO; Accounting Officer
Christine Ricketts	Deputy Principal
Shereen Sameresinghe	Vice Principal
David McLoughlin	Executive Director of Brooklands Business Solutions

Financial Statement and Regularity Auditors:
Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Internal Auditors:
RSM UK
Davidson House
Forbury Square
Reading
RG1 3EU

Legal Advisers:
Eversheds LLP
Bridgewater Place
Water Lane
Leeds
LS11 5DR

Bankers:
Barclays Bank PLC
London and South East Education Team
PO Box 544
54 Lombard Street
London
EC3V 9EX

STRATEGIC REPORT

INTRODUCTION

Brooklands College ('the College') is a General Further Education college in North Surrey, with two campuses located close to the town centres of Weybridge and Ashford. Students come to the College from across Surrey and the Spelthorne area of Middlesex as well as west London Boroughs such as Hounslow. The vast majority of students attend the Weybridge campus.

The College has a good reputation for the successful delivery of engineering, and construction together with a rich history and association with Brooklands racetrack and Vickers who started manufacturing aircraft on the site in 1915.

OBJECTIVES AND STRATEGY

The members of the Corporation as at 21 March 2023 present this report together with the financial statements and the auditor's report for Brooklands College for the year ended 31 July 2019.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Brooklands College. The College is an exempt charity for the purposes of part 3 of the Charities Act 2011.

Strategic Plan

The College's Strategic Plan sets out the College's strategic intentions over the 5-year period 2021-26 and is available on the College website.

Vision

The College's Vision is to be:

An inclusive, inspirational centre for lifelong learning

Mission

The College's Mission is to:

Develop a skilled workforce within an inclusive inspirational environment, to help build our community for the future.

Values

The College has the following values that underpin all that it does:

- Respect and Compassion
- Equality, Diversity & Inclusion
- Innovation
- Integrity

Strategic Aims

There are five Strategic Aims within the plan which are:

Strategic Aim 1
Produce highly qualified and skilled people ready to enter the workforce. (Learners)

<u>Strategic Aim 2</u>
Be a leading community asset with a strong reputation in order to play a part in driving in the local and regional economy. (Community)

<u>Strategic Aim 3</u>
Attract and develop the right staff to deliver a high quality, inclusive learning experience. (Staff)

<u>Strategic Aim 4</u>
Continue to invest in our facilities to create a high quality learning environment and be a resource to the community. (Facilities)

<u>Strategic Aim 5</u>
Ensure robust and self-sustaining finances capable of funding its strategic aims. (Finance)

Resources
The College has various resources that it can deploy in pursuit of its strategic aims. It had £8.5m of net assets at the end of the financial year. This included liabilities of £3.3m owed to Barclays, under a loan agreement, £23.3m long term creditors for repayment of funding to ESFA and a £6.4m long term pension liability.

Tangible resources include the Weybridge campus situated near to the train station in Weybridge, Surrey. This main site has workshops for engineering and construction as well as kitchens for catering and art and design studios. It also has a dedicated facility for SEND students as well as sports and gym facilities.

The College has a campus in Ashford for which it has a lease ending in 2066, on a site adjacent to the Thomas Kynvett College.

The College was successful in securing LEP funding to support infrastructure developments in 2018-19 on the Weybridge campus. As a result, refurbishment and remodelling of Construction buildings to provide for increasing student numbers in this area was completed and the facilities for our SEND students were moved with redecoration of the new area.

The College employed 297 people (on an average headcount basis), of whom 181 were teaching staff and the remainder support and professional staff.

In 2018-19 the College delivered activity that produced £7,862,000 for Young People, £1,585,000 for adults, £10,000 for higher education (Office for Students) and £2,989,000 for apprenticeship programmes.

The College enrolled approximately 5,751 students of which 1,428 were 16 to 18 year olds, 1,413 apprentices, 155 higher education students, and 2,755 adult learners. Many of the apprentices and adult learners were sub contracted learners. The students continue to be very successful in a range of skills competitions, winning accolades at both regional and national levels in Hair & Beauty, Construction and Catering. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

Stakeholders
The College has many stakeholders including:

- Students
- Funding bodies
- Staff and trade unions
- Local employers
- Regional employers
- Local authorities (Elmbridge, Spelthorne, Runnymede and Surrey County Council)
- Local communities
- Local schools
- Parents, guardians and carers of students
- Other FE institutions
- Professional bodies
- Local Enterprise Partnerships (LEPs), in particular Enterprise M3

The College recognises the importance of these relationships and engages in regular communication with them through the College website, feedback through college processes and regular and ad hoc meetings.

DEVELOPMENT AND PERFORMANCE
Financial Results
In February 2019, the College became aware that it had claimed funding from the ESFA mainly from Apprentices between 2014-15 and 2017-18 that was irregular as the College had relied on information provided by subcontractors. In December 2019 the College identified further irregularities by subcontractors that was incorrect. Following a detailed investigation, the amount to be repaid was agreed between the College and the ESFA and in 2018-19 £23,309,000 was recognised in the College accounts as a long-term creditor and increased the expenditure for the same amount in that year. The College has been working closely with the ESFA to secure the future sustainability of the College and a repayment agreement has been agreed between the College and the ESFA to repay the funding.

As a result of these irregularities in respect of subcontracting activity, the College ceased all new sub contracted provision in year and this led to a significant reduction in income and the need to resize and refocus its business. The College was placed in FE intervention in 2019 and since then it has focused on its core activities and serving the demands of its local community.

The College's financial health grade for 2018-19 and planned for 2019-20 was submitted as part of the Financial Plan to ESFA, was adjusted to 'Inadequate' by the ESFA due to the identification of significant funds being identified as being at risk of being reclaimed by the ESFA. The College has a long creditor of £23,309,000 for amounts to be repaid to the ESFA due to the College's failure to comply with funding regulations related to its subcontracting activities between 2014-15 to 2017-18.

With effect from the 2018-19 financial year it was decided to change the accounting policy for valuing the College freehold and leasehold land and buildings from historic cost to a revaluation model to better reflect their value to the College in the balance sheet. The financial results for 2017-18 have therefore been re-stated to reflect this change of policy in accordance with FRS102.

The College's operating deficit for the year was £801,000 (2018 restated: surplus £50,000) and generated a deficit before other gains and losses of £24,671,000 (2018 restated: £407,000), which includes exceptional restructuring costs of £162,000 (2018: £6,000).

Total comprehensive expenditure was £27,898,000 (2018 restated: income of £5,117,000) and is stated after accounting for the actuarial loss in respect to the LGPS pension scheme of £1,982,000 (2018: actuarial gain of £2,120,000), loss on revaluation of fixed assets £1,245,000 (2018 restated gain £3,404,000) and long-term creditor of £23,309,000 for repayment of funds to ESFA. The increase in comprehensive expenditure between 2017-18 and 2018-19 was due to recognition in 2018-19 of the £23,309,000 due to repayment of funding to the ESFA as a result of the irregular payments from the ESFA related to sub-contracting arrangements.

The College made purchases of non-current assets during the year of £819,000 (2018: £597,000).

Developments in the year
Developments in 2018-19 included Laboratory Technician Apprenticeships in partnership with Kings College University, collaborative working with KIER Construction and the Surrey Colleges, as part of the Surrey Infrastructure Academy and work with Heathrow as part of their Skills Academy to broaden employment opportunities in the locality.

Reserves
At 31 July 2019, the College had reserves of £8,519,000 (2018 restated: £36,416,000), the significant decrease from 2017-18 is due to recognition of the long-term creditor for repayment of £23,309,000 to the ESFA. There were cash balances of £3,433,000 (2018: £3,445,000) and a balance of £3,337,000 remaining on the loan taken out to fund the Engineering, Art and Design (Barnes Wallis) new build and refurbishment (2018: £3,483,000). This fixed term fixed interest loan was for £5.0 million and repayable over 25 years.

