

**Richmond and Hillcroft  
Adult and Community  
College**

**Annual Report and Financial  
Statements**

31 July 2023

Company Limited by Guarantee  
Registration Number  
0201528 (England and Wales)

Charity Registration Number  
312825

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## Legal and administrative information

**Members of the Board  
(as at date of approval of the financial  
statements)**

Sharon Raj (Chair)  
Rosa Chu  
Kate Clarke  
Gabrielle Flint (Principal)  
Elaine Hawkins  
Siu Wo Im  
Nick Jones  
Dave Munby  
Claire O'Donnell  
Jane O'Shea  
Matthew Pope  
John Riglin  
Graham Tharp (Staff Governor)

**Principal and Accounting Officer  
of the College**

Gabrielle Flint

**Clerk to the Board**

Laura Morgan

**Principal and Registered office**

Parkshot  
Richmond  
Surrey  
TW9 2RE

**Company registration number**

0201528 (England and Wales)

**Charity registration number**

312825

## **Key management personnel, and professional advisors**

### **Key management personnel**

Key management personnel are defined as members of the Executive Team and were represented by the following in 2022/23:

Gabrielle Flint, Principal

Gaynor Bray, Vice Principal (To December 2022)

Haifa Abdul Amir, Vice Principal Quality & Curriculum (From October 2022)

Neil Wallbank, Vice Principal Finance and Resources

Paul Smith, Executive Director – Commercial (To February 2023)

### **The College's solicitors**

Stone King  
Bateman House  
82–88 Hills Road  
Cambridge  
CB2 1LQ

### **Financial statements auditor and reporting accountants**

Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

### **Internal auditors**

RSM Risk Assurance Services LLP  
25 Farringdon Street  
London  
EC4A 4AB

### **Bankers**

HSBC Plc  
South West London Commercial Centre  
Hampton Wick  
Kingston upon Thames, Surrey

Barclays Bank plc  
Level 27  
1 Churchill Place  
London  
E14 5HP

## **STRATEGIC REPORT**

### **1 Objectives and Strategy**

The members of the Board (governors) present their report and the audited financial statements for Richmond and Hillcroft Adult and Community College ('the College') for the year ended 31 July 2023.

The charitable objects of the College are as follows:

*"The objects for which the College is established are to provide education for the public benefit to include, without limitation:*

- *to enable adult men and/or women disadvantaged by educational or social factors to progress into Higher Education, vocational training and employment.*
- *to contribute to the national development of women's education.*
- *to maintain one or more residential colleges for the education of men and/or women with the aim of enlarging and enriching the vision of its students, developing their capacities for leadership and contribution to society and stimulating their personal growth."*

#### **1.1 Legal status**

Richmond and Hillcroft Adult and Community College is a company limited by guarantee (registration number 0201528) incorporated in 1924 and a registered charity (registration number 312825). It is designated for funding by the Education and Skills Funding Agency (ESFA).

#### **1.2 Mission**

The College's mission statement, as approved by the members of the Board in December 2021 is:

*Enabling adults and communities to thrive through education.*

#### **1.3 Strategic plan**

The Board approved the strategic plan at its meeting in December 2021.

The three key strategic goals for 2022-2025 are:

- To provide an outstanding customer experience that supports learners to achieve high standards, take pride in their achievements and enjoy learning;
- To increase our reach to enable more adults to benefit from learning; and
- To achieve the long term financial sustainability to meet adult learner needs.

We will achieve our goals through our plans to develop:

- Our People - the RHACC staff team;
- Technology;
- The RHACC Estate;
- The Curriculum; and
- Partnerships.

**STRATEGIC REPORT** (continued)

The following strategic priorities were identified in the Strategic Plan 2022-2025 for implementation during this period.

1. Our People

- We will invest in training for our sector expert staff to ensure they have the skills and knowledge to stay at the top of their game in the classroom and workplace.
- We will recruit, engage and support staff to ensure that we have a committed team of adult learning practitioners who share our values and the capacity to support growth and excellence.
- We will provide employment opportunities for those adults who face barriers to employment and who are from disadvantaged or underrepresented backgrounds.

2. Technology

- We have an ambitious digital strategy that will enable us to reach more learners online, work more efficiently and make information on learning and support more widely available.
- We will develop the same sense of safe community space in our online campus as at our two terrestrial sites.

3. Estates

- We will develop our Hillcroft site in Surbiton to provide an accessible adult learning and community hub for the Kingston upon Thames community and beyond. A safe and inclusive resource for the whole community.
- We will support informal learning and business development by making our facilities available to partners and the community within a safety framework that takes account of best practice in Safeguarding and Covid management.

4. Curriculum

- We will further develop our curriculum to provide clear routes to work in Health, Care, Digital, Creative Industries and Professional Services.
- We will expand the foundation skills of English, Maths, Digital and 'soft skills' to ensure that adults and employers have the skills they need for the workplace.
- We will develop capacity building training to support the growth of small businesses and grass roots organisations with a social purpose.
- We will continue to develop the wellbeing provision required to support personal and community resilience and enable adults to stay well, independent and active in the community.
- We will further develop opportunities for people who have a disability and complex needs and those who care for them. We will use small enterprises to enable the most marginalised to take centre stage, achieve their potential and progress to work and greater independence.
- We will further develop Hillcroft Women's Education provision to ensure that it equips women with the skills to take control of their lives and achieve career and personal goals.
- We will make more modular and part time provision, guidance and support available

**STRATEGIC REPORT** (continued)

- We will make more modular and part time provision, guidance and support available online to widen access.
  - We will ensure that all provision is delivered as efficiently as possible to provide best value to the learner, funders and RHACC.
5. Partnerships
- We will develop partnerships with community organisations, employers, education and care providers that enable us to create accessible and direct routes to work and community engagement. This network will ensure there is no wrong door for adult learners whatever their needs and interests.
  - We will use The Bridge, coworking centre as a forum for collaboration with SMEs and tailored support for business growth.

**1.4 Financial objectives**

The College's financial objectives that support the strategic objective of ensuring financial sustainability are to:

- Implement a robust financial strategy over the period 2022 to 2025.
- Review and continuously monitor the cost effectiveness of provision and back office support services.
- Establish and monitor targets for contribution to central overheads from teaching departments.
- Improve the efficiency of the College in order to generate funds available for investment in the curriculum and the estate.

**2. RESOURCES**

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

**2.1. Tangible**

Tangible resources include the Parkshot site in Richmond and the Hillcroft site in Surbiton.

**2.2 Financial**

At 31 July 2023 the College had £46,006,000 (2021/22: £46,153,000) of net assets and no external debt. The College had a cash balance of £1,982,000 at 31 July 2023 (2021/22 £2,741,000), part of which it is intended to use for the redevelopment of the Hillcroft site. The balance included £973,000 repayable to the ESFA in respect of an overpayment made to the College in 2018.

**2.3 People**

During the year ended 31 July 2023 the College employed 303 people (expressed as average head count), of whom 185 were teaching staff.

**2.4 Reputation**

The College has a good reputation. Maintaining a quality brand and good reputation continues to be essential for the College's success in attracting students and developing external relationships.

**STRATEGIC REPORT** (continued)

**3. STAKEHOLDER RELATIONSHIPS**

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

- Learners;
- Education sector funding bodies;
- FE commissioner;
- Staff;
- Partner referral organisations;
- Local employers;
- Local authorities and the GLA;
- Local charities;
- Government offices;
- The local community;
- Trade Unions;
- Other FE institutions; and
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through face to face meetings, by email and letter contact, by staff newsletters, by press releases and through the College web site.

Feedback from learners is encouraged, to help the management team to judge performance and ensure areas of weakness are addressed.

**3.1 Engagement with employees**

The College consults with staff, providing employees with information on matters of concern to them. Key performance indicators are produced and shared with the College Management Team. Communication with staff takes a variety of forms, including open meetings on a termly basis for all staff, regular management meetings, and an 'all staff' email is produced weekly.

The College has adopted a Recruitment and Selection Policy and Procedure that is in line with all relevant legislation. This includes a policy in respect of applications for employment from disabled persons.

With respect to finance, budget holders are consulted during the budget setting process. The consultation is undertaken by the Vice Principal Finance and Resources and the Head of Finance.

**3.2 Engagement with suppliers, customers and others in a business relationship with the College**

The College continues to foster good working relations with suppliers by ensuring:

- Payments are made to suppliers within required timescales;

**STRATEGIC REPORT** (continued)

- Where payments are delayed a dialogue is maintained with the supplier;
- Tender processes are clear and transparent; and
- Clear escalation procedures are in place in case of a dispute with the College.

