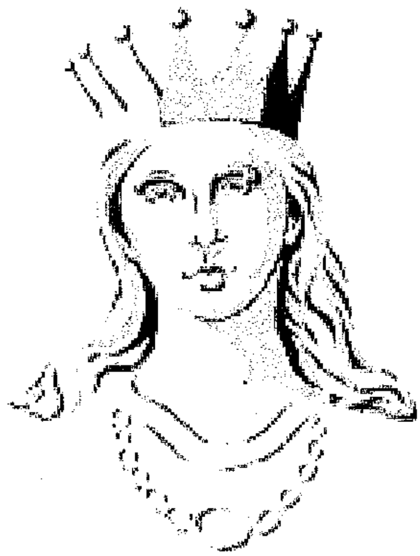
The College of Richard Collyer in Horsham

Annual Report and Financial Statements

31 July 2022



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Reference and administrative information

Senior Management Team	D P Lodge, Principal and Accounting Officer S A Martell, Deputy Principal A John, Vice Principal (Pastoral) R J Hussey, Vice Principal (Curriculum) I F Dumbleton, Finance Director *The full list of Governing Body members is included on pages 17-18 of the report*
Registered address	The College of Richard Collyer 82 Hurst Road Horsham RH12 2EJ
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Internal auditor	MHA MacIntyre Hudson New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ
Bankers	Barclays Bank Plc PO Box 165 Crawley West Sussex RH10 1YX

NATURE, OBJECTIVE AND STRATEGIES

The members of the Governing Body present their report and the audited financial statements for the year ended 31 July 2022.

Legal status

The College of Richard Collyer in Horsham is a Sixth Form College of some 2,100 full-time students aged between 16 and 18 years, with a significant number of part-time adult learners.

Collyer's, as it is known locally, was founded in 1532 as a school, under the terms of the will of a prominent member of The Mercers' Company in the City of London. It moved to its present site in 1893 and remained a boys' grammar school until 1976, when it became a voluntary aided Sixth Form College. As such Collyer's was given 'designated' status within the Further Education sector under the Further and Higher Education Act 1992. The Governing Body became incorporated under section 143 of the Learning and Skills Act 2000. The College became a designated Sixth Form College under the Apprenticeships, Skills, Children and Learning Act 2009. Changes from this Act and the Education Act 2010 were incorporated into the College's Instrument and Articles and Rules and Byelaws in July 2013.

The close association with The Mercers' Company and the parish of Horsham continues through the membership of the Governing Body and Trustees of the Collyer Endowment. The Mercers' Company also supports the College through networks with other education sectors and professional advice.

Mission, Vision and Values

The College's mission, vision and values were reviewed and agreed by the Governing Body in July 2022:

Mission

Community, Opportunity, Achievement

Vision

Proud of our past and ambitious for our future, Collyer's will:

- Remain the top state provider of A Levels in West Sussex
- Provide a relevant range of high quality vocational and technical courses
- Offer excellent progression guidance as a pathway to university, further education and work
- Develop skills for the future that meet local needs
- Embrace an innovative culture and pioneer new technologies
- Focus on sustainability and the wellbeing of all our community
- Invest in our estate to grow and further develop our safe, accessible and attractive campus
- Build strong relationships with partners and the local community

NATURE, OBJECTIVE AND STRATEGIES (continued)

Values

Collyer's was founded by the London merchant and Mercer Richard Collyer in 1532. In his will, he outlined a very modern vision for the new school – one that resonates still now with our community and will for the next 500 years. He wanted above all to invest in his local community and create opportunity, ensuring all eligible students could benefit *from* outstanding achievement and the power of education for social mobility (*'noon to be refused likely to learn').* These timeless and powerful ideals drive the core values for our modern sixth form college.

Inclusivity	Collyer's welcomes all who will benefit from the outstanding education we provide, we celebrate diversity and encourage mutual respect, upholding fairness for all
Aspiration	Our expert staff are ambitious for every student's future and focused on the breadth of opportunities for progression
Care	We are a friendly and supportive community, looking after one another and protecting our environment, growing as kind and actively engaged members of society
Individuality	Our College has a professional and innovative climate that challenges everyone to be creative, self-motivated and resilient

Public benefit

The College of Richard Collyer is an exempt charity under Part 3 of the Charities Act 2011 and from 1 September 2013 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 17-18.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. In delivering its mission, the College provides public benefits through the advancement of education as detailed in the Mission Statement above and in the details which follow the College's achievement against its Strategic Plan.

NATURE, OBJECTIVE AND STRATEGIES (continued)

Implementation of strategic plan

A new College Strategic Plan was agreed by the Governing Body in December 2020 alongside a hierarchy of supportive strategies covering Finance, Property, Curriculum, Pastoral, Digital and Marketing. The Governing Body monitors the performance of the College against the College Strategic Plan alongside an annual College Quality Improvement Plan. The College's strategic aims are as follows:

Strategic aims

1. Curriculum – A modern, responsive and stimulating curriculum that inspires sector leading teaching, learning and outcomes.

2. Pastoral – Life enhancing guidance, support and opportunities allow students to develop qualities and skills to embrace future challenges and achieve their potential.

3. Business and Operations – An ambitious range of marketing and business activities that grows student numbers and profit whilst improving the College estate.

4. Community – A professional community that celebrates its foundation and aspires for a sustainable future for all its stakeholders from local to global.

Financial objectives

The College's financial objectives are:

a) To achieve a surplus in the underlying operating position prior to the effect of the remeasurement of the defined benefit pension scheme throughout the forecast period.

b) To ensure the College attains financial health category good or above during the period of the forecast.

c) To maintain a minimum of 40 cash days in hand.

d) To achieve a current ratio of at least 1.5.

e) To ensure that all ESFA returns, both financial and non-financial are timely, that all returns are unqualified by auditors and that all suppliers are paid within the agreed credit period.

f) To control pay expenditure so that it does not exceed 71% of total income throughout the forecast period.

g) To generate a positive cash flow by the end of the forecast period from operating activities.

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

NATURE, OBJECTIVE AND STRATEGIES (continued)

Performance indicators

The College's performance for 2021-2022 is set out below:

a. The College recruited 2,149 16-18-year-old learners compared to 2,096 actually funded.

b. Headline pass rates for A-level courses were 99.4% with 70.83% at A*-B grades

c. Financial viability of the College was retained, with cash days in hand of 212 days.

d. Staff costs as a percentage of income were 72.0% before FRS 102 (section 28) pensions adjustment.

e. Comparing raw student results at A-Level from summer 2022 to the College's performance in 2019 shows a circa 2% increase once subtracting the national uplift of circa 10% to all grades in 2022. Given that the College's 2019 results placed us within the top 10% of all Level 3 providers nationally, it is reasonable to assume that we have maintained this position in 2022. *(It should be noted that the Department for Education will not publish data for 2022 to allow easy comparison of performance against national averages).*

f. The College is required to complete the annual Finance Record for the Education and Skills Agency (ESFA). The Finance Record produces a Financial Health Grading and the current rating is 'Outstanding'.