Sources of income
The majority of 16-18 students enrolled at Brooklands College, are on pre-entry to Level 2 programmes with c240 on Educational Health Care Plans (EHCPs) and 110 students with High Needs

The College receives significant grants from the ESFA and the Office for Students to fund the cost of learners. 2018-19, these organisations provided 82% (2018; 87%) of the College's total income. Revenue from public funding in total (including local Government funding income) was 92% (2018: 92%).

Group companies
The College has one subsidiary company, Brooklands Enterprises Limited, which is dormant.

FUTURE PROSPECTS

Developments

The College offers a broad range of curriculum courses at all levels, including both learner and employer responsive programmes to both 16-18 year old students and adults through full-time, part-time and apprenticeship programmes. The large provision in construction and engineering and associated technologies on the Weybridge campus continues to be distinctive in meeting the needs of our locality.

The College continues to raise the aspirations of young people with lower attainment levels and Special Educational Needs & Disabilities (SEND).

School links are good with the College experiencing increased demand for full time 14 -16 college places from mainstream schools and electively home-educated pupils.

The College has a range of courses aimed at students who are returning to education, including English, mathematics, basic IT and business skills programmes. Other courses and initiatives prepare students for university. The College has close links with universities including Oxford Brookes University and Kingston University and is continuing to develop its provision of higher education courses.

The College is responsive to the needs of the locality and offers programmes for the hardest-to-reach young people who face barriers to sustained participation. An innovative Transition programme enables hard to reach students to undertake a vocational programme which provides them with experience and skills in three different vocational areas. This meets the needs of this cohort and provides them with the skills they need to enable them to progress to other vocational routes within the College. The College continues to develop its curriculum offer, in response to the needs of local employers and with LEP and government priorities.

Financial plan

The College Corporation approves financial plans each year in the July for the following financial year.

In 2019-20 the College reviewed and amended the forecast for demand for the College's services for the next five years and reviewed its estates strategy to resize and refurbish its campuses to:

- Deliver provision to meet anticipated demand with a particular focus on working with employers and stakeholders locally to help meet changing skills needs and respond to the challenges resulting from the effects of the pandemic.

- Release estates and surplus buildings to fund repayment of funds at risk to the ESFA and fund the refurbishment of the resized Weybridge Campus.

Treasury policies and objectives

The College has treasury management arrangements in place to manage cashflows, banking arrangements and the risks associated with those activities and the College has a Treasury Management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer and the College has no plans to increase borrowings.

Cash flows and liquidity
The College's net cash inflow from operating activities was £805,000 compared to an outflow of £268,000 in 2017-18. The size of the College's borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year this margin was achieved.

Reserves
The College has no formal reserves policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. At the balance sheet date, the Income and Expenditure account reserve stands at a liability of £20.215m (2018 restated - £6.638m).

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management
The College has well developed strategies for identifying and managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The Corporation has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

A risk register is maintained at the College level which is reviewed every term by the Audit Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. The main risks to the College are outlined below along with the action taken to minimise them. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

- Learners harmed due to a safeguarding issue
  The College has robust policies and processes in place including trained and staff, and the College approach is continually being reviewed.

- Reduction in cash making the College unsustainable and operating targets not achieved. Early in 2018-19 there was an issue identified regarding the regularity of the funding provided by ESFA to the College over a number of years relating to the subcontracting arrangements mainly for Apprentices. The College is responsible for repaying funding that it has obtained irregularly and therefore there is a risk that the College will not be financially viable if ESFA require payment that is unaffordable. The

College worked closely with the ESFA to identify the level of funds at risk and how they can be repaid to the ESFA.

In addition, this risk is mitigated in a number of ways including:

- Reducing staff costs and reviewing all new and replacement posts.
- Rigorous budget setting procedures.
- Assessing staff utilisation.
- Reviewing course contribution.
- Close in year budget monitoring and cash flow forecasting.
- Robust financial controls.

Loss of data and/or cyber-attack.
The College maintains its firewalls and has strong security in place as well as being cyber essentials accredited.

KEY PERFORMANCE INDICATORS

The College's key performance indicators, targets and results are set out below

Key performance indicator	Measure/target	Actual
Student numbers (16-19)	1,428	1,428
Student achievement	85.9%	88.4%
Operating deficit	£966k	£801k

Student achievements
Students continue to prosper at the College, and achievement rates remained high in 2018-19 at 88.4%.

Public benefit
Brooklands College is regulated by the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed on pages 15 - 17.

In setting and reviewing the College's strategic aims, the Corporation has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

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

- High quality teaching and learning
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs)

Equality

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion, belief, class and age and has an Equality and Diversity Policy. The College is 'Disability Confident Committed' employer. The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

Disability Statement

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

- All new and refurbished buildings are designed to enable full access by people with a physical disability, so that eventually most of the facilities will be suitable for disabled people;
- Specialist lecturers, assistants and support staff are employed to support students with learning difficulties and disabilities; and
- Specialist equipment is made available to students as required.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College.

Relevant union officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
4	4

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1% - 50%	4
51% - 99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£9,351
Total pay bill	£8,089,269
Percentage of the total pay bill spent on facility time	0.1%

Payment Performance
The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires colleges to make payments to suppliers within 30 days of either the provision of goods or services, or the date on which the invoice was received. During the accounting period 1 August 2018 to 31 July 2019, the College paid 68% of its invoices within 30 days of receipt of invoice (2018 – 69%). The College incurred only minimal interest charges in respect of late payment for this period.

GOING CONCERN
The Corporation has considered the principal risks for the next 12 months from the date of issue of these statements. For 2022-23, student recruitment has remained similar to 2021-22 and the Corporation sees no reason why there would be a decline in student recruitment for the next academic year starting in 2023-24.

A small surplus is planned for the next three years from the date of issue and a detailed cashflow forecast has been produced which shows the College has sufficient cash to meet its debts as they fall due. The amount due to the ESFA shown as a long-term creditor of £23.3m is supported by a repayment agreement and will not be called in for 3 years unless the development of the estate enables this to be repaid sooner. The Barclays loan has covenants which are planned to be met with repayments falling due until 2031.

The College will be impacted by inflationary increases as well as increased pressures on staff costs and recruitment of staff particularly considering its location and high cost of living. In addition, the College's specialist areas of curriculum (such as construction and engineering) require specialist staff that are in high demand both in the FE and private sector.

The Corporation has carried out an assessment of the key risks facing the College, which includes solvency and liquidity risks. The College's financial position has improved with an operating profit being returned in 2021-22 and a reduction in the overall deficit. The College is participating in supported FEC intervention in 2022-23 and is planning to increase the efficiency of its curriculum and estate.

Management will continue to review the financial performance of the College on a monthly basis, including an evaluation of actual results and forecasts compared to financial plans as well as detailed cash flow forecasting, reporting regularly to the Corporation

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

EVENTS AFTER THE REPORTING PERIOD
The College has the following events that occurred after 31 July 2019 and before issuing of these accounts:

- In December 2019 it was discovered that the College had received irregular funding from the ESFA related to subcontractors who provided information that the College relied on that was found to be incorrect.

STRATEGIC REPORT (continued)

EVENTS AFTER THE REPORTING PERIOD (continued)

- On the 23 March 2020, the UK went under total lockdown as a result of the global COVID pandemic. Teaching took place on-line and due to Government restrictions did not return to full on-site learning until March 2021.

- On the 16 March 2023 the College signed a repayment agreement to repay £25m to the ESFA which is discounted to £23.3m and shown as a long-term creditor in these accounts.

- On the 16 March 2023 the College signed a contract with Cala Homes for the sale of land on the Weybridge Estate for the purpose of building homes. This sale will be subject to sufficient planning permission being granted by Elmbridge Borough Council.