**3.3. Promoting the success of the College to achieve its purposes**

The College has its own website, which is kept updated with the latest news and events that are taking place. Social media is also used to promote the College and its activities. A new web site is planned for 2023/24.

**4. PUBLIC BENEFIT**

RHACC is a company limited by guarantee and a registered charity. The members of the Board, who are directors of the charity for the purposes of company law, are disclosed on page 1.

In setting and reviewing the College's strategic objectives, the Board 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 identifiable public benefit through the advancement of education to around 7,000 students.

The College provides courses without charge to young people and to those who are unemployed or on low income. The College also provides a number of concessions to learners. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

**5. DEVELOPMENT AND PERFORMANCE**

**5.1 Financial results**

The College incurred a deficit (deficit before other gains and losses) in the year of £1,257,000 (2021/22: deficit £1,782,000). This deficit is after charging depreciation of £918,000 and pension adjustments of £109,000. Total Comprehensive Income for the year is a deficit of £147,000 (2021/22: surplus of £5,997,000) after allowing for an actuarial gain on the pension scheme of £3,536,000 (2021/22: £7,779,000). The actual gain for the year on the pension scheme was £4,646,000 but for accounting purposes this is capped at the level which would move the fund into a surplus position.

Activity for the year showed an increasing willingness of learners to return to learning following three years of operation impacted by Covid. Income after interest and release of capital grants increased by £805,000. This was largely due to increased funding body income of £480,000 and increased tuition fee income of £307,000. The College overachieved the funding allocation from the GLA by 3%, which represents additional income of £147,000. Although tuition fees still remain below the pre-pandemic level the 21% year on year increase is a positive sign of recovery.

**STRATEGIC REPORT** (continued)

The College received income from 'other income' sources of £461,000 (2021/22 £457,000). Income generation from events and hires has failed to recover to pre-pandemic levels although income from joint workspace facilities has recovered well.

Financial performance was also affected by general inflationary pressures and in particular the rising cost of energy. Energy costs increased by 90% from £178,000 to £337,000 in the year.

The College has total net assets of £46,006,000 (2021/22 £46,153,000), including cash balances of £1,982,000 (2020/21 £2,741,000). The Local Government Pension Fund is now in surplus by £3,536,000 but this is not recognised on the balance sheet as it is not considered to be recoverable (2021/22: deficit £1,001,000).

At 31 July 2023, the College had accumulated reserves of £46,006,000 (2021/22 £46,153,000). The Income and Expenditure Reserve has a surplus of £40,102,000 (2021/22 £40,160,000). The College continues to operate without the requirement of any external financing.

Tangible fixed asset additions during the year amounted to £240,000. This included equipment purchased of £65,000 and £116,000 of assets in the course of construction for the Hillcroft campus.

The College has significant reliance on the education sector funding bodies, the ESFA and GLA, for its principal funding source of recurrent grants. In 2022/23 the ESFA and GLA recurrent grants provided 65% (2021/22: 69%) of the College's total income.

The LGPS pension shows a surplus of assets over liabilities of £3,536,000 (2021/22: deficit £1,001,000) which is a significant in year movement. The Members of the Board have been advised that pension accounting surplus/deficits have no effect on the contribution rate, which is determined using long-term funding assumptions based on the investment strategy of the pension fund, rather than solely on the yields of corporate bonds.

**5.2 Cash flows and liquidity**

There was a decrease in cash at 31 July 2023 of £759,000 resulting from operating cash outflows of £531,000 and cash outflows from investment activities of £228,000. The College is aware of the need to maintain control of its cash resource to enable it to mitigate potential risks from falls in income and increased inflationary pressures.

In 2017/18 the ESFA erroneously paid to the College £1,799,485 in respect of its AEB grant. The College made the ESFA aware of the error but were assured that the payment was correct. The College accounted for the overpayment on its balance sheet as a short term creditor and did not include the amount as income. In August 2021, the ESFA acknowledged its error and requested that the College repays the funding. The College accepts that the funds are due to the ESFA and agreed a three year repayment schedule with the ESFA commencing in March 2022 of £50,000 per month. An amount of £600,000 has been repaid in 2022/23. The overall effect will be for the College to have a significant reduction in its cash balance when the repayment has been finalised. The amount outstanding at the end of the year was £950,000.

**STRATEGIC REPORT** (continued)

**5.3 Taxation**

As a registered charity for the purposes of the Charities Act 2011, the College's activities do not fall to be charged to corporation tax.

**5.4 Reserves**

As at the balance sheet date, the Income and Expenditure Reserve is in surplus by £40,102,000 (2021/22: £40,160,000).

**5.5 Streamlined Energy & Carbon Reporting**

Under the Streamlined Energy and Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 the College is mandated to include energy consumption, related emissions, intensity metrics and energy efficiency improvements implemented during the financial year. The College is required to comply with these regulations as it meets two of the three criteria of a large company, as defined by the Companies Act 2006; the College employs more than 250 employees and has a balance sheet total of greater than £18million.

This information is summarised below.

The total consumption (kWh) figures for energy supplies reportable are as follows:

Utility and Scope	2022/23 UK consumption (kWh)	2021/22 UK consumption (kWh)
Natural gas (Scope 1)	1,122,673	1,337,903
Grid-supplied electricity (Scope 2)	702,810	695,481
Total	1,825,483	2,033,384

The total emissions (tCO<sub>2</sub>e) figures for energy supplies reportable are as follows:

Utility and Scope	2022/23 UK emission (tCO <sub>2</sub> e)	2021/22 UK emission (tCO <sub>2</sub> e)
Natural gas (Scope 1)	204,955	243,753
Grid-supplied electricity (Scope 2)	145,534	134,492
Total	350,489	378,245

**STRATEGIC REPORT** (continued)

An intensity metric of tCO<sub>2</sub>e per headcount number of employees for the annual UK consumption has been calculated as follows:

	2022/23	2021/22
Total tCO <sub>2</sub> e emissions	350,489	378,245
Average headcount employees for the year	303	313
Intensity metric	1,157	1,208

The reporting methodology is as follows: Scope 1 and Scope 2 consumption and Co<sub>2</sub>e emissions data has been calculated in line with the 2023 UK Government environmental reporting guidance. The Emission Factor Database 2021/22, Version 2 has been used.

The intensity metric has been calculated utilising the annualised average employee numbers for the whole College, totalling 303 employees (313 2021/22), and has been applied to all the carbon emissions reported.

The above represents a 10% reduction in consumption and a 7.3% reduction in emissions. The College is in the process of developing a sustainability strategy with an intended net zero target. A first step in the process has been to implement some energy saving factors such as installation of LED lighting, purchase of energy efficient computer monitors and the purchase of a more energy efficient kiln for ceramics provision.

**6. FUTURE PROSPECTS**

**6.1 Future developments**

The College continues with its plans for the redevelopment of the Hillcroft site. This involves the sale of the existing building and part of the site with a new college being constructed on the remaining land. The development will be primarily funded through the sale proceeds and also an initial grant allocation of £3.2m from the GLA Skills for Londoners Capital Fund. A planning application has been submitted to the Royal Borough of Kingston upon Thames. The College remains in discussion with the Council regarding aspects of the scheme, particularly around the impact on the bio-diversity of the site. In an attempt to address this outstanding issue, revised plans are being developed prior to the submission of a revised planning application and discussion by the Planning Committee.

The impact of Brexit on the construction material supply chain and labour availability, the current levels of inflation and delays caused due to the lengthy planning discussions have resulted in budgeted project costs exceeding those originally planned. The GLA recognised that a number of schemes funded through the Skills for Londoners Capital Fund are experiencing similar financing issues. The GLA issued an invite for existing schemes to request additional contingency funds. The College submitted a bid and an additional £1.7m has been awarded to the College bringing the total to c£5m.

**STRATEGIC REPORT** (continued)

**6.2 Financial Plan**

The Board approved a budget in July 2023 that indicated a deficit of £751,000 and a negative EBITDA of £100,000 with a financial health grade of 'Requires Improvement'. It was agreed that the budget would be reviewed following the start of year enrolment period. A financial recovery plan was developed in 2022/23 and will continue to be monitored throughout 2023/24 by the Finance & Resources Committee.

**6.3 Treasury policies and objectives**

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

The College has a separate treasury management policy in place.