FINANCIAL POSITION

Financial results

The College generated a surplus in the year of £317,000 (2020-2021 – surplus of £122,000), excluding the LGPS adjustment for the year, the operating surplus was £814,000 (2020-2021 - £504,000) as reconciled below:

	2022 £'000	2021 £'000
Total comprehensive income for the year	520	1,219
Add: LGPS actuarial (gain)	(203)	(1,097)
Add: LGPS service cost adjustment	497	374
Add: LGPS interest cost adjustment	-	8
Operational surplus for the year	814	504

The College had accumulated reserves of £12.6 million, including £0.2 million of restricted reserves, and cash balances of £6.3 million at 31 July 2022 (2021 – £12.2 million, £0.2 million and £5.5 million respectively).

The College considers it prudent to hold a cash balance of circa £6.3 million as it also has short term creditors of £1.9 million and a longer term loan of circa £0.4 million. This leaves a net cash position of circa £4.0 million which it considers a reasonable net balance for the College's current level of operations and also with a view to plans for substantial investment in the development of the estate and new buildings, a significant part of which is already underway.

Tangible fixed asset additions during the year amounted to £1.1 million. This was split between building works of £0.8 million and equipment purchased of £0.3 million.

The College has significant reliance on the ESFA for its principal funding source, largely from recurrent grants. In 2021-2022 the ESFA provided 86% (2021 – 88%) of the College's total income.

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. Short term borrowing for temporary revenue purposes is authorised by the Principal. All other borrowing requires the authorisation of the Governing Body and shall comply with the requirements of the funding agreements.

Cash flow

At £1,999,000 (2020-2021 – £1,236,000), operating cash flow was satisfactory.

Liquidity

The College had cash and cash equivalents of £6,323,000 at the year-end (2020-2021 – £5,503,000).

Reserves

The College has no formal reserves policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. The plan has been to grow the College's reserves in order to fund capital projects while maintaining sufficient cash reserves to meet the College's working capital requirements. In March 2021, the Governors approved a Finance Strategy which covers the purpose and strategies for accumulating reserves to meet the longer-term requirements of the College.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

The College is funded by the Education and Skills Funding Agency according to the level of activity it generates each year. Activity is determined by the number of students enrolled and retained and the number of programme hours on each student's timetable. Certain programmes have an additional funding uplift e.g., science courses, T Levels and a 'Disadvantage' allocation is added dependent on the number of students resitting GCSE English and Maths if they did not achieve a Grade 4 or above at school. In 2020-2021 the College enrolled 2,160 16-18 students and 2,096 had been retained at the end of October enumeration date. Under lagged funding rules, the College will be funded for 2,096 students in the 2021-2022 academic year and submitted budget plans based on this figure. In September 2021 the College enrolled over 2,230 students and anticipates having 2,150 students on roll by the end of October enumeration date. This would mean the College would be funded for 2,150 students in 2022-2023. In relation to other student activity, the College has budgeted prudently regarding funding for Adult Education and international students to acknowledge some impact of coronavirus on numbers.

The College has expanded its international cohort of students recruiting from the new markets of Switzerland, Japan and Norway and offering short courses and one-year courses alongside its more traditional two-year A-level programmes and continues to consider new markets.

Student achievements

Examination results from the 2021-2022 academic year were excellent. The A-level pass rate was 99.4% and the proportion of A*-B grades was 70.8%. In the absence of Level 3 Value Added data being made available by the Department for Education for the summer 2022 qualification series, the best indicator of success is raw results. In summer 2019 (the last comparable year of data) A-Level grades were 58.3% A*-B. Subtracting the national average uplift of 10% in summer 2022, the College still achieved an approximate 2% increase over 2019 results. Given that 2019 results placed the College as third best sixth form College by value added nationally, with a 2% improvement over 2019 results, the 2022 results are equally as strong. The 2022 Level 3 Vocational results were also very good with a 100% pass rates and 68.5% high grades.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Curriculum developments

The College was graded 2 'Good' by Ofsted in December 2021. Results have remained very strong and considerably above national averages for the 2021-2022 academic year and improved over 2019 results when at the time the College held a grade 1 'Outstanding'. Due to the lack of national value-added datasets in summer 2022, it is difficult to place 2022 achievement within the national picture, but it is reasonably safe to assume that our performance still remains within the top 10-25% of all Level 3 education providers nationally. Our curriculum offer is reviewed each year to ensure we offer a wide and appropriate range of subjects that match our students' progression plans, whilst retaining our identity as a leading sixth form college both regionally and nationally. September 2020 saw the introduction of our first T-Level (3 A-level equivalent) at Collyer's. As a first wave provider, among 50 nationally, we were pleased that our T-Level Early Years Education and Childcare recruited strongly. Despite the disruption caused by the pandemic, Education and Childcare students were still able to complete the majority of their industry placements, an element that is core to the T-Level approach. Unfortunately, despite offering the T-Level Digital Production, there was insufficient student interest to viably run this course during the 2020-21 academic year. We hope that as students and parents become more aware of T-Levels as a post-16 option over the coming year, we will be able to recruit a viable number of students in future years.

Our new £0.5 million DigiHub, a state-of-the-art new IT classroom match funded by the Department for Education, will undoubtedly help market this new provision more effectively. The addition of the new Criminology Diploma (1 A-level equivalent) has been exceptionally well received and is rapidly growing into one of the largest subject areas by student numbers in the College. Finally, we have been working on the relaunch of our Level 2 Transition offer with the Department for Education. Our new Transition programme places more emphasis on gaining at least grade 4s in GCSE English and Maths alongside a slimmed Level 2 BTEC offer and an increased focus on developing studentship skills. Our Transition programme also places work readiness at its core as well as providing direct progression routes to our T-Levels. Early Years Level 2 is on offer again as a pathway into the new T-Level but numbers will determine each year if it runs or not.

Enrolments have increased further from last year despite increased competition in the region caused by the reopening of Hayward's Heath College and the new arrangement between Bohunt Education Trust and Steyning School. We are also facing renewed competition from the Chichester College Group who have taken over GB Met (Brighton and Northbrook). However, from now onwards the number of pupils in local schools grows steadily each year and a new 11-16 school, Bohunt Horsham, has opened to accommodate the growth in the school age population. The number of students who travel to the College from across West Sussex and beyond has increased as the College's reputation as one of the leading sixth form colleges in the country spreads. This combined picture means the College anticipates sustained growth in student numbers in the coming years to maintain its pre-eminence in the region. 2022 enrolment saw the beginning of this growth with around 5% more first year learners enrolling, predominantly due to growth in numbers at out of area schools.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Curriculum developments (continued)
Funding for 16-18 programmes of study is currently £4,188 per student per annum. In addition, a government announcement on 5 November 2019 introduced a High Value Courses Premium (HVCP) from September 2020 of £400 per student per year for students studying two or more STEM subjects at Level 3, plus some other additional funding measures. Data from the 2020-2021 ILR will be used to calculate 2022-2023 allocations. Finally, there is a range of additional in-year funding associated with T-Levels – students funded at Band 7 or 6 rather than Band 5 on the new courses and there is a higher rate of disadvantage funding as well as support for industry placement costs.

Notwithstanding curriculum changes and funding uplifts our focus remains to provide an outstanding educational experience for our students, focused on our mission of 'Community, Opportunity, Achievement', and all indicators show we are achieving this. The current ESFA rating for the College's financial health is 'Outstanding'.