- On the 3 November 2022, Andrew Baird, the Chair of Governors resigned. Barbara Spittle, the Vice Chair was subsequently appointed as Acting Chair.

- On the 29 November 2022 the ONS reclassified FE Colleges from the Private to the Public sector with immediate effect. There are additional controls as a result of this that the College is aware of and is complying with.

DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the members of the Corporation on 21 March 2023 and signed on its behalf by:

Dr Barbara Spittle

B. A. Spittle

Acting Chair of Corporation

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2018 to 31 July 2019 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);

ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and

In the opinion of the Corporation, the College complies with all the mandatory provisions of the Code, and it has complied throughout the year ended 31 July 2019.

In July 2015 the College adopted the Code of Good Governance for English Colleges developed by the Association of Colleges in March 2015.

The Corporation 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 and adopted by the Corporation in July 2015.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011.
The members of the Corporation, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements

THE CORPORATION
The members who served on the Corporation (known as the Full Governing Body) during the year are listed below. Those marked (*) also acted as directors of the College's wholly owned dormant subsidiary, Brooklands Enterprises Ltd.

1. Committees are abbreviated as follows: FGB = Full Governing Body, CPR = Curriculum and Performance Review, Joint = Joint Audit and Resources Committee, PRG = Planning Remuneration and Governance, Resources = Resources, CSC = Capital Strategy Committee.
2. The information on attendances is given for Full Governing Body and individual committees. For example, 4/4 indicates four meetings were attended from a potential four possible attendances. A total of meetings attended and percentage figure is given for each Governor.

As the report and accounts were approved on 16th March 2023 some relevant post year changes are noted.

Name	Date of Current Appointment	Term of Office	Term of office ends	Committee membership	Attendance record 2018-19
Full Governing Body members - external appointments					
Terry Lazenby* Chair	16/07/18	4 years (2nd term)	15/07/22 Ceased to be a governor 20/09/19	Attends all Committees except Audit.	FGB 86% CPR 33% Resources 100% Joint 100% PRG 100% CSC 86% Total:21/25 84%
Barbara Spittle	22/09/17	4 years	21/09/21 Re elected	Chair of Planning, Remuneration and Governance Curriculum and Performance Review Capital Strategy	FGB 86% CPR 67% CSC 86% PRG 100% Total:18/21 86%
Steve Brice	05/04/18	1 year	04/04/19	Resources Capital Strategy	FGB 60% Resources 100% Joint Audit 100% CSC 40% Total 8/13 62%
Fred Gray	12/12/18	4 years	12/12/22	Chair of Audit Planning, Remuneration and Governance	FGB 100% Audit 100% Joint 100% PRG 50% Total: 11/12 100%

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Name	Date of Current Appointment	Term of Office	Term of office ends	Committee membership	Attendance record
Mary Hughes	12/12/18	4 years	12/12/22	Curriculum and Performance Review	FGB 100% CPR 100% Total: 10/10 100%
Jerry Loy	22/04/15	4 years	21/04/19 Resigned 26/06/19	Chair: Audit Planning, Remuneration and Governance	FGB 60% Audit 100% Joint 100% PRG 100% Total: 9/11 82%:
Andrew McDonnell	21/9/18	4 years	11/12/22 Resigned Feb 2019	FGB Resources Joint CSC	FGB 100% Resources 100% Joint 100% CSC Total 11/13 85%
Jackie Pearson	16/07/14	4 years	15/07/22	Chair: Curriculum and Performance Review	FGB 71% CPR 100% Total: 8/10 80%
Richard Rawes	03/04/14	4 years	02/04/20	Chair: Capital Strategy Curriculum and Performance Review	FGB 100% CSC 100% Resources 33% Joint 100% Total:16/18 89%
Paul Stedman	04/07/18	4 years	03/07/22	Resources	FGB 71% Resources 66%
Hilary Omissi	03/04/2019	4 year	02/04/2023	Resources	FGB 100% Resources 100% Total 5/5 100%
Melanie Harding	03/04/2019	4 years	02/04/2023	Resources	FGB 100% Resources 100% Total 5/5 100%

Name	Date of Current Appointment	Term of Office	Term of office ends	Committee membership	Attendance record
Principal					
Gail Walker	01/04/16	Ex officio	Ex officio (To 31/07/2019)	All except Audit and parts of Planning, Remuneration and Governance	FGB: 71% CPR PRG Resources Joint CSC
Staff Governors					
Andrew Barrett	13/12/16	4 years (1st term)	12/12/2020	Resources	FGB 100% Resources 67% Joint 100% Total: 10/11 91%
Teresa Roberts	31/7/18	4 years	31/7/22	Curriculum and Performance Review	CPR 100%
Student Governors					
Arron Marshall	12/12/18	1 year	31/07/2019	Curriculum and Performance Review	FGB 50% CPR 100% Total:3/4 75%
Lauren Ward	12/12/18	1 year	31/07/2019	Resources	FGB 50% Resources 50% Total: 2/4 50%

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality, human resources, health and safety, and corporate social responsibility. The Corporation met seven times during 2018-19. During 2018-19 the Corporation conducted its business through a number of committees. Each committee had terms of reference, which were approved by the Corporation. These committees were the Audit Committee, the Curriculum and Performance Review Committee, Planning, Remuneration and Governance Committee, Resources Committee, and Capital Strategy Committee. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College website or from the Director of Governance at: Brooklands College, Heath Road, Weybridge, Surrey, KT13 8TT.The Director of Governance maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

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

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

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship that 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 Corporation and Accounting Officer are separate.

Appointments to the Corporation
Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation operated a Planning, Remuneration and Governance Committee during the year, that was responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate induction and ongoing training is provided to governors as required.

Members of the Corporation are appointed for a term of office not exceeding four years, and may be reappointed for one further term up to a maximum of eight years' service.

Corporation performance
The Corporation carried out a self-assessment of its own performance in the year ended 31 July 2019 and graded management and leadership as 'requires improvement' on the Ofsted scale.

Curriculum and Performance Review Committee
This Committee is particularly concerned with that responsibility of the Corporation which is the determination of the educational character and mission of the College, the oversight of its activities and the quality of its teaching, learning and student experience. Throughout the year ended 31 July 2019 this Committee comprised Jackie Pearson, Richard Rawes, Gail Walker, Barbara Spittle, Nick Vaughan-Barratt, Mary Hughes, Arron Marshall and Terry Lazenby

Planning, Remuneration and Governance Committee
Throughout the year ended 31 July 2019, this Committee comprised Terry Lazenby, Barbara Spittle, Jerry Loy and Fred Gray. The Committee's responsibilities were to make recommendations to the Corporation on the remuneration and benefits of the Principal and other key management personnel, to plan the strategic agenda for the Corporation, to manage recruitment and succession planning for the Corporation, and keep the governance of the College under review through a governance quality improvement plan. Details of remuneration for the year ended 31 July 2019 are set out in note 8 to the financial statements.

Audit Committee
During the year ended 31 July 2019 the Audit Committee comprised Fred Gray, Jerry Loy, and Hilary Omissi. The Committee operated in accordance with written terms of reference approved

by the Corporation and the Post 16 Audit Code of Practice. The Committee's purpose is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

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

The College's internal auditors monitor 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 Corporation on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work.

Resources Committee
In the year to 31 July 2019 the Resources Committee comprised Steve Brice, Richard Shaw, Lauren Ward, Andrew Barrett, Gail Walker, Rupert Moor, Terry Lazenby and Paul Stedman.

The Resources Committee meets at least once a term and provides a forum for reporting on the financial management and control of the College, health and safety, property matters and budgets.

The Committee has access to the external auditors of the College and, in conjunction with the Audit Committee, receives the initial presentation of the financial statements.

Capital Strategy Committee
The Capital Strategy Committee oversees the property strategy for the College. In the year to 31 July 2019 it consisted of Steve Brice, Richard Rawes, Barbara Spittle, Paul Stedman, Gail Walker, Melanie Harding and Terry Lazenby.