Following the re-classification of Colleges in November 2022 any borrowings will now require the approval of the DfE. No borrowings, either short or long term were required in the year or are anticipated in 2023/24.

**6.4 Reserves**

The College has no formal Reserves Policy, but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business. A Reserves Policy has been discussed by the Finance & Resources Committee and will be recommended for approval by the Board for implementation in 2023/24. The College is targeting a return to generating a positive EBITDA by 2025/26.

It is the intention of the College to increase reserves by the generation of annual operating surpluses. However, in the short term, with the impact of Covid-19 it is recognised that this will not be possible, but it still remains the medium to longer term goal. The Board members consider it of prime importance that the College is able to meet its on-going commitments through its cash reserves and by the generation of annual operating surpluses to increase its ability to invest in the infrastructure.

**7. PRINCIPAL RISKS AND UNCERTAINTIES**

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Executive Team undertakes a comprehensive review of the risks to which the College is exposed. It identifies systems and procedures, including specific actions which should mitigate any potential impact on the College. Additional internal controls are then implemented as necessary and subsequent appraisal will review their effectiveness and progress against risk mitigation actions.

**STRATEGIC REPORT** (continued)

In addition to the ongoing review, the Executive Team also considers any risks which may arise as a result of a new area of work being undertaken by the College. A risk register is maintained at the College level which is reviewed each term by the Audit Committee and the Board. Each sub-committee also reviews the risks associated with its own area of responsibility.

The risk register identifies the key risks, controls, 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 ranked using a consistent scoring system. This is supported by a risk management communication programme to raise awareness of risk throughout the College.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

**7.1 Government funding**

The College has had considerable reliance on continued funding from the GLA and the ESFA. In 2022/23 the College received 65% (2021/22: 69%) of its funding from these two bodies. The GLA is now the College's largest single funder. Given the current economic climate and the likelihood of reductions in public sector spending there can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of the following issues which may impact future funding:

- As more courses are eligible for public funding, which have previously been subject to a tuition fee paid by learners, although having a positive impact on the College's ability to achieve its funding body targets, this may also have an adverse impact on tuition fee income as more learners become eligible for government funding.
- Despite recent falls in the rate of inflation there still remains uncertainty around the future economic outlook for the UK. As the government re-assesses its public sector spending plans there is a significant risk that inflationary pressures from pay, and non-pay costs will not be met by increased funding. As has been evident, most of the increased funding for the sector announced over recent months has been allocated via the 16-18 budget with providers such as RHACC, that receives the majority of its funding through the Adult Education Budget, not receiving any of this increase.
- Funding for adult education in London has been devolved to the GLA from 2020/21. The College will continue to work with the GLA to ensure that the impact on funding is minimised.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training.
- Funding is derived through a number of contractual arrangements with funding bodies and other funders e.g. local authorities.
- Considerable focus and investment are placed on maintaining and managing key relationships with the various funding bodies.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.

**STRATEGIC REPORT** (continued)

- Developing the range of quality level 3 programmes.
- Further developing links and relationships with local authorities and the community.

**7.2 Income diversification**

The College has been relatively successful in generating income from a number of non funding body sources. This has involved improving the utilisation of both sites by making them available for lettings and other income generating activities. The risk for the College is that the budget targets are not met.

This risk is mitigated in a number of ways:

- By ensuring that the facilities available for income generating activities are of a standard expected by paying customers.
- Close management of expenditure in relation to all income generating activities to ensure that they are self-financing.
- Appropriate and relevant marketing of facilities.
- Further development of the joint-workspace facility at both Parkshot and Hillcroft campus.

**7.3 Learner engagement**

The Board approved a revised curriculum strategy to ensure that the course offer continues to meet both learner and community needs and enables learners from all backgrounds to progress towards their individual goals.

The risk of not achieving this objective will be mitigated in a number of ways:

- By providing the foundation skills of English, Maths, Digital and problem-solving skills that enable adults to become independent learners and progress to further study.
- By Providing routes into good work and new careers.
- By improving wellbeing and developing resilience and engaging those at risk of isolation.
- By narrowing achievement gaps between the most and least advantaged residents by supporting e.g. people who have a disability and carers to learn, work and thrive.
- By supporting older residents to return to work and/or make a contribution to their community.
- By creating social capital through our employer and community partnerships in the Creative, Green, Digital and Business sectors.
- The learner groups targeted are:
  - Adults facing social marginalisation due to age, gender, disability, poor mental health or caring commitments.
  - Adults seeking wellbeing and personal development.
  - The unemployed and adults seeking career change or development.
  - Adults who lack the basic skills of English, Maths and Digital Skills
  -

**STRATEGIC REPORT** (continued)

- Businesses, particularly ones that deliver a social outcome such as Health, Care, Green or Creative and Community sectors.
- By providing financial support through bursaries to learners who are having difficulty accessing provision due to hardship.
- By providing additional learning support to learners who require help to be able to undertake programmes of study.
- By on-going review of the marketing strategy of the College and how we recruit our learners.
- By continuously improving learner achievement rates and teaching quality.

**7.4 Long term financial sustainability**

Achieving and maintaining at least 'Good' financial health and long term financial sustainability is a priority for the College. The College was unable to achieve this goal in 2022/23, with high inflation and increased energy costs having an impact on financial performance. The College continues to have a strong balance sheet with good cash reserves and no external borrowings. However, it is recognised that 2023/24 will be another difficult year with a budgeted deficit that will require careful monitoring.

This risk of not achieving financial sustainability is mitigated in a number of ways:

- The implementation of a realistic financial recovery plan that is monitored by the Finance & Resources Committee.
- Planned deficit is manageable within the College's cash reserves.
- Efficiencies in staffing will be achieved to generate staff cost savings.
- New sources of income generation are being explored.

**8. KEY PERFORMANCE INDICATORS**

The College is committed to observing the importance of sector measures and indicators. The College uses key performance indicators internally as well as external measures to assess its performance. These measures include learner retention, pass and achievement (success) rates, minimum standards, financial health, delivery against funding targets and Ofsted judgements.

At the most recent inspection by Ofsted in January 2020 the College was judged as good in all areas. This was the first inspection of the College following merger in October 2017.

The College is required to complete the annual Finance Record for the ESFA. The Finance Record produces a financial health grading. The grade for 2021/22 was confirmed as 'Requires Improvement' by the ESFA. The financial results for 2022/23 also indicate a financial health grade of 'Requires Improvement'. It is anticipated that the College will also have a financial health grade of 'Requires Improvement' in 2023/24.

**STRATEGIC REPORT** (continued)

The Colleges key performance indicators are set out below.

Key Performance Indicator	Measure/Target	Actual for 2022/23
Financial Health	Good	Requires Improvement
Ofsted rating	Outstanding	Good
Student Achievement	87.3%	91%
Student Numbers	7,300	7,507
EBITDA as % of Income	2.82%	-5%

**8.1 Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the year to 31 July 2023, the College paid 92% per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

**9. EQUALITY DIVERSITY & INCLUSION**

The College is committed to providing a positive and supportive learning and working environment for all students and staff, consistent with an ethos of respect and tolerance. The College aims to promote best practice in the advancement of equality, diversity and inclusion and to fulfil its mission in such a way that promotes equality of opportunity, embraces diversity, eliminates unlawful discrimination and addresses disadvantage.

The College is committed to eliminating discrimination and advancing equality, diversity and inclusion. The College seeks to ensure that students, staff, prospective students, visitors, governors, contractors and suppliers are treated with respect, dignity and equity regardless of their individual protected characteristics – age, disability, gender, gender reassignment, pregnancy or maternity, marriage or civil partnership status, race, religion or belief, or sexual orientation (as defined in the Equality Act 2010).

The College’s Equality, Diversity and Inclusion Policy is published on the College’s web site.

The College complies with its public duty under the Equality Act 2010 by having due regard when carrying out its functions. Specifically the College has:

- Considered access to the College’s resources by giving assistance to applicants, staff and learners with learning disabilities or difficulties, making the appropriate reasonable adjustments where necessary.
- Maintained its disability symbol employer status year on year through demonstrating its commitment to the principles and objectives of the Disability Confident Employer standards.