Payment performance
The Late Payment of Commercial Debts (Interests) 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 accounting period 1 August 2021 to 31 July 2022, the College paid 98% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Events after the reporting period
On 29 November 2022, the Office for National Statistics reclassified all college corporations to Central Government sector with immediate effect. This will mean that colleges will now be subject to the framework for financial management set out in Managing Public Money (MPM) and the Department for Education will introduce new rules for colleges, some of which will take effect immediately.

Future prospects
Collyer's has moved forward confidently from the impact of Covid and shown the benefits of a resilient and flexible workforce. Numbers of students have grown again as interest in the College continues to be very strong on the back of excellent academic results. Income from internationals has remained robust, whilst earnings from Adult Education and lettings have returned to near-normal levels again as Covid restrictions have eased. As a consequence of feedback from the Ofsted inspection in November 2021, the Senior Management Team was further realigned to give clarity to quality control of Adult Education and a major whole-College project to enhance enrichment entitled Collyer's 360 was developed. This initiative will have a wide range of broader benefits for the College beyond Ofsted readiness including increased attendance, student engagement and likely income in the canteen and new café. Finally, significant capital works started in spring 2022 and will continue until spring 2023 – with a

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Future prospects (continued)

brand new café coming onstream first and then a new 10-classroom teaching block being opened to accommodate the continued growth in numbers.

Whilst the new financial year has, like for all organisations, begun with the inevitable challenges of a higher inflationary environment, the college is placed in a very strong position:

1) Applications continue to grow year on year beyond the demographic growth rate
2) Academic results are improved yet again and strong across all course types
3) The Café has just completed and the Shelley building is on track
4) We have rolled out an ambitious response to Ofsted that will have broader benefits for the whole college community.

RESOURCES

Financial

The College has £12.8 million of net assets, including a long term debt of £3.8 million, £3.5 million of which relates to deferred government grants.

People

The College employs 273 people (expressed as average headcount), of who 133 are teaching staff.

The apparent increase in staff numbers in the year (as shown in note 7) is primarily due to the HR department removing a large number of invigilators in the previous year as they weren't required.

Reputation

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

GOING CONCERN

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members' Report. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. The College currently has £0.39 million of loans outstanding with bankers on terms negotiated in 2008 but activated in 2009-2010. The terms of the existing agreements are for up to another 8 years. The College's forecasts and financial projections indicate that it will be able to operate within these existing facilities and covenants for the foreseeable future. The College has carried out sensitivity analysis by varying the assumptions and applying estimated worst-case scenarios. Using the ESFA's own model, if the worst-case scenarios of the variables all occurred at the same time its financial health would still be classed as 'good' over the following two financial years. The College has substantial cash reserves, while the vast majority of its income is committed funding for 16-19 education, and the College is therefore confident that it will be able to cover its costs for the foreseeable future. After the first two months of the new financial year the management accounts show EBITDA to be comfortably positive and ahead of budget. With regard to the impact of inflationary pressures, the College has long term contracts in existence at attractive rates for both gas and electricity, and these contracts extend until September 2024. The College has made separate provision in its budget for other cost areas where inflation is a significant risk. Accordingly, the College has a reasonable expectation that it has adequate resources to continue to adopt the going concern basis in the preparation of its financial statements.

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 Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College.

The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions.

In addition to the annual review, the Risk Management Group will also consider 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 College level which is reviewed at least annually by the Audit Committee and the Governing Body, and more frequently when necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. A termly risk register review is a standing item on the Senior Management Team agenda in addition to the regular appraisal of risk as an integral part of all decision-making.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

This is supported by a risk management training programme to raise awareness of risk throughout the College. This year we reviewed the Risk Management Policy thoroughly, introducing for the first time a statement on the approach to risk, and had a very successful internal audit looking at all aspects of risk management within the College.

Outlined below is a description of the principal risk factors that may affect the College. Other factors besides that listed below, may also adversely affect the College.

1. Government funding

   The College has considerable reliance on continued government funding through the ESFA. In 2021-22 86% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will continue at the same levels or on the same terms.

2. Tuition Fee Policy

   In line with the majority of other Colleges, Collyer's will seek to increase tuition fees in accordance with the fee assumptions. The risk for the College is that demand falls off as fees increase. This will impact on the growth strategy of the College.

   The risk is mitigated in a number of ways:

   - By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students;
   - Close monitoring of the demand for courses as prices change.

3. Maintain adequate funding of pension liabilities

   The financial statements report the share of the Local Government Pension Scheme (LGPS) asset or deficit on the College's balance sheet in line with the requirements of FRS 102.

   The College reviews this and, if in deficit, considers whether it is appropriate to make a voluntary lump sum additional payment to reduce the deficit. The decision was made not to pay a lump sum during the year.

STAKEHOLDER RELATIONSHIPS

In line with other Colleges and with universities, Collyer's has many stakeholders including:

- Students;
- Parents;
- Funding bodies;
- FE Commissioner
- Staff;

STAKEHOLDER RELATIONSHIPS (continued)

- The Mercers' Company;
- Collyer Endowment fund;
- Local employers;
- Local authorities;
- Local Enterprise Partnerships;
- Government offices;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies;
- Partner schools.

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

TRADE UNION FACILITY TIME

Relevant union officials

Number of employees who were relevant union officials during the relevant period:	Full-time equivalent employee number 1.53

Percentage of time spent on facility time

Percentage of time - %	Number of employees
0	-
1–50	2
51-99	-
100	-

TRADE UNION FACILITY TIME (continued)

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£1,901
Provide the total pay bill	£7,798,382
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time / total pay bill) * 100	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility hours) * 100	0%

EQUAL OPPORTUNITIES STATEMENT

When Richard Collyer made his will in 1532 and provided for a free school in Horsham he wanted "noon to be refused likely to learn". The present College of Richard Collyer in Horsham continues to operate a policy of equal opportunity and aims to provide for learners on the basis of individual needs, in compliance with current legislation. Collyer's is committed to valuing diversity.

The College's approach aims to respond to the existing legal duties as under the Equality Act 2010 and Equality Act 2010 (Specific Duties) Regulations 2011.

All aspects of College provision, to both internal and external customers, are covered by the Equality and Diversity Policy and Single Equality Scheme incorporating equality schemes on grounds of race, disability, gender, sexual orientation, age, pregnancy and maternity, gender re-assignment and religion or belief.

These and the annually published Equality and Diversity Review (covering students, staff and Governors and comprising Equality Objectives) are fully compliant with legal requirements.

EQUAL OPPORTUNITIES STATEMENT (continued)

These are further supplemented by the annual quality cycle of Equality and Diversity Self-Assessment Review (SAR) and Quality Improvement Plan (QIP) detailing the College's significant activities, including the constant upgrading of facilities and support.

Equality and Diversity Statement

Collyer's is fully committed to its responsibilities under the Equality Act 2010 and the Public Sector Equality Duty 2011. Collyer's actively maintains excellent educational practice entailing the active promotion of equality of opportunity for all.

Each member of the College community is entitled to be respected, supported and rewarded appropriately and fairly and continue to be part of a community in which all work to eliminate discrimination.