INTERNAL CONTROL

Scope of responsibility
The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can provide only reasonable, and not absolute, assurance against material misstatement or loss. The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, (in 2019-20 it was delegated to the Chief Executive) for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance

with the responsibilities assigned to them in the Funding Agreement between the College and the funding bodies.

The Accounting Officer is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

Gail Walker was the Accounting Officer for the whole of 2018-19.

The purpose of the system of internal control
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going 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.

In February 2019, the College became aware that it had claimed funding from the ESFA mainly from Apprentices between 2014-15 and 2017-18 that was irregular as the College had relied on information provided by subcontractors. In December 2019 the College identified further irregularities by subcontractors that was incorrect. Following a detailed investigation, the amount to be repaid was agreed between the College and the ESFA and in 2018-19 £23,309,000 was recognised in the College accounts as a long-term creditor and increased the expenditure for the same amount in that year. The College has been working closely with the ESFA to secure the future sustainability of the College and a repayment agreement has been agreed between the College and the ESFA to repay the funding.

As a result of these irregularities in respect of subcontracting activity, the College ceased all new sub contracted provision in year and this led to a significant reduction in income and the need to

Capacity to handle risk
The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2019 and up to the date of approval of the annual report and accounts. The risk management process is regularly reviewed by the Corporation

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation
- regular reviews by the Corporation 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.

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

At minimum, annually, the internal audit service provides the Corporation with a report on internal audit activity in the College. The report includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the Corporation
The Corporation reviews risk on a termly basis, where it reviews the College key risks to ensure that they are complete alongside the assessment of the type of risk the College is subject to, its severity, probability and mitigating actions that are in place, planned as well as an update. The key risks faced by the College are shown in the Strategic Report.

Control weaknesses identified
During the 2018-19 year the College became aware of non-compliance issues with a subcontractor and notified the ESFA who then conducted an investigation. Subsequently the College (December 2019) identified further irregularities with another subcontractor and notified the ESFA who conducted a further investigation. As a result, £25m of funding received by the College between 2014-15 and 2017-18 has been agreed to be repaid to the ESFA and a repayment agreement is in place between the College and the ESFA. The College also withdrew from all subcontracted arrangements and concentrated on direct delivery.

Responsibilities under funding agreements
The Corporation reviewed its controls related to its funding arrangements. This has been supported by the work of the Internal Audit Learner Number System audit which identified errors in the claims for funding.

Statement from the Audit Committee
The specific areas of internal audit work commissioned by the Audit Committee in 2018-19 were:

• Collaborations	Reasonable assurance
• Financial Planning and budget monitoring	Reasonable assurance
• Governance	Reasonable assurance
• Learner journey	Partial assurance
• Follow up	Reasonable progress

In addition the following Audits were completed, however no opinion was required. The reports from these audits identified a number of errors where the College did not comply with funding rules.

- Learner Number Systems
- Subcontractor controls

In their annual report the internal auditors presented at the Audit Committee on 23 October 2019 that the College has an adequate and effective framework for risk management, governance and internal control. At its joint meeting of Audit and Resources of the 27 November 2019 an annual assessment for the year ended 31 July 2019 was undertaken considering documentation from the Leadership Team and internal audit, and events since 31 July 2019 where there were concerns regarding the delivery of subcontracted provision and this was reported to the Corporation meeting of the 11 December 2019. The Corporation received and accepted the report but it needed amending to reflect some details relating to the internal audit.

Based on the fact that the Audit Committee received and amended an annual report that was supported by the Accounting Officer the Corporation formed an opinion that the College had an adequate and effective framework for governance, risk management and control, and had fulfilled its statutory responsibility for "*the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets*".

Following detailed review, they accepted the judgement of the Internal auditor as it reflected the internal auditors work through the year but they felt this did not reflect the status of the College's governance, processes and risk management at the end of the year (given that significant progress that has been made in improving these).

Review of effectiveness
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Accounting Officer'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, the reporting accountant for regularity assurance and the appointed funding auditors (when applicable) in their management letters and other reports.

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

The leadership team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control and advising the Corporation as appropriate.

The Corporation's agenda includes receipt of the minutes of the Audit Committee and a regular item for consideration of risk and control.

This ensures that members of the Corporation obtain the relevant degree of assurance both independently and from senior officers of the College and that risk is monitored and reported routinely and not merely by exception.

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

Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. Forecasts have been prepared which demonstrate that the College can continue to operate within its current facilities on its present basis. For this reason, it continues to adopt the going concern basis in preparing the financial statements. The period considered after the reporting date is at least twelve months from the date when the financial statements are authorised for issue.

Approved by order of the members of the Corporation on 21 March 2023 and signed on its behalf by:

Dr Barbara Spittle
Acting Chair of Corporation

Christine Ricketts
Principal and Accounting Officer

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm on behalf of the Corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding, under the College's grant funding agreements and contracts with the ESFA, or any public funder.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance have been discovered and have been notified to the ESFA. If any further instances are identified after the date of this statement, these will be notified to the ESFA:

- The College failed to comply with funding regulations related to its subcontracting activities between 2014-5 and 2017-18, which was notified to the ESFA. Following this, the College withdrew from its subcontracting activities and was placed in FE intervention in 2019. There is a repayment agreement in place to repay the funding and this is included in the long-term creditors in the Financial Statements.

- As part of their Internal Audit work the Auditors found a number of errors in the Learner Number Systems and subcontractor controls where the College did not comply with funding rules.

C. Ricketts.

Christine Ricketts
Principal and Accounting Officer

Date: 21 March 2023

STATEMENT OF THE CHAIR OF CORPORATION

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

Signed

Dr Barbara Spittle
Acting Chair of the Corporation

Date: 21 March 2023

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

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

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

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

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

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

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

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION (continued)

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

Approved by order of the members of the Corporation on 21 March 2023 and signed on their behalf by:

B. M. Spittle

Dr Barbara Spittle
Acting Chair of the Corporation

INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF BROOKLANDS COLLEGE

Opinion
We have audited the financial statements of Brooklands College (the 'College') for the year ended 31 July 2019 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2019 and of its deficit of expenditure over income for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governing Body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information (continued)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Corporation

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Report Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Governing Body, 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 Governing Body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the college and the Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Dated: 21 April 2023

Opinion

To: The Corporation of Brooklands College and Secretary of State for Education, acting through Education and Skills Funding Agency (the ESFA)

In accordance with the terms of our engagement letter dated 25 August 2017 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 Brooklands College during the period 1 August 2018 to 31 July 2019 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 Corporation of Brooklands College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Brooklands College and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept, or assume, responsibility to anyone other than the Corporation of Brooklands College and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Brooklands College and the reporting accountant
The Corporation of Brooklands College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them. Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2018 to 31 July 2019 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 College's income and expenditure.

The work undertaken to draw to our conclusion includes:

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY
Approach (continued)

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

- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and

- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion
With the exception of the items noted in the Accounting Officer's Statement of Regularity, Propriety and Compliance, 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 2018 to 31 July 2019 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

Buzzacott LLP

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date 21 April 2023

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

	Notes	Year 31 July 2019	Year 31 July 2018 Restated
		£'000	£'000
INCOME			
Funding body grants	2	13,967	17,210
Tuition fees and education contracts	3	971	1,137
Other income	4	397	288
Investment income	5	15	7
Donations and endowments	6	—	1
Total income		15,350	18,643
EXPENDITURE			
Staff costs	7	8,535	8,917
Fundamental restructuring costs	7	162	6
Other operating expenses	9	6,434	8,771
Depreciation and amortisation	12 & 13	1,148	1,020
Interest and other finance costs	10	318	339
Repayment of funding to the ESFA	19	23,309	—
Total expenditure		39,907	19,053
Deficit before other gains and losses		(24,557)	(410)
(Loss)/profit on disposal of fixed assets	13	(114)	3
Deficit before tax		**(24,671)**	**(407)**
Taxation	11	—	—
Deficit for the year		**(24,671)**	**(407)**
Unrealised (loss)/gain on revaluation of fixed assets	13	(1,245)	3,404
Actuarial (loss)/gain in respect of pensions	26	(1,982)	2,120
Total comprehensive (expenditure)/income for the year		**(27,898)**	**5,117**
Represented by:			
Unrestricted comprehensive (expenditure)/ income		**(27,898)**	**5,117**

All items of income and expenditure relate to continuing activities.