**STRATEGIC REPORT** (continued)

- Implemented an updated Equality and Diversity training programme. Information and refresher training is carried out on an ongoing basis.
- Allocated specific resource to providing information, guidance and a range of support where necessary to learners with learning difficulties and/or disabilities. There are also a number of learning support assistants who provide a range of support for learning.
- Provided a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.
- Provided a list of specialist equipment which the College makes available for learner use and a range of assistive technology is also available in the learning centres.
- Highlighted its commitment to Equality and Diversity through staff and learner policies and information such as the Equality and Diversity policy and action plan. Specific reference to our commitment is made explicit in the staff and learner handbooks.
- Offered specialist programmes in College prospectuses.
- All staff of the College and its partners are expected to demonstrate a positive attitude towards diversity.

**9.1 Disability statement**

The College is a 'Disability Confident' employer and has committed to the principles and objectives of the Positive about Disabled People standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the minimum criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College seeks to achieve the objectives set down in the Equality Act 2010 and takes appropriate account of the Special Education Needs and Disability (SEND) Code of Practice 2014 (updated in 2015) for young people up to the age of 25 years in the following ways:

- Assessing the needs of individual students declaring a disability and providing tailored support for these students.
- Providing Additional Learning Support (ALS) for students – particularly in relation to dyslexia, dyspraxia and dyscalculia.
- Developing links with specialist support agencies and organisations and signposting students to these where appropriate.
- Training staff in Mental Health First Aid and Awareness.

**STRATEGIC REPORT** (continued)

**10. ENVIRONMENTAL SUSTAINABILITY**

The College acknowledges the importance of being responsible, sustainable and ethical in order to meet the needs of the present, and leave a better environment for future generations. The College recognises the need to reduce pollution and conserve energy, water and other natural resources and the urgent need to conserve the limited stock of fossil fuels.

It is therefore the intention of the College to minimise the usage, the disposal and consumption of resources commensurate with the need to provide the necessary utilities and well-being for all students, staff, visitors and other stakeholders and to ensure their health and safety.

Through this strategy Richmond and Hillcroft Adult and Community College aims to:

- Comply with all applicable legal requirements and other requirements to which the College subscribes;
- Put in place appropriate controls to prevent pollution;
- Reduce the College's carbon dioxide emissions;
- Encourage the adoption of sustainable travel practices by staff, students and visitors travelling to and from College;
- Reduce the environmental impact of the College through conservation of its material resources;
- Put in place measures to promote reduction, re-use and recycling of waste;
- Ensure new building developments take into account sustainable construction principles;
- Take positive action to promote biodiversity on any site that the College owns or manages;
- Engage with the wider community to promote environmental best practice and seek collaborative opportunities in order to facilitate developments in this area;
- Develop an Environmental Sustainability Policy that is communicated to all students and individuals working for or on behalf of the College and to provide training and awareness for staff and students where appropriate;
- Consider sustainability in the procurement of goods and services.

**11. 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. However, the College has no recognition agreements in place with any union and therefore no disclosure is necessary.

**STRATEGIC REPORT** (continued)

**12. GOING CONCERN**

In anticipation of another difficult year the Board recognised that the College would be facing a deficit position in 2023/24. The budget approved in July 2023 planned for a deficit of £751,000 and a negative EBITDA of £100,000.

The College has a strong balance sheet with net assets of £46,006,000 and net current assets of £557,000. The College's cash balance at 31 July 2023 was £1,982,000 which represented an in-year cash decrease of £759,000, of which £600,000 related to the part repayment to the ESFA of an overpayment of £1,799,485 made in 2017/18. The College's worse case cash forecast for December 2025 indicates a cash balance of £1,123,000 after further repayment to the ESFA totalling £600,000. The amount outstanding at December 2024 will be £100,000.

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

**13. EVENTS AFTER THE END OF THE REPORTING PERIOD**

The College was inspected by Ofsted from 5<sup>th</sup> to 8<sup>th</sup> December, the result of the inspection will be published in early 2024.

**14. DISCLOSURE OF INFORMATION TO AUDITOR**

The members of the Board (who are also directors of the company for the purpose of company law) 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 auditor is unaware; and
- each member has taken all the steps that he or she ought to have taken as a member in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The report of the members of the Board, including the strategic report, has been approved by the members of the Board and signed on their behalf by:



Sharon Raj  
Chair

Approved on: 15/12/2023

## Statement of Corporate Governance and Internal Control 31 July 2023

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the year from 1 August 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

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

In the opinion of the members of the Board, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2023. The Board 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.

The members of the Board, who are also 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.

## Statement of Corporate Governance and Internal Control 31 July 2023

### Members of the Board

The members of the Board who served during the year were as follows:

	Expiry of term of office	Term of office	Date of resignation	Status of appointment	Working Groups/ Committees served (2022/23)	Attendance record for period concerned
Mr Richard Brewster	30 06 2023	4 years	13 07 2023	Independent	Finance & Resources Committee	9 of a possible 11
Ms Kate Clarke	01 04 2024	4 years	n/a	Independent	Quality & Standards Committee, Search & Governance Committee, Remuneration Committee	13 of a possible 13
Ms Rosa Chu	04 04 2027	4 years	n/a	Independent	Finance & Resources Committee	3 of a possible 3
Ms Renuka Fernando	23 03 2026	4 years	18 04 2023	Independent	Finance & Resources Committee	6 of a possible 8
Ms Gabrielle Flint	n/a	n/a	n/a	Principal & Chief Executive (ex officio)	Search & Governance Committee, Quality & Standards Committee as member. All other Committees (not Audit) as ex-officio	10 of a possible 10
Prof Andrew George (Chair of the Board)	01 10 2024	4 years	13 07 2023	Independent	Search & Governance Committee (Chair), Remuneration Committee, Capital Project Steering Group	12 of a possible 15
Mr David Izett	01 04 2024	4 years	23 03 2023	Independent	Finance & Resources Committee, Capital Project Steering Group	6 of a possible 9
Mr Nick Jones	13 03 2025	4 years	n/a	Independent	Finance & Resources Committee, Capital Projects Steering Group, Search & Governance Committee, Remuneration Committee	18 of a possible 20
Ms Claire O'Donnell	23 03 2026	4 years	n/a	Independent	Quality & Standards Committee	10 of a possible 10
Ms Jane O'Shea	11 07 2024	1 year	n/a	Independent	Quality & Standards Committee, Capital Project Steering Group	14 of a possible 15

## Statement of Corporate Governance and Internal Control 31 July 2023

	Expiry of term of office	Term of office	Date of resignation	Status of appointment	Working Groups/ Committees served (2022/23)	Attendance record for period concerned
Mr Dave Munby	13 03 2025	4 years	n/a	Independent	Audit Committee	8 of a possible 9
Mr Matthew Pope	13 07 2027	4 years	n/a	Independent	Capital Project Steering Group	N/A - Formal appointment at last meeting of the Board
Ms Sharon Raj	20 05 2024	4 years	n/a	Independent	Audit Committee, Search & Governance Committee, Remuneration Committee	13 of a possible 13
Mr John Riglin	23 03 2026	4 years	n/a	Independent	Audit Committee	8 of a possible 9
Mr Graham Tharp	14 12 2025**	4 years	n/a	Staff	Finance & Resources Committee	9 of a possible 11
Mr Nigel Ware	31 07 2023	2 years	13 07 2023	Independent	Capital Project Steering Group	11 of a possible 11

\*\* Unless employment with the College ceases before that date.

\* Sara George acted as Clerk to the Board during the period 1 August 2022 – 31 July 2023.

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

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

### The Board

The Board conducted its business through a number of committees during the year ended 31 July 2023. Each committee has terms of reference, which have been approved by the Board. These committees are Quality and Standards, Audit, Finance and Resources, Search and Governance. In addition there is a Capital Project Steering Group.

## Statement of Corporate Governance and Internal Control 31 July 2023

### **The Board** (continued)

Full minutes of all meetings (except those deemed to be confidential by the Board) are available from the Clerk to the Board at the registered address. The Clerk to the Board maintains a register of financial and personal interests of the members. The register is available for inspection at the registered address and also on the College website.

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

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

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

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

### **Appointments to the Board**

Any new appointments to the Board are a matter for the consideration of the Board as a whole.

Members of the Board are appointed for a term of office not exceeding four years.

### **Board performance**

During the course of the year Board members have considered the performance of the Board as a whole and this has been reported to a Board meeting. Governance is assessed in addition as part of the overall College Self-Assessment Report which is completed annually.

The Board considered DfE guidance on board reviews and commissioned an external reviewer (Stone King) to undertake a formal review of Board performance and governance arrangements in 2022/23. An action plan to address the recommendations of the review has been developed and its implementation will be monitored by the Board.