The College celebrates diversity and values the differences between individuals within the whole College community. Collyer's will continue to actively challenge prejudice and any discriminatory practices or behaviour.

The College continues its responsibility to educate students for life and for work in a diverse society and to promote tolerance and sensitivity. The College has a responsibility to continue to encourage and maintain wide access to and participation in the range of courses it offers.

Employment of disabled persons

The College is an equal opportunities employer and considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those of other employers.

DISCLOSURE OF INFORMATION TO AUDITOR

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

Report of the Members of the Governing Body

Signed on behalf of the Governing Body

Chair: Mr G N Lawrence

Date: 6 December 2022

Statement of Corporate Governance and Internal Control 31 July 2022

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period 1 August 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. The College is committed to exhibiting best practice in all aspects of governance and is therefore mindful of all guidance on the subject.

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. Having due regard to the UK Corporate Governance Code ('the Code') issued by the Financial Reporting Council (FRC) in September 2018; and

iii. The Governing Body, on recommendation from the Audit and Nomination Committees, have agreed to adopt the revised AoC Code of Good Governance for English Colleges for the 2022-23 report and accounts and for the period 2021-22 has due regard the principles of the code as far as possible.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also Trustees for the purposes of the Charities Act, 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.

Members of the Governing Body and Attendance 1 August 2021 to 31 July 2022

The Governors who served on the Governing Body, as well as committee Co-optees, during the period and up to the date of signature of this report were as follows:

Name	**Date of appointment/ re-appointment**	**Term of office**	**Date of resignation (term ended)**	**Status of appointment**	**Committees Served**	**Attendance in 2021-2022** Actual / Possible **GB** Committees
Mr K Banister	10-07-2019	4 years		Independent Governor	Audit Committee	**4/5** 2/3
Revd. L Barnett	24-03-2020	*Ex-officio*		Vicar of Horsham	Quality & Curriculum	**3/5** 0/2
Mr J Bensusan	17-05-2022	1 year		Student Governor	Quality & Curriculum	**1/1** 1/1
Mr D Brown	17-05-2021	1 year	16-05-2022	Student Governor	Quality & Curriculum	**3/4** 2/2
Mrs A Donoghue	01-08-2019 (2nd term)	4 years		Independent Governor	Chair: Finance & General Purposes; Vice Chair: Nominations; Renumeration	**4/5** 5/5 3/3 3/3
Miss H Gunturu	17-05-2021	1 year	16-05-2022	Student Governor	Quality & Curriculum	**2/4** 3/3
Mrs B Hobday	01-08-2020 (3rd term)	4 years		Mercer Governor	Chair: Nominations and Renumeration; Finance & General Purposes (HR)	**5/5** 2/3 1/3 0/1
Mr G Lawrence	01-08-2019 (2nd term)	4 years		Independent Governor	Chair: Estates Sub-Committee; Vice Chair: Finance & General Purposes; Nominations	**5/5** 5/5 4/5 3/3
Mr D P Lodge	01-09-2020	*Ex-officio*		Principal	All (Remuneration and Audit in attendance)	All – 100%
Mrs S Martineau	01-8-2020	4 years		Mercer Governor	Audit Committee	**5/5** 3/3
Mr P Mittendorfer	24-06-2019	4 years		Independent Governor	Finance & General Purposes	**4/5** 5/5
Dr D G Powell	01-08-2019 (2nd term)	4 years		Mercer Governor	Chair: Quality & Curriculum	**4/5** 3/3
Mr W Power	01-04-2021	4 years		Staff Governor	Finance & General Purposes	**5/5** 5/5
Mrs C Ruaux	01-08-2019	4 years		Staff Governor	Quality & Curriculum	**5/5** 3/3

Statement of Corporate Governance and Internal Control 31 July 2022

Members of the Governing Body and Attendance 1 August 2021 to 31 July 2022 (continued)

Name	Date of appointment/ re-appointment	Term of office	Date of resignation (term ended)	Status of appointment	Committees Served	Attendance in 2021-22 Actual / Possible GB Committees
Dr D Skipp	01-08-2021 (3rd term)	1 year	31-07-2022	Independent Governor	Chair: Governing Body; Quality & Curriculum; Finance & General Purposes; Nominations; Remuneration	**4/5** 3/3 4/5 1/3 2/3
Mrs H Smith	01-08-2018	4 years		Independent Governor	Vice Chair: Quality & Curriculum	**5/5** 3/3
Mr H Stafford-Smith	01-08-2021 (3rd term)	1 year	31-07-2022	Mercer Governor	Chair: Audit Committee (Risk Management Group)	**4/5** 3/3 3/3
Mrs B Valley	01-08-2021	2 years		Parent Governor	Quality & Curriculum	**5/5** 3/3
						Committee only
Mr S Allen	29-04-2022	4 years		Committee Co-optee	Quality & Curriculum	1/1
Mr S Avery	01-08-2021	4 years		Committee Co-optee	Finance & General Purposes	5/5
Mrs S Ediss	01-01-2019	4 years		Committee Co-optee	Audit (Risk Management Group)	3/3 3/3
Mr D Valente	01-08-2021	4 years		Committee Co-optee	Audit	3/3
Mr D Wakefield	01-08-2021	4 years		Committee Co-optee	Finance & General Purposes and Estates Sub-Committee	3/5 5/5
Mr E Williamson	01-01-2021	1 year		Committee Co-optee	Estates Sub-Committee	5/5

Mrs R Sellings acts as Clerk to the Governing Body (n.b there was a change over of Clerk mid-way in the financial year).

The Governance Structure

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

The Governing Body is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. Further details of the College's mission, strategic objectives and performance against these are included in the Members' Report.

The Governance Structure (continued)

The Governing Body generally meets at least once each term with an additional meeting in the Autumn term and conducts its business through a number of committees. Each Committee has terms of reference, which are regularly reviewed and approved by the Governing Body. These Committees are Finance and General Purposes - and the Estates Sub-Committee, as well as a Quality and Curriculum, Nominations, Audit and Remuneration Committees. A small number of decisions were made by written resolution to facilitate effective progress of projects between meetings, similarly in accordance with the provisions previously incorporated into the College's Instrument and Articles.

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

Attendance at meetings, for Governing Body was 87% and Committee meetings 90% (overall 89%) during 2021-2022 well ahead of the 80% target. These figures do not reflect the significant additional commitment shown to wider participation in College meetings as reflected in further governance performance indicators. For example, the annual Planning Day, Learning Walk and Upper Manager's Away Day which focussed on longer term strategic issues. There were also two working parties formed of Governors and Co-optees to explore the Estates Masterplan and System Leadership.

Full minutes of all Governing Body and Committee meetings, except the limited number deemed by the Governing Body to be confidential and subject to annual review, are available on the College website: Minutes - Collyer's (collyers.ac.uk) or from the Clerk to the Governing Body at the College's registered address, The College of Richard Collyer, Hurst Road, Horsham, West Sussex, RH12 2EJ.

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

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

The Governing Body has a strong and independent non-executive element with no individual or group dominating its decision-making process. The Governing Body considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair and Principal as Accounting Officer are separate.