STATEMENT OF CHANGES IN RESERVES

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 31 July 2017 restated (note	**4,706**	**26,593**	**31,299**
Deficit from the income and expenditure account	(407)	—	(407)
Other comprehensive income	5,524	—	5,524
Transfers between revaluation and income and expenditure reserves	(3,385)	3,385	—
Total comprehensive income for the year	**1,732**	**3,385**	**5,117**
Balance at 31 July 2018	**6,438**	**29,978**	**36,416**
Deficit from the income and expenditure account	(24,671)	—	(24,671)
Other comprehensive expenditure	(3,227)	—	(3,227)
Transfers between revaluation and income and expenditure reserves	1,245	(1,245)	—
Total comprehensive (expenditure) for the year	**(26,653)**	**(1,245)**	**(27,898)**
Balance at 31 July 2019	**(20,215)**	**28,733**	**8,518**

BALANCE SHEET AS AT 31 JULY 2019

	Notes	2019	2018 Restated
		£'000	£'000
Non-current assets			
Tangible fixed assets	13	46,233	47,995
Intangible fixed assets	12	90	23
Investments	15	—	—
		46,323	**48,018**
Current assets			
Trade and other receivables	14	650	2,344
Cash and cash equivalents	20	3,433	3,445
		4,083	**5,789**
Less: Creditors – amounts falling due within one year	16	(2,702)	(3,807)
Net current assets		**1,381**	**1,982**
Total assets less current liabilities		**47,704**	**50,000**
Creditors – amounts falling due after more than one year	17	(32,498)	(9,248)
Provisions			
Defined benefit obligations	19	(6,364)	(4,134)
Other provisions	19	(323)	(202)
Total net assets		**8,518**	**36,416**
Unrestricted reserves			
Income and expenditure account		(20,215)	6,438
Revaluation reserve		28,733	29,978
Total unrestricted reserves		**8,518**	**36,416**

The financial statements on pages 32 to 66 were approved and authorised for issue by the Corporation on 21 March 2023 and were signed on its behalf by:

B. M. Spittle C. Ricketts.

Dr Barbara Spittle
Acting Chair of Corporation

Christine Ricketts
Accounting Officer

STATEMENT OF CASH FLOWS

	Notes	Year ended 31 July 2019 £'000	Year ended 31 July 2018 restated £'000
Cash flows from operating activities			
Deficit for the year		(24,671)	(407)
Adjustment for non-cash items			
Depreciation and amortisation		1,148	1,020
Decrease/(increase) in debtors		1,694	(715)
Decrease in creditors due within one year		(1,113)	(542)
Increase/(Decrease) in creditors due after one year		23,083	(235)
Increase (decrease) in provisions		(30)	(18)
Pensions costs less contributions payable		276	300
Adjustment for investing or financing activities			
Investment income		(15)	(7)
Interest payable		318	339
Loss/(profit) on disposal of asset		114	(3)
Cash provided by/(used in) operating activities		**805**	**(268)**
Cash flows from investing activities			
Proceeds from sale of fixed assets		—	3
Investment income		15	7
Grants to acquire fixed assets		371	—
Payments made to acquire fixed assets		(819)	(611)
		(433)	**(601)**
Cash flows from financing activities			
Interest paid		(195)	(174)
Repayment of amount borrowed		(189)	(182)
		(384)	**(356)**
(Decrease) in cash and cash equivalents in the year		**(12)**	**(1,225)**
Cash and cash equivalents at 1 August	**20**	**3,445**	**4,670**
Cash and cash equivalents at 31 July	**20**	**3,433**	**3,445**

1. Accounting Policies

Statement of Accounting Policies and estimation techniques
The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of Preparation
These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2018 to 2019* 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.

The financial statements are presented in sterling and rounded to the nearest thousand.

Basis of Accounting
The financial statements are prepared in accordance with the historical cost convention, with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

Basis of Consolidation
The financial statements include the College only and are not consolidated as the College's subsidiary, Brooklands Enterprises Limited, controlled by the Group was dormant in the period. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2019.

Going Concern

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

The College's management have prepared a three year financial plan, with a rolling 12 month forecast for the Governors.

The College currently has a fixed term loan with annual debt servicing costs of £208,000. The College operates without any overdraft facilities and at the year-end had a positive cash balance of £3,433,000 (2018 - £3,445,000). The College's forecasts indicate that it will be able to operate within the existing facility.

Accordingly, the College has continued to prepare the financial statements on a going concern basis, and the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future.

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

The recurrent grant from Office for Students represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

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 stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

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

Agency Arrangements
The College acts as an agent in the collection and payment of learner support funds and bursaries. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account of the College and are shown separately in note 28, except for the 5 per cent of the grant issued which is available to the College to cover administration costs relating to the grant.

The College also acts as an agent for Employer Incentives and End Point Assessments where the related payments received from the funding bodies and disbursements are excluded from the income and expenditure account of the College.

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

Teachers' Pension Scheme (TPS)
The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

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

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

Short term employment benefits

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

Enhanced Pensions

The actual cost of any enhanced on-going pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provision in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets - Tangible fixed assets

Freehold Land and Buildings

The College has adopted a policy of revaluation for its freehold properties. The freehold properties were valued to fair value by professional valuers at 31 July 2019.

The College's buildings are specialised buildings and therefore it is not appropriate to value them based on open market value. The buildings are stated in the balance sheet at valuation on the basis of depreciated replacement cost.

In subsequent years, freehold properties will be held at revalued amounts less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations will be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Freehold buildings are depreciated on a straight line basis over their expected remaining useful lives as assessed by external professional valuers (or assessed by the College in the intervening years between external valuations).

The remaining useful lives range from 2 to 50 years. The remaining useful life will be reviewed at the end of each accounting period, with the cost and accumulated depreciation re-stated as appropriate so that the carrying amount reflects the revalued amount of the 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.

Freehold buildings include structure, internal finishes of the building, and building plant and machinery, but exclude loose fittings. Borrowing and finance costs, which are directly attributable to the acquisition, construction or production of land and buildings, are capitalised as part of the cost of those assets.

Freehold land is not depreciated as it is considered to have an indefinite useful life.

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

Leasehold Land and Buildings

The College has adopted a policy of revaluation for its leasehold properties. The leasehold properties were valued at fair value by professional valuers at 31 July 2019.

The College's buildings are specialised buildings and therefore it is not appropriate to value them based on open market value. The buildings are stated in the balance sheet at valuation on the basis of depreciated replacement cost.

In subsequent years, leasehold properties will be held at revalued amounts less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations will be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period

Leasehold properties are depreciated on a straight line basis over the unexpired term of the lease.

Assets under construction

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

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to 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.

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

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

- heavy plant – 15 years
- plant – 10 years
- heavy duty equipment – 7 years
- motor vehicles and general equipment - 5 years
- computer servers and infrastructure – 5 years

- computer equipment - 4 years
- software - 3 years

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

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

Non-current Assets – Intangible fixed assets

Intangible fixed assets such as software development are recognised based on section 18 of FRS 102 and are stated deemed cost less accumulated amortisation. Such assets are amortised on a straight line basis over their expected useful lives within five years from the day of purchased.