### **Search and Governance Committee**

The Board has a Search and Governance Committee, consisting of five members of the Board in 2022/23 to include the Chairs of each sub-committee, the Chair of the Board and the Principal, which reviews governance matters and is responsible for the selection and nomination of any new member for the Board's consideration. The Remuneration Committee is a sub-committee of the Search and Governance Committee and comprises all members of Search and Governance aside from the Principal. Its responsibilities include making recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders.

Details of remuneration of the Principal for the year ended 31 July 2023 are set out in note 6 to the financial statements.

## Statement of Corporate Governance and Internal Control 31 July 2023

### **Finance and Resources Committee**

This Committee comprises five members of the Board and has terms of reference approved by the Board. The Committee meets at least five times a year and reviews financial performance and items of expenditure requiring committee approval. The Committee also has responsibility for HR, IT, Estates and Health and Safety matters.

### **Audit Committee**

The Audit Committee comprised three members of the Board plus one co-opted member. The Committee operates in accordance with written terms of reference approved by the Board.

The Audit Committee meets at least three times a year 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 FE funding bodies as they affect the College's business.

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

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

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

The Audit Committee met on three occasions during the year.

### **Quality and Standards Committee**

The Quality and Standards Committee comprises four members of the Board. The Committee operates in accordance with written terms of reference approved by the Board. The Committee meets at least three times a year and provides a forum for reporting on teaching and learning matters including quality improvement, learner outcomes and self-assessment.

### **Internal control**

#### ***Scope of responsibility***

The Board is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated the day-to-day responsibility to the Principal as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the College and the funding bodies. She is also responsible for reporting to the Board any material weaknesses or break-downs in internal control.

## Statement of Corporate Governance and Internal Control 31 July 2023

### Internal control (continued)

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2023 and up to the date of approval of the annual report and financial statements.

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

The Board 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 Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ended 31 July 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board at least once every term.

#### **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 Board;
- Regular reviews by the Board 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; and
- 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 Board on the recommendation of the Audit Committee.

#### **Risks faced by the Board**

The College analysed the risks to which it was exposed and a programme of assurance was agreed with the Audit Committee. The Committee was provided with reports on this assurance activity in the College.

## Statement of Corporate Governance and Internal Control 31 July 2023

### ***Risks faced by the Board (continued)***

The College has a risk register that is reviewed by the Audit Committee, sections relevant to each sub committee are also subject to scrutiny by those committees. The risk register is a regular item on the Board agenda. The register identifies the key risks faced by the College together with an impact and likelihood rating for each risk.

### ***Control weaknesses identified***

The reviews did not identify any significant internal control weaknesses or failures.

### **Responsibilities under funding agreements**

The College maintains learner records in support of funding claims to the ESFA and the GLA. Claims are made in accordance with the funding regulations in place at the time and are submitted in accordance with the timescale set out by the two funding bodies.

The Department for Education and Education and Skills Funding Agency introduced new controls for colleges on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

### **Statement from the Audit Committee**

The Audit Committee has advised the Board that the College has an effective framework of governance and risk management in place. The Audit Committee believes that the Board has effective internal controls in place.

### **Review of effectiveness**

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

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

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

## Statement of Corporate Governance and Internal Control 31 July 2023

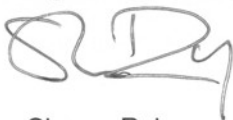
### Review of effectiveness (continued)

The Executive Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Executive Team and the Audit Committee also receive regular reports from internal audit, and other sources of assurance which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board's agenda includes a regular item for consideration of risk and control and it receives reports thereon from the Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the Board carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the Executive Team and internal audit, and taking account of events since 31 July 2023.

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

Approved by order of the members of the Board and signed on its behalf by:

Signed:



Sharon Raj  
Chair

Date: 15/12/2023

Signed:



Gabrielle Flint  
Principal and Accounting Officer

Date: 15.12.23

**Statement of regularity, propriety and compliance 31 July 2023**

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

I confirm on behalf of the Board 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 Board, or material non-compliance with the terms and conditions of funding, under the Board's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

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

Signed:



Gabrielle Flint  
Principal and Accounting Officer

Date: 15.12.23

**Statement of the chair of governors**

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

Signed:



Sharon Raj  
Chair

Date: 15/12/2023

## Statement of the responsibilities of the members of the Board 31 July 2023

The members of the Board, as charity trustees, 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 Board, through 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. The Board 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 the 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 Board 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 College is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Board 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 the legal and administrative status of the College.

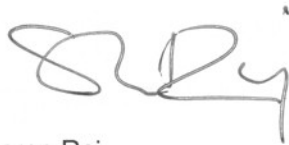
The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the Companies Act 2006, the relevant legislation of incorporation, including the Further and Higher Education Act 1992, the Charities Act 2011 and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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

## Statement of the responsibilities of the members of the Board 31 July 2023

Members of the Board are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the Board 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 Board are responsible for securing economic, efficient and effective management of the Board's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the Board on 14 December 2023 and signed on its behalf by:



Sharon Raj  
Chair

Date: 15/12/2023

**Independent auditor's report to the members of the Board of Richmond and Hillcroft Adult and Community College**

**Opinion**

We have audited the financial statements of Richmond and Hillcroft Adult and Community College (the 'College') for the year ended 31 July 2023 which comprise the statement of comprehensive income and expenditure, the statement of changes in reserves, the balance sheet, the statement of cash flows, 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 2023 and of its deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the report of the members of the Board, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the members of the Board, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the members of the Board including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the members of the Board's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of the members of the Board**

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

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

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

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

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

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

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Further and Higher Education Act 1992, Companies Act 2006, funding agreements with the ESFA and GLA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

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

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

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Board meetings; and
- enquiring of management as to actual and potential litigation and claims.

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

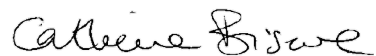
Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

## Independent auditor's report to the members of the Board 31 July 2023

### Use of our report

This report is made solely to the members of the Board, as a body, in accordance Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the College's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's members as a body, for our audit work, for this report, or for the opinions we have formed.



Catherine Biscoe (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date: 15 December 2023

## **Reporting accountant's assurance report on regularity 31 July 2023**

### **Reporting accountant's assurance report on regularity to the Members of the Board of Richmond and Hillcroft Adult and Community College ("the Board") and the Secretary of State for Education, acting through the Education and Skills Funding Agency ("the ESFA")**

In accordance with the terms of our engagement letter dated 21 June 2021 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Richmond and Hillcroft Adult and Community College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the Board of Richmond and Hillcroft Adult and Community 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 Board of Richmond and Hillcroft Adult and Community 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 Board of Richmond and Hillcroft Adult and Community College and the ESFA for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of the Board of Richmond and Hillcroft Adult and Community College and the reporting accountant**

The Board of Richmond and Hillcroft Adult and Community 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 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## Reporting accountant's assurance report on regularity 31 July 2023

### 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 corporation's income and expenditure.

### The work undertaken to draw to our conclusion includes:

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

### Conclusion

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



Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

15 December 2023

## Statement of comprehensive income and expenditure Year to 31 July 2023

	Notes	2023 £'000	2022 £'000
<b>Income</b>			
Funding body grants	1	6,504	6,025
Tuition fees and education contracts	2	1,907	1,547
Other grants and contracts	3	5	14
Other income	4	461	457
Investment income	5	613	292
<b>Total income</b>		<b>9,490</b>	<b>8,335</b>
<b>Expenditure</b>			
Staff costs	6	6,419	6,277
Other operating expenses	7	2,773	2,518
Depreciation	9	918	895
Interest payable	16	637	427
<b>Total expenditure</b>		<b>10,747</b>	<b>10,117</b>
<b>Deficit before other gains and losses</b>		<b>(1,257)</b>	<b>(1,782)</b>
<b>Deficit before tax</b>		<b>(1,257)</b>	<b>(1,782)</b>
Taxation	8	—	—
<b>Deficit for the year</b>		<b>(1,257)</b>	<b>(1,782)</b>
Actuarial gain in respect of pension schemes	16	1,110	7,779
<b>Total Comprehensive (Expenditure)/income the year</b>		<b>(147)</b>	<b>5,997</b>
<b>Represented by:</b>		<b>(147)</b>	<b>5,997</b>
Unrestricted comprehensive (expenditure)/income		<b>(147)</b>	<b>5,997</b>

The Statement of Comprehensive Income and Expenditure items are in respect of continuing activities.