Appointments to the Governing Body

Any appointments of new members to the Governing Body or Co-optees to its committees are a matter for the consideration of the Governing Body as a whole, except for the appointment of four (of 19) Governors by the Court of Assistants of The Mercers' Company. The Governing Body has a Nominations Committee consisting of five members of the Governing Body including the Principal, which is responsible for the selection and nomination of any new members for the Governing Body's consideration. The Governing Body is responsible for ensuring that appropriate training is provided as required for all members and Co-optees (i.e., irrespective of the appointing body).

Members of the Governing Body are appointed for a term of office not exceeding four years with the exception of two *ex officio Governors,* the Vicar of Horsham and the Principal. In 2021-2022, two new Student Governors joined the Governing Body and one new Co-optee to assist with skills and future succession planning. Two Governors, the Chair of the Governing Body and Chair of the Audit Committee were appointed for a third term of one year from August 2021 to provide stability and continuity during a period of change having served less than eight years prior to their reappointment. However, their last terms expired at the close of the financial period on 31 July 2022 and a new Chair of the Governing Body (a former Vice Chair) and a new Chair of the Audit Committee, selected on a skills basis were appointed for 2022-2023. There is one other Governor who is on a third term which completes on 31 July 2024. The Governing Body is actively working on a recruitment plan to support succession which during the period of the pandemic has been challenging.

Governing Body Performance

The Governing Body carried out a self-assessment of its own performance for the year ended 31 July 2022 and graded itself 2, 'Good' on the Ofsted scale reflecting the continuation of good governance as the College emerged from the pandemic and post the College Ofsted inspection (December 2021).

Most notable areas were a strong focus on strategic planning and reporting. The Governing Body were involved in a review of the Mission, Vision and Values of the College which stakeholders were consulted on and these were approved by the Governing Body in July 2022. The formation of two working parties to explore Government policy and longer term strategy included the development of the Estates Masterplan and System Leadership with the first meetings taking place in May 2022.

The Governing Body is committed to continued development and conducted an internal audit of governance, committee structures and reporting and a further review of strategic planning processes was undertaken by an external consultant. Recommendations on good practice were documented and actioned by the Governing Body.

The majority of Governors and Co-optees attended a full day session with staff at the College's Upper Managers' Away Day where there was an opportunity to collaborate with staff on the important long term strategic issues following which, Governors and Co-optees met afterwards to consider the feedback and also discuss future reporting following the Internal Audit and strategic planning review.

The Governing Body has also considered the Department for Education guidance on board reviews and has plans to commission an external reviewer in the Autumn term 2023, however did not carry out a formal review during 2021-2022.

Remuneration Committee

Throughout the year ending 31 July 2022, the College's Remuneration Committee comprised three members of the Governing Body. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

Whilst the College has not adopted the AoC's Senior Staff Remuneration Code, it has been guided by the principles within it in order to ensure fair and appropriate pay decisions. A consistent approach has been taken based on an assessment of performance and contribution to the College, the sector leadership pay spine and benchmarking informed by sector surveys including College size, income, median salaries, and the gender pay gap. For the Principal, members recognised the absence of a sector negotiated pay scale at this level but similarly took account of affordability, retention, nationwide concerns about high level pay relative to employee awards and survey information.

Details of remuneration for the year ended 31 July 2022 are set out in note 5 to the financial statements.

Finance & General Purposes Committee (F&GP) and the Estates Sub-Committee

In addition to advising on the character and mission of the College, its remit principally covers safeguarding the solvency of the College and its assets. As such the Committee has paid attention to performance against agreed budgets, forecasts, income and growth, pay, relevant policies, and most particularly, the long-term development of the estate supported by a sustainable finance strategy (via the Estates Sub-Committee and the Estates Masterplan working party). Economic uncertainty has been increasingly evident and impacted the cost and delivery of projects, and members have been cognisant of pressures on budgets and ensuring value for money as well as longer term financial sustainability. Matters concerning HR are a standing item for one meeting per year and inflationary pressures impacting staff have been highlighted to the Governing Body.

Quality & Curriculum Committee

The Quality and Curriculum Committee is one of the largest with eight members (the two Student, Parent and one of the Staff Governors, the Principal and three independent Governors to include its Chair as Chair of the Governing Body) in recognition of its pivotal role in examining the quality of the learner experience. Its remit covers quality assurance, curriculum, admissions, safeguarding and equality and diversity policy and performance. Its work is complemented by the role of the link Governors who support the College's self-assessment and development planning processes.

Audit Committee

For 2021-2022 the Audit Committee comprised of three members of the Governing Body (to exclude the Accounting Officer, Chair of Governors and any members serving on Finance & General Purposes Committee) and one external Co-optee with an additional Co-optee for 2021-22. The Committee membership includes risk, audit, accountancy and wider experience of relevance to the College's internal systems and controls. The Committee operates in accordance with written terms of reference approved by the Governing Body to take account of the latest funding body guidance.

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

The College's internal auditors review the College's systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input (and within a wider framework of internal and external assurance activity) and report their findings to management and the Audit Committee.

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

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

The Audit Committee met three times in the year to 31 July 2022 with overall attendance of 93%, reflecting the absence of just one member for one meeting as shown below:

Audit Committee Members (attendance expressed over number of meetings):

- Mr Hugh Stafford Smith - 3/3 meetings
- Mrs Susan Martineau - 3/3 meetings
- Mr Karl Banister – 2/3 meetings
- Mrs Sarah Ediss (Co-optee) – 3/3 meetings
- Mr Dom Valente (Co-optee) 3/3 meetings

Internal Control

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

The Governing Body has delegated the day-to-day running 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 the Principal is personally responsible, in accordance with the responsibilities assigned in the Funding Agreement between the College and the funding bodies. The Principal is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk 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 of Richard Collyer in Horsham for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2022 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

- Comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Governing Body;
- Regular reviews by the Governing Body of periodic and annual financial reports which indicate financial performance against forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines; 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. Its work 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 Governing Body on the recommendation of the Audit Committee. At minimum annually, the internal auditor provides the Governing Body with a report on internal audit activity in the College. The report includes the independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

The Risk and Control Framework (continued)
Regular risk registers, both external and College wide are reported to the Audit Committee throughout the year; these reflected the requirement to mitigate risks during the period of emergence from the pandemic, both in terms of health and safety measures and the impact on students and staff around the forthcoming examinations which were planned to return for the first time since 2019. Risks were also considered in terms of the requirements to adapt to the shift in Government direction including revisions to qualifications and in response to the Skills Bill. The risks of funding pressures due to the changes in methodology and inflation also continued to be closely monitored through a revised finance strategy and scrutiny of KPIs. Of most note here is that the governance and leadership of the College continued to be effective in its planning and decision-making with necessary adjustments such as additional focus on financial monitoring to ensure the College remained in a strong financial position.

Risks faced by the Governing Body
Overall responsibility for risk management within the College rests with the Principal as Accounting Officer, together with the Governing Body, with the Audit Committee providing assurance over the effectiveness of the arrangements in place to the Board. The Audit Committee takes an active interest in the refinement and application of the Risk Management and Assurance Policy and its fulfilment and regularly reviews the two key risk registers of potential external and internal risks at each meeting as well as a range of assurance reports to include internal fraud reports and external quality reviews. A clear explanation of the risk management process and key elements of the work undertaken in the year to 31 July 2022 is included in the members' report (pages 11-14).