Leased non property assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the statement of comprehensive income. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Inventories

Inventories are stated at the lower of their cost 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.

Cash and cash equivalents

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

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

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 charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 3% of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets and services as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

Provisions and contingent liabilities

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

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty
In preparing these financial statements, management have made the following judgements:

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

- Determine whether there are indicators of impairment of the College's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Funding body grants

	Year ended 31 July 2019	Year ended 31 July 2018
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency (ESFA) 16-18	7,862	8,150
Education and Skills Funding Agency (ESFA) adult	1,585	1,757
Education and Skills Funding Agency (ESFA) apprenticeships	2,989	6,208
Office for Students	10	18
Specific grants		
Education and Skills Funding Agency (ESFA)	186	—
Local Government funding income	790	548
Releases of government capital grants	225	236
HE grants	320	293
Total	**13,967**	**17,210**

3. Tuition fees and education contracts

	Year ended 31 July 2019 £'000	Year ended 31 July 2018 £'000
Adult education fees	73	114
Apprenticeship fees and contracts	49	92
Fees for FE loan supported courses	397	336
Fees for HE loan supported courses	40	72
Fees for full cost course	257	368
Total tuition fees	816	982
Education contracts	155	155
Total	**971**	**1,137**

4. Other income

	Year ended 31 July 2019 £'000	Year ended 31 July 2018 £'000
Other income generating activities	143	200
Miscellaneous income	254	88
Total	**397**	**288**

5. Investment income

	Year ended 31 July 2019 £'000	Year ended 31 July 2018 £'000
Other interest receivable	15	7
Total	**15**	**7**

6. Donations

	Year ended 31 July 2019 £'000	Year ended 31 July 2018 £'000
Unrestricted donations	—	1
Total	**—**	**1**

7. Staff costs

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

	2019	2018
	No.	No.
Teaching staff	181	197
Non-teaching staff	116	120
	297	**317**

Staff costs for the above persons

	2019	2018
	£'000	£'000
Wages and salaries	6,098	6,404
Social security costs	549	578
Other pension costs	1,472	1,495
Payroll sub total	**8,119**	**8,477**
Contracted out staffing services	416	440
	8,535	**8,917**
Fundamental restructuring costs – Contractual	162	6
Total staff costs	**8,697**	**8,923**

8. 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 Leadership Team which comprised the Principal, Deputy Principal, Vice Principal, and Executive Director of Brooklands Business Solutions.

Staff costs include compensation paid to key management personnel for loss of office (see note 47 for further details).

8. Key management personnel (continued)

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

	2019 No.	2018 No.
The number of key management personnel including the Accounting Officer was:	4	4

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

	Key management personnel	
	2019 No.	2018 No.
£60,001 to £70,000 p.a.	—	1
£70,001 to £80,000 p.a.	1	—
£80,001 to £90,000 p.a.	2	2
£130,001 to £140,000 p.a.	1	1
	4	**4**

There were no other staff who received over £60,000.

Key management personnel compensation is made up as follows:

	2019 £'000	2018 £'000
Salaries	358	372
Employers National Insurance	47	47
Benefits in kind	1	1
Redundancy	14	—
	420	**420**
Pension contributions	61	62
Total key management personnel compensation	**481**	**482**

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

8. Key management personnel (continued)

The above compensation includes amounts payable to the Accounting Officer who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2019	2018
	£'000	£'000
Salaries	130	130
National Insurance	17	17
Benefits in kind	1	1
	148	148
Pension contributions	21	21
	169	**169**

The members of the Corporation other than the Accounting Officer and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties, detailed in note 27.

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

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

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

Relationship of Principal pay and remuneration expressed as a multiple:

	2019	2018
Principal's basic salary as a multiple of the median of all staff	4.26	4.45
Principal total remuneration as a multiple of the median of all staff	4.57	4.63

8. Key management personnel (continued)

Compensation for loss of office paid to former key management personnel

	2019 £	2018 £
Compensation paid to a former post-holder	14,175	—

The payment was approved by the College's Chair of Corporation, and was for statutory redundancy only.

9. Other Operating Expenses

	2019 £'000	2018 £'000
Teaching costs	3,752	6,303
Non-teaching costs	1,261	1,121
Premises costs	1,421	1,347
Total	**6,434**	**8,771**

Other operating expenses include:

	2019 £'000	2018 £'000
Auditors' remuneration:		
Financial statements audit and other services provided by the financial statements auditor	24	27
Internal audit	36	20
Subcontracting and partnering costs	3,171	5,659
Hire of assets under operating leases	66	72

10. Interest and other finance costs

	2019 £'000	2018 £'000
On bank loans, overdrafts and other loans:	195	174
	195	174
Net interest on defined benefit pension liability (note 26)	123	165
Total	**318**	**339**

11. Taxation

The College is not liable for any corporation tax arising out of its activities during the year ended 31 July 2019 or the previous year.

12. Intangible Assets

	Software & Development Costs £'000	Total £'000
Cost		
At 1 August 2018	254	254
Additions	76	76
At 31 July 2019	**330**	**330**
Amortisation		
At 1 August 2018	231	231
Charge in year	9	9
At 31 July 2019	**240**	**240**
Net book value at 31 July 2019	**90**	**90**
Net book value at 31 July 2018	**23**	**23**

13. Tangible fixed assets

	Freehold Land and Buildings	Leasehold	Equipment	Works In Progress	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2018 as published	**33,793**	**—**	**8,332**	**223**	**42,348**
Transfers	(4,324)	5,047	(723)	—	—
Change in accounting policy (Refer to prior year adjustment note 23)	61,271	(3,487)	—	—	57,784
At 1 August 2018 restated	**90,740**	**1,560**	**7,609**	**223**	**100,132**
Transfers	81	—	21	(102)	—
Additions	468	—	257	12	737
Revaluation in year	(1,789)	—	—	—	(1,789)
Disposals	—	—	—	(115)	(115)
At 31 July 2019	**89,500**	**1,560**	**7,887**	**18**	**98,965**
Depreciation					
At 1 August 2018 as published	**8,858**	**—**	**7,374**	**—**	**16,232**
Transfers between classes	446	—	(446)	—	—
Change in accounting policy (Refer to prior year adjustment note 23)	35,870	35	—	—	35,905
At 1 August 2018 restated	**45,174**	**35**	**6,928**	**—**	**52,137**
Charge in year	770	39	330	—	1,139
Revaluation in year	(544)	—	—	—	(544)
At 31 July 2019	**45,400**	**74**	**7,258**	**—**	**52,732**
Net Book Value 31 July 2019	**44,100**	**1,486**	**629**	**18**	**46,233**
Net Book Value 31 July 2018	**45,566**	**1,525**	**681**	**223**	**47,995**

13. Tangible fixed assets (continued)
The freehold land and buildings include Brooklands College Weybridge and the leasehold properties include Brooklands College, Ashford (Thomas Knyvett School). Brooklands College, Ashford is on a 50 years lease from 7 September 2016.

The freehold properties known as Brooklands College Weybridge, and Brooklands College, Ashford (Thomas Knyvett School) were valued at 31 July 2019 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation – Global Standard 2020 and Financial Reporting Standard 102 and the Statement of Recommended Practice 'Accounting for Further and Higher Education'. The valuations were undertaken on a Fair Value basis, and valued by reference to a Depreciated Replacement Cost approach. The valuation is reported under the special assumption to exclude any value of development opportunities for which planning permission would be required and has not been granted or where development has not yet commenced, except where stated separately within the valuation report.

14. Trade and other receivables

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade receivables	405	800
Prepayments and accrued income	234	318
Amounts owed by the ESFA	—	1,205
Other debtors	11	21
Total	**650**	**2,344**

15. Investments

The College owns a £2 investment representing 100% of the issued ordinary shares and voting rights in Brooklands Enterprises Limited, a company incorporated in England and Wales. The interest in Brooklands Enterprises Limited was effectively acquired on 1 April 1993 and has not been consolidated into the results of the College, as the company has not traded in the year.

16. Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Bank loans (note 18)	202	194
Trade payables	162	268
Other taxation and social security	130	152
Accruals and deferred income	1,597	2,433
Deferred income - government capital grants	238	238
Deferred income - government revenue grants	41	—
Amounts owed to ESFA	32	247
Pension contributions	130	147
Other creditors	170	128
Total	**2,702**	**3,807**

Accruals and deferred income include accrued payments to subcontractors and partners, accruals for capital works and invoices and fees received in advance for 2019/20.

17. Creditors: amounts falling due after one year

	2019	2018
	£'000	£'000
Due to the ESFA under a repayment agreement	23,309	-
Bank loans (note 18)	3,135	3,333
Deferred income - government capital grants	6,054	5,915
Total	**32,498**	**9,248**

The amount due to ESFA under a repayment agreement relates to funding due to be repaid to the ESFA resulting from subcontracting arrangements that did not comply with funding agreements in previous years. This provision is discounted using the Bank of England base rate at the end of July for each financial year. 80% of the amount due will not be required to be repaid for 3 years from 16th March 2023 unless the College is able to repay from sale of land. No further interest will be charged on this sum, above that already agreed by way of an arrangement fee. The remaining 20% due interest will be charged at 2.4% from 16th March 2023 and capital repayments made following an initial capital repayment holiday.

18. Maturity of debt

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2019	2018
	£'000	£'000
In one year or less	202	194
Between one and two years	212	204
Between two and five years	713	685
In five years or more	2,211	2,400
Total	**3,338**	**3,483**

At 31 July 2019, the College had one main loan facility of £5m repayable at 5.6% interest over 25 years, secured on the Arts and Engineering Building on the Weybridge campus.

19. Provisions

	Defined benefit obligations (note 26)	Enhanced pensions	Total
	£'000	**£'000**	**£'000**
At 1 August 2018	4,134	202	4,336
Movement in period	2,230	121	25,661
At 31 July 2019	**6,364**	**323**	**29,996**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 26.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2019	**2018**
Inflation rate (CPI)	2.2%	1.3%
Interest rate	2.0%	2.3%

20. Cash and cash equivalents

	At 1 August 2018	Cash flows	Other changes	At 31 July 2019
	£'000	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	3,445	(12)	—	3,433
Total	**3,445**	**(12)**	**—**	**3,433**

21. Capital and other commitments

	2019 £'000	2018 £'000
Commitments contracted for at 31 July	—	162
Commitments authorised but not contracted for at 31 July	—	—
	—	162

22. Lease Obligations

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

	2019 £'000	2018 £'000
Future minimum lease payments due		
Equipment		
Not later than one year	38	43
Later than one year and not later than five years	73	111
Total lease payments due	**111**	**154**

The College has a lease for its Ashford site for a peppercorn rent, which expires in 2066.

23. Change in Accounting Policy – Prior year adjustment

From the 2018-19 accounting year the College decided to change its Accounting Policy for valuing its freehold and leasehold land and buildings from historic cost to a revaluation model to better reflect their value to the College. The financial results for 2017-18 have therefore been restated to reflect this change of policy in accordance with FRS102. The effect of this change in policy is set out below:

Change in Accounting Policies - Statement of Comprehensive Income	Year ended 31 July 2018	Change in Accounting policy	Year ended 31 July 2018 - Restated
	£'000	£'000	£'000
Income			
Funding body income	17,210	—	17,210
Tuition fees and education contracts	1,137	—	1,137
Other income	288	—	288
Investment income	7	—	7
Donations and endowment	1	—	1
Total Income	**18,643**	**—**	**18,643**
Expenditure			
Staff costs	8,917	—	8,917
Exceptional restructuring costs	6	—	6
Other operating expenses	8,771	—	8,771
Depreciation and amortisation	1,171	(151)	1,020
Interest and other finance costs	339	—	339
Total Expenditure	**19,204**	**(151)**	**19,053**
(Deficit)/Surplus before other gains and loss	(561)	151	(410)
Profit on disposal of assets	3	—	3
(Deficit)/Surplus before Tax	(558)	151	(407)
Taxation	—	—	—
(Deficit)Surplus for the year	**(558)**	**151**	**(407)**
Unrealised gain on revaluation of assets	—	3,404	3,404
Actuarial gain/ (loss) in respect of pension schemes	2,120	—	2,120
Total Comprehensive Income	**1,562**	**3,555**	**5,117**

23 Change in Accounting Policy - Prior year adjustment (continued)

Changes in Accounting Policies - Balance Sheet	**Year ended 31 July 2018**	**Change in Accounting policy**	**Year ended 31 July 2018 Re-stated**
	£'000	**£'000**	**£'000**
Non-Current Assets			
Tangible fixed assets	26,116	21,879	47,995
Intangible fixed assets	23	—	23
Investments			
	26,139	**21,879**	**48,018**
Current assets			
Trade and other receivables	2,344	—	2,344
Investments	—	—	—
Cash and cash equivalent	3,445	—	3,445
	5,789	**—**	**5,789**
Less: Creditors - amounts falling due within one year	**(3,807)**	**—**	**(3,807)**
Net current assets	**1,982**	**21,879**	**23,861**
Total assets less current liabilities	**28,121**	**21,879**	**50,000**
Less: Creditors - amounts falling due after more than one year	**(9,248)**	**—**	**(9,248)**
Provisions			
Defined benefit obligations	(4,134)	—	(4,134)
Other provisions	(202)	—	(202)
TOTAL NET ASSETS	**14,537**	**—**	**36,416**
Unrestricted Reserves			
Income and expenditure account	10,125	(3,487)	6,638
Revaluation reserve	4,412	25,366	29,778
Designated reserve	—	—	—
TOTAL UNRESTRICTED RESERVES	**14,537**	**21,879**	**36,416**

23 Change in Accounting Policy – Prior year adjustment (continued)

STATEMENT OF CHANGES IN RESERVES	Income & Expenditure Account	Change in Accounting policy	Income & Expenditure Account – Re-stated
	£'000	£'000	£'000
Balance at July 2017	**8,393**	(3,487)	**4,906**
Surplus/(Deficit) from the Income and Expenditure Account	**(558)**	151	**(407)**
Other Comprehensive Income	**2,120**	3,404	**5,524**
Transfers between revaluation and Income and Expenditure reserves	**170**	(3,555)	**(3,385)**
Total comprehensive income for the year	**1,732**	—	**1,732**
Balance at July 2018	**10,125**	(3,487)	**6,638**

STATEMENT OF CHANGES IN RESERVES	Revaluation Reserve	Change in Accounting policy	Revaluation Reserve Re-stated
	£'000	£'000	£'000
Balance at July 2017	**4,582**	21,811	**26,393**
Surplus/(Deficit) from the Income and Expenditure Account	—	—	—
Other Comprehensive Income	—	—	—
Transfers between revaluation and Income and Expenditure reserves	**(170)**	3,555	**3,385**
Total comprehensive (expenditure) income for the year	**(170)**	3,555	**3,385**
Balance at July 2018	**4,412**	25,366	**29,778**

24. Contingencies

There are no contingent liabilities to be reported at 31 July 2019

25. Events after the reporting period

The following events took place after the end of the reporting period, but prior to the financial statements being issued

- In March 2020 there was a National Lockdown due to the coronavirus pandemic. Teaching at the College moved on-line and staff and students continued their activities off site. Following this initial lockdown there followed a series of local and National restrictions, with full on-site teaching not returning until the start of the 2021-22 academic year.