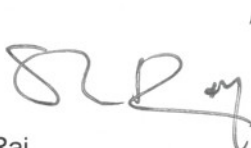
## Statement of changes in reserves Year to 31 July 2023


	Income and expend- -iture account £'000	Revalua- -tion reserve £'000	Restricted Benefac- -tion fund £'000	Restricted other funds £'000	Restricted Endow- -ment fund £'000	<b>Total £'000</b>
<b>Balance at 1 August 2021</b>	34,074	4,994	17	1,068	3	<b>40,156</b>
Deficit from the income and expenditure account	(1,782)	—	—	—	—	<b>(1,782)</b>
Other comprehensive income – Actuarial loss in respect of pension schemes	7,779	—	—	—	—	<b>7,779</b>
Transfers between revaluation and income and expenditure reserves	89	(89)	—	—	—	<b>—</b>
<b>Total comprehensive income/ (expenditure) for the year</b>	<b>6,086</b>	<b>(89)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5,997</b>
<b>Balance at 31 July 2022</b>	<b>40,160</b>	<b>4,905</b>	<b>17</b>	<b>1,068</b>	<b>3</b>	<b>46,153</b>
Deficit from the income and expenditure account	(1,257)	—	—	—	—	<b>(1,257)</b>
Other comprehensive income – Actuarial gain in respect of pension schemes	1,110	—	—	—	—	<b>1,110</b>
Transfers between revaluation and income and expenditure reserves	89	(89)	—	—	—	<b>—</b>
<b>Total comprehensive expenditure for the year</b>	<b>(58)</b>	<b>(89)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(147)</b>
<b>Balance at 31 July 2023</b>	<b>40,102</b>	<b>4,816</b>	<b>17</b>	<b>1,068</b>	<b>3</b>	<b>46,006</b>

**Balance sheet** 31 July 2023

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
<b>Non-current assets</b>					
Tangible fixed assets	9		52,161		52,839
<b>Current assets</b>					
Trade and other receivables	10	529		431	
Cash and cash equivalents	15	1,982		2,741	
		<u>2,511</u>		<u>3,172</u>	
<b>Creditors - amounts falling due within one year</b>	11	<u>(1,955)</u>		<u>(2,287)</u>	
<b>Net current assets</b>			<u>556</u>		<u>885</u>
<b>Total assets less current liabilities</b>			<u>52,717</u>		<u>53,724</u>
<b>Creditors - amounts falling due after more than one year</b>	12		(6,711)		(6,570)
<b>Provisions</b>					
Net pension liability	16				(1,001)
<b>Total net assets</b>			<u>46,006</u>		<u>46,153</u>
<b>Restricted reserves</b>					
Benefaction fund			17		17
Endowment fund			3		3
Other restricted funds			1,068		1,068
			<u>1,088</u>		<u>1,088</u>
<b>Unrestricted reserves</b>					
Income and expenditure reserve			40,102		40,160
Revaluation reserve			4,816		4,905
<b>TOTAL RESERVES</b>			<u>46,006</u>		<u>46,153</u>

The financial statements on pages 37 to 60 were approved by the Directors and signed on their behalf by:

Signed:   
 Sharon Raj  
 Chair

Signed:   
 Gabrielle Flint  
 Principal & Accounting Officer

Date: 15/12/2023

Date: 15.12.23

Company Limited by Guarantee  
 Registration Number: 0201528 (England and Wales)

## Statement of cash flows 31 July 2023

	Notes	2023 £'000	2022 £'000
<b>Cash flow from operating activities</b>			
Deficit for the year		(1,257)	(1,782)
<b>Adjustment for non-cash items</b>			
Depreciation		918	895
(Increase)/decrease in trade and other receivables		(99)	311
(Decrease) in creditors due within one year		(331)	(1,414)
Increase in creditors due after one year		141	837
Pensions costs less contributions payable		109	714
<b>Adjustment for investing or financing activities</b>			
Investment income		(12)	(1)
<b>Net cash flow from operating activities</b>		<b>(531)</b>	<b>(440)</b>
<b>Cash flows from investing activities</b>			
Investment income (excluding pension)		12	1
Payments made to acquire fixed assets		(240)	(944)
		<b>(228)</b>	<b>(943)</b>
<b>Decrease in cash and cash equivalents in the year</b>		<b>(759)</b>	<b>(1,383)</b>
<b>2023</b>			
<b>£'000</b>			
Cash and cash equivalents at 1 August 2022	15	2,741	4,124
Cash and cash equivalents at 31 July 2023	15	<b>1,982</b>	2,741

## Principal accounting policies 31 July 2023

### **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 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2022 to 2023 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the higher relevant public benefit requirements of FRS 102.

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

### **Basis of accounting**

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

Business combinations are accounted for by applying the acquisition method of accounting and the assets and liabilities acquired are adjusted to fair values, using external professional advisers where appropriate.

### **Going concern**

The College has a strong balance sheet with net assets of £46,006,000 and net current assets of £557,000. The College's cash balance at 31 July 2023 was £1,982,000 which represented an in-year cash decrease of £759,000. The College's worse case cash forecast for December 2024 indicates a cash balance of £2,612,000 after part repayment to the ESFA of funding made in 2017/18 to the College in error of £1,799,485. The amount outstanding at December 2024 will be £100,000.

In anticipation of another difficult year the Board recognised that the College would be facing a deficit position in 2023/24. The budget approved in July 2023 planned for a deficit of £736,000 and a negative EBITDA of £99,000.

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

## Principal accounting policies 31 July 2023

### Recognition of income

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depends on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of October following the year end. Adult Skills grant income is recognised based on a year end reconciliation of income claimed and actual delivery. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102.

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

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. Income from restricted purpose endowment funds not expended in accordance with the restrictions of the endowment in the period is transferred from the income and expenditure account to accumulated income within endowment funds.

### Accounting for post-employment benefits

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 16, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

**Accounting for post-employment benefits** (continued)

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 losses are recognised immediately in the Statement of comprehensive income. Recognition of the surplus has been restricted to £nil as the LGPS surplus is irrecoverable.

**Short term employment benefits**

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

**Non-current Assets - Tangible fixed assets**

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

**Land and buildings**

Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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.

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

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

## Principal accounting policies 31 July 2023

### Land and buildings (continued)

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future.

Land and buildings acquired through merger but dealt with using acquisition accounting, are revalued to fair value, based on independent professional advice.

Assets under construction are accounted for at cost, based on direct costs in relation to planning permission and other professional fees, incurred to 31 July. They are not depreciated until they are brought into use.

### Subsequent expenditure on existing fixed assets

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

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

### Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

- computer equipment 3 years
- furniture, fixtures and fittings 3, 5 or 10 years relevant to expected useful economic life

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.

### Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income.

**Leased assets** (continued)

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

**Borrowing costs**

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

**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.

**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 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College receives no exemption in respect of Value Added Tax.

**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

## Principal accounting policies 31 July 2023

it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

### **Provisions and contingent liabilities** (continued)

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

### **Agency arrangements**

The College acts as an agent in the collection and payment of the Advanced Learner Loans Bursary. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 18 except for: the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant; the income for Childcare support provided by the College's Crèche; and unspent funds not reclaimed by the ESFA.

### **Judgements in applying accounting policies**

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

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

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

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, 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 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would

**Principal accounting policies** 31 July 2023

impact on the carrying amount of the pension liability.