The Audit Committee also places reliance on the work of the Nominations Committee in monitoring risks related to governance. This risk register seeks to identify any governance risks with regard to the setting and fulfilment of the College's key strategic aims, for example in relation to property and financial strategies, as well as issues of best governance practice such as effective succession planning.

Control Weaknesses Identified
There were no significant weaknesses or failures in the College's systems identified by the internal auditors, nor by the ESFA Audit in the Autumn term 2021 with regard to the funding claimed by the College.

Responsibilities under Funding Agreements
The Governing Body has ensured the appropriate use of funds as detailed in the Regularity Self-Assessment questionnaire. At no time has the Principal considered it necessary to advise the Governing Body that any action or policy under its consideration was incompatible with those conditions of funding. There have been no payments on termination of employment to end July 2022 or up until the time of approval of these financial statements. The Governing Body has monitored the submission of financial plans through timely approvals of budgets and forecasts as well ensuring regular monitoring of management accounts. The Report and Financial Statements have similarly been submitted to the funding agency on time and are widely available through the College website. The Governing Body has also ensured that the terms and conditions of specific funding streams such as capital grants have also been met.

Statement from the Audit Committee

The Audit Committee has advised the Governing Body that the College has an effective framework for governance and risk management in place. The Audit Committee alsos believes the College has effective internal controls in place.

The specific areas of work undertaken by the Audit Committee in 2021-2022 and up to the date of the approval of the financial statements are:

i) Review of the performance and appointment of the financial statements and regularity auditors, with particular attention to value for money, against a background of rising costs across the sector in response to new reporting requirements. This exercise led to the appointment of a new auditor for 2021-2022 accounts and onwards;

ii) Review of the internal auditors, audit strategy and internal audit plans, with attention to both the forthcoming and future years;

iii) The internal audit programme for 2021-2022 for which the Audit Committee advocated a mixed programme of reviews covering governance (advisory and in preparation for a future external review of governance), student applications / recruitment and an IT health check (including cyber security and business planning). The results from the audits provided 'substantial' assurance for the first two areas with a small number of low priority recommendations and one advisory for governance. As well as the governance internal review, members also took regard to good practice recommendations made an external consultant on the process for strategic planning. The IT health check identified that overall there was a reasonable control framework, although there was a need for further response to the observations, most of which had been identified and actioned since the appointment of a new IT Network Manager midway through the financial year. In order to track the progress and ensure timely implementation of the mitigations, members requested oversight of the action plan in the Autumn term 2022;

iv) Members identified areas of assurance in-year for future reviews and the Governing Body agreed the forward programme for 2022-2023;

v) Review of the College Wide Top risks 2021-2022 and Potential External Strategic level risks 2021-2022 throughout the year;

vi) Fraud report examining the indicators highlighted by the ESFA; and

vii) Completion of the Committee's detailed annual report to the Governing Body.

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 internal auditors and any additional external assurance providers;

Review of Effectiveness (continued)

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

The Principal has been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor, other sources of assurance and the Risk Management Group (on which two Audit members sit), and a plan to address a small number of generally minor weaknesses and ensure continuous improvement of the system is in place.

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team and the Audit Committee also receive regular internal audit reports, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Governing Body's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit Committee.

The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2021, by considering documentation by the Senior Management Team, Audit and Financial and General Purposes Committees and taking account of events since 31 July 2021.

Based on the advice of the Audit Committee and the Principal as Accounting Officer, the Governing Body is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for the "effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets". The Governing Body has been able to access the information required, including all financial data and enhanced risk assessments, and to take decisions in a timely manner.

Approved by order of the members of the Governing Body on 6 December 2022 and signed on its behalf by:

Mr G N Lawrence
Chair of the Governing Body
Date: 6 December 2022

D. P. Lodge

Mr D P Lodge
Accounting Officer
Date: 6 December 2022

Statement on regularity, propriety and compliance 31 July 2022

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

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

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

D. P. Lodge

Accounting Officer

Date: 6 December 2022

Mr D P Lodge

Chair of the Governing Body

6 December 2022

Mr G N Lawrence

Statement of members' responsibilities 31 July 2022

The members of the Governing Body, 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, the Governing Body, through its Accounting Officer, is required to prepare financial statements and, within the Members' Report, an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and surplus of income over expenditure for that period.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

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

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

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

Statement of members' responsibilities 31 July 2022

Members of the Governing Body are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA, and any other public funds, are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA, or any other public funder. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the College's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk authorities that govern them as defined by and in accordance with Further & Higher Education Act 1992, subsequent legislation and related regulations and the Funding Agreement with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time.

Approved by order of the members of the Governing Body on 6.12.22 and signed on its behalf by:

G Lawrence

Chair of Governing Body

Mr G N Lawrence

Independent auditor's report to the Governing Body of the College of Richard Collyer in Horsham

Opinion

We have audited the financial statements of The College of Richard Collyer in Horsham (the 'College') for the year ended 31 July 2022 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2022 and of its surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Governing Body

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

- we identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the sector;

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Further and Higher Education Act 1992, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;

- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and

- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships;

- tested journal entries to identify unusual transactions; and

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

- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Governing Body meetings; 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 Governing Body and other management and the inspection of regulatory and legal correspondence, if any.

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

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

Use of our report

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

Buzzacott LLP

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 14 December 2022

Reporting accountant's assurance report on regularity

To: The corporation of The College of Richard Collyer in Horsham and Secretary of State for Education, acting through Education and Skills Funding Agency (the ESFA)

In accordance with the terms of our engagement letter dated 17 May 2022 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 The College of Richard Collyer in Horsham during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of The College of Richard Collyer in Horsham and the reporting accountant

The Corporation of The College of Richard Collyer in Horsham 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 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the 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 2021 to 31 July 2022 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

Buzzacott LLP

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

14 December 2022

Statement of comprehensive income Year to 31 July 2022

	Notes	2022 Total funds £'000	2021 Total funds £'000
Income:			
Funding body grants	1	**10,111**	9,672
Tuition fees	2	**666**	578
Other operating income	3	**986**	433
Investment income	4	**8**	9
Total		**11,771**	10,692
Expenditure:			
Staff costs	5	**8,426**	7,944
Other operating expenses	6	**2,182**	1,766
Depreciation	8	**840**	847
Interest and other finance costs	7	**6**	13
Total		**11,454**	10,570
Surplus before tax		**317**	122
Taxation		—	—
Surplus after tax		**317**	122
Other comprehensive income for the year:			
Remeasurement of defined benefit pension scheme	18	**203**	1,097
Total comprehensive income for the year		**520**	1,219
Represented by:			
Unrestricted comprehensive income		**518**	1,188
Restricted comprehensive income		**2**	31
Total comprehensive income for the year		**520**	1,219