Events after the reporting period (continued)

- In December 2019 the College identified that had received funding from a subcontractor that had proved to have been irregular due to incorrect information being supplied to the College. This resulted in an increase to the amount of funds due to be repaid to the ESFA

- A repayment agreement was agreed between the College and the Secretary of State for Education for the repayment of £25m funding relating to historic subcontracting arrangements. This agreement was dated the 16 March 2023 and was for an initial amount of £20m with a subsequent amount of £5m payable after October 2031(including fees). The College will be given 3 years from the date of the agreement to repay the initial £20m before action is taken. Interest will be due and payable on the £5m until it is repaid.

- A contract between Cala Homes and the College was agreed for the sale of excess land and the development of housing on the Weybridge campus. The contract with Cala, when it goes unconditional, will realise £40m in land sale receipts for the disposal of property and land surplus to the College's current and longer term requirements. It will also generate other benefits in excess of £6m, enable the college to access £6.75m from the ESFA FECT fund as a contribution towards the cost of resizing and refurbishing the estates and has allowed the College to gain approval in principle to access circa £6m investment from Surrey County Council to create a specialist facility to support learners with special learning needs. It will also enable the college to repay 80% of the funds at risk of recovery by the ESFA.

- One of the buildings on the Weybridge campus 'The Edge' was flooded in October 2022 due to excessive rain and the students and staff evacuated for safety reasons. The building remains largely unoccupied and is planned to be refurbished during 2023.

- The Office for National Statistics decided on the 29 November 2022 that FE Colleges will be classified within the Public sector from the Private sector with immediate effect. This introduced additional controls for the College from immediate effect.

26. Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Surrey County Council. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2016.

Total pension cost for the year

		2019 £000		2018 £000
Teachers' Pension Scheme: contributions paid		497		569
Local Government Pension Scheme:				
Contributions paid	699		689	
FRS 102 (28) charge	276		300	
Charge to the Statement of Comprehensive Income		975		989
Enhanced pension charge to Statement of Comprehensive Income		—		(63)
Total pension cost for year within staff costs (note 7)		**1,472**		**1,495**

Contributions amounting to £130,344 (2018 - £147,088) were payable to the schemes and are included in creditors.

Teachers' Pension Scheme

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

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 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 at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

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

The pension costs paid to TPS in the year amounted to £815,737.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Surrey Local Authority. The total contributions made for the year ended 31 July 2019 were £846,000 (2018 - £838,000), of which employer's contributions totalled £699,000 (2018 - £691,000) and employees' contributions totalled £147,000 (2018 - £147,000). The agreed contribution rates for future years are 20% for employers and range from 5.5% to 9.9% for employees, depending on salary.

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2019 by a qualified independent actuary.

	At 31 July 2019	**At 31 July 2018**
Rate of increase in salaries	2.7%	2.7%
Future pensions increases	2.4%	2.4%
Discount rate for scheme liabilities	2.1%	2.8%
Inflation assumption (CPI)	2.4%	2.4%
Commutation of pensions to lump sums for pre-April 2008	25%	25%
Commutation of pensions to lump sums for post-April 2008	63%	63%

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

	At 31 July 2019	At 31 July 2018
	years	years
Retiring today		
Males	21.6	22.5
Females	23.6	24.6
Retiring in 20 years		
Males	22.5	24.1
Females	25.0	26.4

Sensitivity Analysis

Increase (decrease) to net defined benefit liability as a result of a change in actual assumptions:

	At 31 July 2019	At 31 July 2018
Discount rate -0.5%	3,043,000,	2,564,000
Salary increase rate +0.5%	223,000	202,000
Mortality assumption – 1 year increase	3-5%	1,026,000
Mortality assumption – 1 year decrease	3-5%	(1,026,000)
Pension increase rate +0.5%	2,780,000	2,346,000

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

	Long-term rate of return expected at 31 July 2019	Fair Value at 31 July 2019 £'000	Long-term rate of return expected at 31 July 2018	Fair Value at 31 July 2018 £'000
Equity instruments	2.8%	16,716	2.8%	15,727
Debt instruments	2.8%	3,947	2.8%	3,713
Property	2.8%	1,625	2.8%	1,529
Cash	2.8%	929	2.8%	874
Total fair value of plan assets		**23,217**		**21,843**
Liabilities		**(29,581)**		**(25,977)**
Net liabilities		**(6,364)**		**(4,134)**

26. Defined benefit obligations (continued)

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

	2019	2018
	£'000	£'000
Fair value of plan assets	23,217	21,843
Present value of plan liabilities	(29,581)	(25,977)
Net pensions liability (Note 19)	**(6,364)**	**(4,134)**

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

	2019	2018
	£'000	£'000
Amounts included in staff costs		
Current service cost	932	989
Past service cost	43	—
Total	**975**	**989**
Amounts included in finance costs		
Net cost	614	542
Net interest cost	(733)	(702)
	(119)	**(160)**
Amount recognised in Other Comprehensive Income		
Changes in demographic assumptions	1,514	—
Experience gain on defined benefit obligations	(3,933)	997
Return on pension plan assets	584	1,130
Experience losses arising on defined benefit obligations	—	—
Amount recognised in Other Comprehensive Income	**(1,835)**	**2,127**

Movement in net defined benefit liability during year

	2019	2018
	£'000	£'000
Net defined benefit liability in scheme at 1 August	(4,134)	(5,801)
Movement in year:		
Current service cost	(932)	(989)
Employer contributions	699	689
Past service cost	(43)	—
Net interest on the defined liability	(119)	(160)
Actuarial gain or loss	(1,835)	2,127
Net defined benefit liability at 31 July	**(6,364)**	**(4,134)**

Asset and Liability Reconciliation

	2019 £'000	2018 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at 1 August	25,977	25,782
Current service cost	932	989
Interest cost	733	702
Contributions by scheme participants	147	147
Experience gains and losses on defined benefit obligations		—
Changes in financial assumptions	3,933	(997)
Changes in demographic assumptions	(1,514)	—
Estimated benefits paid	(670)	(646)
Past service cost	43	—
Defined benefit obligations at 31 July	**29,581**	**25,977**

Changes in fair value of plan assets

	2019 £'000	2018 £'000
Fair value of plan assets at 1 August	21,843	19,981
Interest on plan assets	614	542
Return on plan assets	584	1,130
Employer contributions	699	689
Contributions by scheme participants	147	147
Estimated benefits paid	(670)	(646)
Fair value of plan assets at 31 July	**23,217**	**21,843**

27. Related party transactions

Owing to the nature of the College's operations and the composition of the Corporation being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Corporation may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Transactions with the funding agencies, Office for Students and the local authorities are detailed in notes 2, 14, 16 and 19.

The total expenses paid to or on behalf of the Corporation during the year was £126 to one member of the Corporation (2018 - £1,059; two members). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Corporation meetings and College events in their official capacity.

No member of the Corporation received any remuneration or waived payments from the College or its subsidiaries during the year (2018: None).

28. Amounts disbursed as agent

	2019 £'000	2018 £'000
Funding body grants – Bursary Support (ESFA)	132	141
Funding body grants – Vulnerable Young People bursary	41	30
Funding body grants – Advanced Loan bursary	63	63
Funding body grants – Capacity and delivery bursary	8	—
Funding body grants – Residential support	4	—
	248	234
Disbursed to students	(204)	(160)
Administration costs	(13)	(10)
Balance unspent as at 31 July, included in creditors	**31**	**64**

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the statement of comprehensive income. The income and expenditure in the College's financial statements relates to the payment of course fees, nursery fees and travel costs by the College on the student's behalf.

	2019 £'000	2018 £'000
Employer incentives received – Apprenticeships	237	113
End Point Assessments	(51)	53
Disbursed to employers	(237)	(53)
Balance unspent as at 31 July, included in creditors	**(51)**	**113**

Funds are provided for employers and providers to be paid an incentive for taking on apprentices as well as paying organisations to conduct End Point Assessments for apprentices. The College is only acting as a paying agent and therefore the funds received and the disbursements are excluded from the statement of comprehensive income.