## Notes to the financial statements 31 July 2023

### 1. Funding body grants

	2023 £'000	2022 £'000
<b>Recurrent grants</b>		
Education and Skills Funding Agency - adult	569	419
Education and Skills Funding Agency 16-18	52	77
Greater London Authority - Devolved Grant	5,382	5,079
<b>Specific grants</b>		
Release of deferred capital grants	262	233
Education and Skills Funding Agency – ALL Bursary	58	55
Teachers' Pension Scheme contribution grant	181	162
	<b>6,504</b>	<b>6,025</b>

### 2. Tuition fees and education contracts

	2023 £'000	2022 £'000
Adult education fees	1,597	1,276
Fees for loan supported courses	162	176
Total tuition fees	1,759	1,452
Education contracts	148	95
<b>Total</b>	<b>1,907</b>	<b>1,547</b>

### 3. Other grants and contracts

	2023 £'000	2022 £'000
Other grants and contracts	5	1
Coronavirus Job Retention Scheme grant	—	4
Covid Testing grant	—	9
	<b>5</b>	<b>14</b>

### 4. Other income

	2023 £'000	2022 £'000
Other income generating activities	306	338
Creche income	73	46
Rent income	—	1
Other income	82	72
	<b>461</b>	<b>457</b>

## Notes to the financial statements 31 July 2023

### 5. Investment income

	2023 £'000	2022 £'000
Bank interest receivable	12	1
Net return on pension scheme (note 16)	601	291
	<b>613</b>	<b>292</b>

### 6. Staff costs

The average head count (including key management personnel) employed by the College during the year was:

	2023 No	2022 No
Teaching staff	185	176
Non-teaching staff	118	137
	<b>303</b>	<b>313</b>

Staff costs for the above persons:

	2023 £'000	2022 £'000
Wages and salaries	4,601	4,128
Social security costs	351	329
Other pension costs (including FRS 102 adjustment of £73,000; 2022 – £578,000)	1,048	1,444
<b>Payroll sub total</b>	<b>6,000</b>	5,901
Contracted out staffing services	382	376
Restructuring costs – contractual	28	—
Non-contractual	9	—
<b>Total staff costs</b>	<b>6,419</b>	<b>6,277</b>

#### Severance payments for all staff

"Severance payments" include contractual payments, statutory payments, and special staff severance payments. Special staff severance payments are amounts paid to employees outside of statutory and contractual requirements.

College must disclose all severance payments made by the College during the period of the financial statements, in the bands below.

The college paid 7 severance payments in the year, disclosed in the following bands:

0 - £25,000	7
£25,001 - £50,000	—
£50,001 - £100,000	—
£100,001 - £150,000	—
£150,001 +	—

6. Staff costs (continued)

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team which comprises the Principal; the Vice Principal – Teaching and Learning; Director of Finance and Resources; and the Commercial Director.

	2023 No	2022 No
The number of key management personnel including the Accounting Officer was:	<b>5</b>	<b>4</b>

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		Other staff	
	2023 No.	2022 No.	2023 No.	2022 No.
£30,000 to £35,000*	1	—	—	—
£40,000 to £45,000**	1	—	—	—
£55,000 to £60,000*	1	—	—	—
£65,000 to £70,000	—	1	—	—
£75,000 to £80,000	—	2	—	—
£80,001 to £85,000	1	—	—	—
£85,001 to £90,000	—	1	—	—
£95,001 to £100,000	1	—	—	—
£100,001 to £110,000	—	—	—	—
	<b>5</b>	<b>4</b>	<b>—</b>	<b>—</b>

\*Relates to key personnel who worked only part of the financial year.

\*\*Including part time worker grossed up to full time equivalent. 1 member of key management personnel was paid in the £40,000 to £45,000 banding in 2022/2023 (£65,001 to £70,000 banding in 2021/2022).

## Notes to the financial statements 31 July 2023

### 6. Staff costs (continued)

#### Key management personnel (continued)

Key management personnel emoluments are made up as follows:

	2023 £'000	2022 £'000
Salaries	315	324
Pension contributions	70	71
National Insurance - Employer's contributions	40	41
<b>Total emoluments</b>	<b>425</b>	<b>436</b>

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

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2023 £'000	2022 £'000
Salaries	98	97
Pension contributions	23	23
<b>Total remuneration</b>	<b>121</b>	<b>120</b>

The Board adopted the AoC's Senior Staff Remuneration Code in 2019 and assesses pay in line with its principles. The remuneration of the Accounting Officer is reviewed annually by the Remuneration Committee and is benchmarked, using the ESFA benchmark tool and the AoC Senior Staff Salary Survey.

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

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

	2023 £'000	2022 £'000
Principal's basic salary as a multiple of the median of all staff	2.99	3.2
Principal's total remuneration as a multiple of the median of all staff	2.99	3.4

### 7 Other operating expenses

	2023 £'000	2022 £'000
Teaching costs	799	826
Non-teaching costs	1,045	944
Premises costs	929	748
<b>Total</b>	<b>2,773</b>	<b>2,518</b>

## Notes to the financial statements 31 July 2023

### 7 Other operating expenses (continued)

Other operating expenses include:

	2023 £'000	2022 £'000
Auditors' remuneration		
• Financial statements audit	30	28
• Other services provided by the financial statement's auditor (Regularity and Teachers' Pensions Audit)	17	6
Internal audit	12	13
Hire of assets under operating leases	23	22

### 8 Taxation

Richmond and Hillcroft Adult and Community College is a charity with no additional trading activities. The Members of the Board of the College do not believe any corporation tax liability was incurred in 2022/23

### 9 Tangible fixed assets

	Freehold land and buildings £'000	Equipment, fixtures and fittings £'000	Assets in the course of construction £'000	Total £'000
<b>Cost or valuation</b>				
At 1 August 2022	55,323	828	770	56,921
Additions	58	66	116	240
Disposals			—	
<b>At 31 July 2023</b>	<b>55,381</b>	<b>894</b>	<b>886</b>	<b>57,161</b>
<b>Depreciation</b>				
At 1 August 2022	3,856	226	—	4,082
Charge for the year	728	190	—	918
Elimination in respect of disposals	—	—	—	—
<b>At 31 July 2023</b>	<b>4,584</b>	<b>416</b>	<b>—</b>	<b>5,000</b>
<b>Net book value at 31 July 2023</b>	<b>50,797</b>	<b>478</b>	<b>886</b>	<b>52,161</b>
Net book value at 31 July 2022	51,467	602	770	52,839

The land and buildings owned by Hillcroft College prior the merger were revalued by the District Valuer based at Wimbledon at 31 July 2012. The Valuation conformed to Practice Statement 5 of the RICS Appraisal and Valuation Manual. The land was valued at £4,018,800 and the buildings at a depreciated replacement cost of £2,294,554. This value excludes VAT. The historical cost was £1,000 for the land and £126,240 for the buildings.

Land and buildings transferred on merger at 1 October 2017 from Richmond Adult and Community College were adjusted to fair value based on independent professional advice. The gain on the adjustment to fair value of these assets was £30,151,000 which was included in the Consolidated Statement of Comprehensive Income in 2017/18.

## Notes to the financial statements 31 July 2023

### 9 Tangible fixed assets (continued)

If fixed assets had not been revalued before being deemed as cost on transition, they would have been included at the following historical cost amounts:

	£
Cost	127,240
Aggregate depreciation based on cost	(114,516)
<b>Net book value based on cost</b>	<b>12,724</b>

### Capital and other commitments

	2023 £'000	2022 £'000
Capital commitment contracted at 31 July 2023	—	30

### 10 Trade and other receivables

	2023 £'000	2022 £'000
<i>Amounts falling due within one year</i>		
Trade receivables	321	259
Other debtors	35	8
Prepayments and accrued income	171	162
Benefaction account	2	2
	<b>529</b>	<b>431</b>

### 11 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade payables	93	216
Other payables	11	33
Other taxation and social security	99	91
Accruals and deferred income	867	895
Deferred income – government capital grants	262	233
Amounts owed to the Education and Skills Funding Agency	623	819
	<b>1,955</b>	<b>2,287</b>

	2023 £'000	2022 £'000
Deferred income at 1 August	510	458
Released from previous years	(510)	(458)
Resources deferred during the year	428	510
Deferred income at 31 July	<b>428</b>	<b>510</b>

At the balance sheet date, the College was holding tuition fees (£404,000) received in advance for courses starting or continuing in 2023/24 (2022: £475,000) and £24,000 for other income including lettings, donations, and grants (2021: £35,000)

## Notes to the financial statements 31 July 2023

### 12 Creditors: amounts falling due after more than one year

	2023 £'000	2022 £'000
Deferred income – government capital grants	6,361	5,620
Amounts owed to the Education and Skills Funding Agency	350	950
	<b>6,711</b>	<b>6,570</b>

### 13 Lease obligations

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

	2023 £'000	2022 £'000
<b>Equipment</b>		
Not later than one year	25	32
Later than one year and not later than five years	—	22
	<b>25</b>	<b>54</b>

### 14 Provisions

	Defined benefit obligations £'000	Total £'000
At 1 August 2022	1,001	1,001
Movement in the year (note 16)	(4,537)	(4,537)
Adjustment recognised in actuarial gains to cap	3,536	3,536
<b>At 31 July 2023</b>	<b>—</b>	<b>—</b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 16.