Balance sheet 31 July 2022

	Notes	**2022 £'000**	2021 £000
Fixed assets			
Tangible fixed assets	8	**12,051**	11,754
Current assets			
Debtors	9	**122**	140
Defined benefit pension scheme asset	18	**—**	294
Cash at bank and in hand	10	**6,323**	5,503
		6,445	5,937
Liabilities			
Creditors: amounts falling due within one year	11	**(1,887)**	(1,573)
Net current assets		**4,558**	4,364
Total assets less current liabilities		**16,609**	16,118
Creditors: amounts falling due after more than one year	12	**(3,849)**	(3,878)
Total net assets		**12,760**	12,240
Unrestricted reserves			
Income and expenditure reserve		**12,580**	12,062
Restricted reserves			
Mercers' grant – Mental Health and Wellbeing	19	**57**	41
Mercers' grant – Transition programme	19	**75**	75
Mercers' grant – STEM funding	19	**48**	62
Total reserves		**12,760**	12,240

The financial statements on page 36 to 58 were approved by the Governing Body on 6 December 2022 and were signed on its behalf by:

Chairman
Mr G N Lawrence

Principal and Accounting Officer
Mr D P Lodge

Statement of changes in reserves Year to 31 July 2022

	Income and expenditure reserve £'000	Restricted reserve £'000	**Total £'000**
Balance at 1 August 2020	10,874	147	**11,021**
Surplus for the year	91	31	**122**
Other comprehensive income (note 19)	1,097	—	**1,097**
Total comprehensive income for the year	1,188	31	**1,219**
Balance at 31 July 2021	12,062	178	**12,240**
Surplus for the year	315	2	**317**
Other comprehensive income (note 19)	203	—	**203**
Total comprehensive income for the year	518	2	**520**
Balance at 31 July 2022	12,580	180	**12,760**

Statement of cash flows Year to 31 July 2022

	Notes	31 July 2022 £'000	31 July 2021 £'000
Operating activities			
Cash generated from operations	13	**2,005**	1,249
Interest paid		**(6)**	(13)
Net cash inflow from operating activities		**1,999**	1,236
Investing activities			
Purchase of tangible fixed assets		**(1,137)**	(566)
Interest received		**8**	9
Net cash used in investing activities		**(1,129)**	(557)
Financing activities			
Repayments of borrowings		**(50)**	(71)
Net cash used in financing activities		**(50)**	(71)
Income in cash and cash equivalents in the year		**820**	608
Cash and cash equivalents at the beginning of the year		**5,503**	4,895
Cash and cash equivalents at the end of the year	14	**6,323**	5,503

Basis of preparation

The College was incorporated under the Further and Higher Education Act 1992 and became a designated Sixth Form College under the Apprenticeships, Skills, Children and Learning Act 2009.

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting in Further and Higher Education 2019 (the 2019 FE HE SORP)*, the *College Accounts Direction for 2021-22* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS 102) under the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

The financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Going concern

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

The College currently has £0.39 of loans outstanding with bankers on terms negotiated in 2008 but activated in 2009-2010. The terms of the existing agreements are for up to another 8 years. The College's forecasts and financial projections indicate that it will be able to operate within these existing facilities and covenants for the foreseeable future. The College has carried out sensitivity analysis by varying the assumptions and applying estimated worst-case scenarios. Using the ESFA's own model, if the worst-case scenarios of the variables all occurred at the same time its financial health would still be classed as 'Good' over the following two financial years. The College has substantial cash reserves, while the vast majority of its income is committed funding for 16-19 education, and the College is therefore confident that it will be able to cover its costs for the foreseeable future. After the first two months of the new financial year the management accounts show EBITDA to be comfortably positive and ahead of budget. With regard to the impact of inflationary pressures, the College has long term contracts in existence at attractive rates for both gas and electricity, and these contracts extend until September 2024. The College has made separate provision in its budget for other cost areas where inflation is a significant risk. Accordingly, the College has a reasonable expectation that it has adequate resources to continue to adopt the going concern basis in the preparation of its financial statements.

Recognition of income

Revenue grant funding

Government revenue grants are accounted for under the accrual model and are recognised where a reliable estimate of the fair value of the asset received or receivable can be made on a systematic basis over the periods in which the related costs for which the grant compensates are recognised.

Adult Education Budget ('AEB') grant funding income recognised is a best estimate of the amount receivable in accordance with the annual main funding guidance published by the ESFA and either determined as part of the reconciliation process or by separate agreement between the college and the ESFA at the reporting period end date. Any subsequent agreement to determination of the AEB funding after the reporting end date which is not provided for in the annual main funding guidance is not reflected in the income recognised.

16-18 learner responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments; the income recognised is the allocation for the year. Additional in-year funding is subject to reconciliation, and any under achievement of the in-year funding is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account.

Grants from non-government sources, including grants relating to assets, are recognised in income when the College has met the performance-related conditions and the grant will be received. Income received in advance of performance related conditions being met is recognised as a liability.

Capital grant funding – government

Government capital grants for assets, other than land, are accounted for under the accrual model. The grant income received or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year and those due after more than one year.

Other income

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

Income from donations is included to the extent of the relevant expenditure incurred during the year, together with any related contributions towards overhead costs.

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

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

Fund accounting
General funds are unrestricted funds which are available for use at the discretion of the members in furtherance of the general objectives of the College and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the College for particular purposes. The cost of raising and administering such funds is charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Retirement benefits
Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS), which are multi-employer defined benefit plans.

The TPS is an unfunded scheme and contributions 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 the Government Actuary on the basis of valuations using a projected unit method. As stated in note 19, the TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as other creditors.

The LGPS is a funded scheme and the assets are held separately from those of the college in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating result are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest income on the net defined benefit asset is credited to comprehensive income and included within investment income. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts include in net interest on the net defined benefit asset) are recognised immediately in other comprehensive income.

The LGPS surplus is not carried on the balance sheet in accordance with the requirements of FRS 102. Accordingly, a corresponding adjustment against the actuarial gain has been made to bring the net LGPS position to £nil on the balance sheet.

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. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

Tangible fixed assets

Land and buildings
Land and buildings are stated at cost less accumulated depreciation.

The College occupies land and buildings which are owned by "The Collyer Endowment" (*the foundation*), which is a foundation registered with the Charity Commission. Included in the terms of the Charity's "Scheme of Management" is the following paragraph:

"24 Use of Property"

The trustees shall permit the land and buildings known as "Collyer's School" (hereinafter called the college) to continue to be appropriated and used for the purposes of the Charity as a Designated Institution within the meaning of the Further and Higher Education Act 1992".

It is the Governors' understanding, as confirmed by the trustees of the Charity, that these terms convey to the College the exclusive right to occupy these buildings indefinitely.

No annual rent is paid by the College for the use of the land and buildings.

Whilst legal title to land and buildings remain with the foundation, all economic benefit passes to the College. In accordance with the relevant Financial Reporting Standards (FRS 102 17.15), the assets have been stated in the balance sheet at valuation on the basis of depreciated replacement cost which was taken as deemed cost on transition to FRS102. The buildings are depreciated over their useful economic life to the College of fifty years.