### 15 Cash and cash equivalents and reconciliation of net debt

	At 1 August 2022 £'000	Cash flows £'000	At 31 July 2023 £'000
Cash and cash equivalents	2,741	(759)	1,982
	<b>2,741</b>	<b>(759)</b>	<b>1,982</b>

### 16 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 Wandsworth Council Pension Fund (LGPS) for non-teaching staff, which is managed by London Borough of Kingston upon Thames. Both are multi-employer defined-benefit plans.

## Notes to the financial statements 31 July 2023

### 16 Defined benefit obligations (continued)

	<b>2023 Total £'000</b>	2022 Total £'000
<b>Teachers' Pension Scheme contributions paid</b>	<b>503</b>	445
<b>Local Government Pension Scheme:</b>		
. Contributions paid	<b>510</b>	421
. FRS 102 (28) charge	<b>73</b>	578
Charge to the Statement of Comprehensive Income	<b>583</b>	999
<b>Total pension cost for year within staff costs (note 6)</b>	<b>1,086</b>	1,444

The pension costs are assessed in accordance with the advice of independent qualified actuaries. Prior to 31 August 2023, the latest actuarial valuation of the TPS was at 31 March 2016. A further valuation of the TPS, relating to the period ended 31 March 2020 was published in October 2023.

The Government Actuary is due to complete the TPS valuation by October 2023 with increases currently scheduled for April 2024 and with Dfe promising to cover additional costs of any increase for colleges as well as schools above the amounts agreed in 2019. This valuation will report on TPS as at 31 March 2020.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

#### **Teachers' Pension Scheme**

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

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

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

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

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

**16 Defined benefit obligations (continued)**

***Teachers' Pension Scheme (continued)***

The actuarial valuation that of the TPS which applied during the year ended 31 July 2023 was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2022-23 academic year.

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

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 £503,000 (2022: £445,000).

***Local Government Pension Scheme***

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the Wandsworth Council Pension Fund. The total contributions made for the year ended 31 July 2023 were £639,000, of which employer's contributions totalled £510,000 and employees' contributions totalled £129,000. The agreed contribution rates for future years are 21.5% for employers and range from 5.5% to 12.5% for employees, depending on salary.

***Principal Actuarial Assumptions***

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by a qualified independent actuary.

	<b>At 31 July 2023</b>	At 31 July 2022
Rate of increase in salaries	<b>2.60%</b>	2.50%
Future pension increases	<b>2.85%</b>	2.75%
Discount rate for scheme liabilities	<b>5.15%</b>	3.40%
Inflation assumption (CPI)	<b>2.85%</b>	2.75%

**16 Defined benefit obligations (continued)**

***Principal Actuarial Assumptions (continued)***

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

	<b>At 31 July 2023 Years</b>	At 31 July 2022 Years
<b>Retiring today</b>		
Males	<b>20.7</b>	21.0
Females	<b>23.2</b>	23.5
<b>Retiring in 20 years</b>		
Males	<b>22.0</b>	22.3
Females	<b>24.6</b>	24.9

Sensitivity analysis is provided below:

	<b>2023 Approx monetary amount (£'000's)</b>
Discount rate + 0.1%	<b>14,388</b>
Discount rate - 0.1%	<b>14,852</b>
Mortality assumption – 1 year increase	<b>15,113</b>
Mortality assumption – 1 year decrease	<b>14,138</b>
CPI rate +0.1%	<b>14,854</b>
CPI rate -0.1%	<b>14,384</b>

The sensitivity analysis represents the present value of plan liabilities as a result of the change in each underlying assumption.

***Local Government Pension Scheme***

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

	<b>Value at 31 July 2023 £'000</b>	Value at 31 July 2022 £'000
Equity instruments	<b>10,529</b>	10,237
Gilts	<b>—</b>	214
Bonds	<b>2,830</b>	2,586
Property	<b>2,469</b>	2,277
Cash	<b>786</b>	216
Multi-asset fund	<b>1,884</b>	1,954
<b>Total fair value of plan assets</b>	<b>18,498</b>	17,484
<b>Actual return on plan assets</b>	<b>626</b>	(730)

## Notes to the financial statements 31 July 2023

### 16 Defined benefit obligations (continued)

#### *Local Government Pension Scheme (continued)*

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

	<b>2023 Total £'000</b>	2022 Total £'000
Fair value of plan assets	<b>18,498</b>	17,484
Present value of plan liabilities	<b>(14,962)</b>	(18,485)
Adjustment recognised in actuarial gains to cap*	<b>(3,536)</b>	—
<b>Net pensions liability</b>	<b>—</b>	<b>(1,001)</b>

*\*As the LGPS surplus is irrecoverable, recognition of the surplus on the balance sheet has been restricted to £nil. The adjustment of £3,536K has been offset against the overall actuarial gain for the year.*

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

	<b>2023 Total £'000</b>	2022 Total £'000
<b>Amounts included in staff cost</b>		
Current service cost	<b>(583)</b>	(999)
Past service cost	<b>—</b>	—
<b>Total</b>	<b>(583)</b>	<b>(999)</b>
Amounts included in investment income	<b>601</b>	291
Amounts included in interest costs	<b>(627)</b>	(416)
Administration expenses	<b>(10)</b>	(11)
<b>Net interest cost</b>	<b>(36)</b>	<b>(136)</b>
Return on pension plan assets	<b>25</b>	(1,021)
Other actuarial losses on assets	<b>(6)</b>	—
Experience gains/losses arising on defined benefit obligations	<b>(1,123)</b>	(1,792)
Changes in assumptions underlying the present value of plan liabilities	<b>5,750</b>	10,592
Adjustment recognised in actuarial gains to cap	<b>(3,536)</b>	—
<b>Amount recognised in Other Comprehensive Income</b>	<b>1,110</b>	<b>7,779</b>

**16 Defined benefit obligations (continued)**

***Movement in net defined benefit liability during year***

	<b>2023 Total £'000</b>	2022 Total £'000
Net defined benefit liability in scheme at 1 August	<b>(1,001)</b>	(8,066)
Movement in year:		
. Current service cost	<b>(583)</b>	(999)
. Employer contributions	<b>510</b>	421
. Net interest on the defined liability	<b>(36)</b>	(136)
. Actuarial gain	<b>4,646</b>	7,779
<b>Net defined benefit liability at 31 July</b>	<b>3,536</b>	(1,001)

***Asset and liability reconciliation***

	<b>2023 Total £'000</b>	2022 Total £'000
<b>Defined benefit obligations at 1 August</b>	<b>18,485</b>	26,160
Current service cost	<b>583</b>	999
Interest cost	<b>627</b>	416
Contributions by Scheme participants	<b>129</b>	109
Change in demographic assumptions	<b>(551)</b>	(973)
Changes in financial assumptions	<b>1,123</b>	1,792
Estimated benefits paid	<b>(5,199)</b>	(9,619)
Experience (losses) on defined benefit obligations	<b>(235)</b>	(399)
<b>Defined benefit obligations at 31 July</b>	<b>14,962</b>	18,485

***Changes in fair value of plan assets***

	<b>2023 Total £'000</b>	2022 Total £'000
<b>Fair value of plan assets at 1 August</b>	<b>17,484</b>	18,094
Interest on plan assets	<b>601</b>	291
Return on plan assets	<b>25</b>	(1,021)
Other actuarial losses	<b>(6)</b>	—
Employer contributions	<b>510</b>	421
Contributions by Scheme participants	<b>129</b>	109
Estimated benefits paid	<b>(235)</b>	(399)
Administration expenses	<b>(10)</b>	(11)
<b>Fair value of plan assets at 31 July</b>	<b>18,498</b>	17,484

**17 Related party transactions**

Owing to the nature of the College's operations and the composition of the Board 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 Board may have an interest. All transactions involving such organisations are conducted in accordance with the College's financial regulations and normal procurement procedures. Transactions with the ESFA are detailed in note 1.

## Notes to the financial statements 31 July 2023

### 17 Related party transactions (continued)

The total expenses paid to or on behalf of the members of the Board during the year was £nil (2022: £nil).

No Board member received any remuneration or waived payments from the College or its subsidiaries during the year (2022: £nil).

The College discloses all related party transactions in accordance with the College's financial regulations. There were none in 2022/23 (2021/22: none).

### 18 Learner support funds

<i>Learner Support Funds</i>	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
<b>Other Learner Support Funds (Advanced Learner Loans Bursary)</b>		
Grant received – current year	63	76
Less: Disbursed to students	(58)	(53)
Less: Administration fee	(1)	(1)
Less: Retained income	—	—
Underspend for the year	<b>5</b>	<b>22</b>

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 and expenditure.