Improvements to land and buildings are also capitalised normally depreciated on a straight-line basis over their estimated economic life of fifteen years. The College and Foundation's contribution to the new buildings are depreciated on a straight-line basis over its estimated economic life of fifty years. Where improvements to land and buildings are made with the aid of specific grants they are capitalised and depreciated as above. The related government grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

Tangible fixed assets (continued)

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:

- 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 £500 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

A summary of depreciation over the useful economic life of assets held is as follows:

Buildings	straight line over 50 years
Building improvements	straight line over 15 - 50 years
Computer equipment	straight line over 3 years
Motor vehicles	20% per annum
General equipment and fixtures and fittings	straight line between 5 and 15 years

Land is not depreciated.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related government 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

Operating leases
Costs in respect of operating leases are charged to comprehensive income on a straight-line basis over the lease term.

Financial instruments
The College has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial instruments (continued)

Financial assets and liabilities
Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instrument.

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

All financial assets and liabilities are initially measured at transaction price, except for those financial assets measured at fair value through the income and expenditure statement, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

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 is not registered for 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 the amount of the obligation can be reliably measured.

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

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 distributing discretionary support funds and free school meals funding from the funding bodies. Payments received from the funding body and subsequent disbursements to students are excluded from the income and expenditure of the College where it does not have control of the economic benefit related to the transaction.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

- 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, maintenance programmes, economic utilisation and physical condition of the assets are taken into account. Residual value assessments consider issues such as future market conditions and the remaining life of the asset.

- Local Government Pension Scheme

  The present value of the Local Government Pension Scheme defined benefit scheme 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 19, will impact the carrying amount of the pension liability/asset. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions asset at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension asset. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

1 Funding body grants

	2022 **£'000**	2021 £'000
Main funding body – recurrent grant	**9,804**	9,144
Main funding body – non-recurrent grant	**58**	273
Releases of government capital grants:		
. Buildings	**216**	209
. Equipment	**33**	46
	10,111	9,672

Included within recurrent grants is £145k (2021: £87k) relating to adult education funding.

2 Tuition fees

	2022 **£'000**	2021 £'000
Tuition fees	**666**	578

3 Other operating income

	2022 **£'000**	2021 £'000
Catering operations	**218**	94
Other income	**393**	274
Legacy income	**175**	—
Other grants and donations	**200**	65
	986	433

Included within other grants and donations is £nil (2021: £65K) in respect of restricted funds.

4 Investment income

	2022 **£'000**	2021 £'000
Other interest receivable	**8**	9
	8	9

5 Staff costs and key management personnel remuneration

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

	2022 No.	2021 No.
Teaching staff	**133**	126
Non-teaching staff	**140**	137
	273	263

Staff costs for the above person:

	2022 £'000	2021 £'000
Wages and salaries	**6,043**	5,760
Social security costs	**559**	522
Other pension costs (note 18)	**1,824**	1,662
Total staff costs	**8,426**	7,944

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are comprised of the Principal, the Vice Principal, the Assistant Principals and the Director of Finance.

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

The number of key management personnel including the Accounting Officer was:

	2022 No.	2021 No.
Key management personnel including the Accounting Officer	**5**	5

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

	2022 No.	2021 No.
£55,001 £60,000 p.a.	**—**	1
£60,001 to £65,000 p.a.	**1**	1
£65,001 to £70,000 p.a.	**2**	1
£80,001 to £85,000 p.a.	**1**	1
£95,001 to £100,000 p.a.	**1**	—
£100,001 to £105,000 p.a.	**—**	1
	5	5

5 Staff costs and key management personnel remuneration (continued)

There were no other staff, other than those included in key management personnel, who received annual emoluments exceeding £60,000 during the year (2021 – none).

Key management personnel (including the Accounting Officer) total compensation is made up as follows:

	2022 £'000	2021 £'000
Salaries	**381**	373
National Insurance	**49**	46
	430	419
Pension contributions	**89**	88
Total emoluments	**519**	507

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 held this office for the year to 31 July (who is also the highest paid of key management personnel) of:

	2022 £'000	2021 £'000
Salaries	**99**	103
Pension contributions	**24**	24
	123	127

The remuneration of the Accounting Officer for 2021-22 was determined on 14 July 2021 by the College's Governing Body. In the absence of a sector negotiated Principal's pay scale, the selection panel's recommendation took account of previous experience, affordability, nationwide concerns about high level pay relative to employee awards, benchmarking information including College size, income and median salaries, and the gender pay gap. With regard to members of the senior management team, with particular attention to the Deputy Principal as the second senior postholder, the Governing Body approved the recommendations of the Remuneration Committee which, with due regard to the principles of (but not adopting) the AoC Remuneration Code, took account in turn of the Principal's recommendations. These were based on an assessment of performance and contribution to the College, the sector leadership pay spine and benchmarking informed by sector surveys. Similar considerations governed the salary payable on appointment of a new Vice Principal (Curriculum).

The relationship between the Accounting Officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

5 Staff costs and key management personnel remuneration (continued)

	2022 No.	2021 No.
Basic salary as a multiple of median basic salary of staff	**2.8**	2.7
Total remuneration as a multiple of median total remuneration of staff	**2.8**	2.7

Governors' remuneration

The key management personnel only receive remuneration in respect of services they provide undertaking their roles of principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Governing Body did not receive any payments from the College in respect of their roles as Governors.

The total expense for travel and subsistence paid to, or on behalf of the Governors during the year was £94 (2021 – £nil). No Governor has received any remuneration or waived payments from the College during the year (2021 – none).

6 Other operating expenses

	2022 £'000	2021 £'000
Teaching costs	**217**	156
Non-teaching costs	**1,466**	1,200
Premises costs	**499**	410
	2,182	1,766

Surplus before taxation is stated after charging:

	2022 £'000	2021 £'000
Auditors' remuneration		
. Financial statements audit	**23**	25
. Internal audit	**12**	6
Operating lease charges	**49**	51

7 Interest and other finance costs

	2022 £'000	2021 £'000
On bank loans, overdrafts and other loans:		
Repayable within five years, by instalments	**6**	5
Net interest on defined pension asset (note 18)	**—**	8
Total	**6**	13

8 Tangible fixed assets

	Land and buildings £'000	Building improvements £'000	Asset Under Construction £'000	Equipment £'000	Motor vehicles £'000	**Total £'000**
Cost or valuation						
At 1 August 2021	6,550	12,558	—	3,124	46	**22,278**
Additions	—	—	768	369	—	**1,137**
At 31 July 2022	6,550	12,558	768	3,493	46	**23,415**
Depreciation						
At 1 August 2021	3,712	4,369	—	2,402	41	**10,524**
Charge for the year	131	390	—	314	5	**840**
At 31 July 2022	3,843	4,759	—	2,716	46	**11,364**
Net book value						
At 31 July 2022	2,707	7,799	768	777	—	**12,051**
At 31 July 2021	2,838	8,189	—	722	5	**11,754**

9 Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Other debtors	**40**	52
Prepayments and accrued income	**82**	88
	122	140

10 Cash at bank and in hand

	2022 £'000	2021 £'000
Cash at bank	**5,553**	3,633
Cash on treasury deposit	**770**	1,870
	6,323	5,503

11 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Bank loans and overdrafts	**52**	55
Deferred Income	**189**	187
Trade creditors	**43**	31
Other creditors	**357**	264
Other taxation and social security	**147**	136
Accruals	**872**	645
Deferred government grants (capital)	**227**	255
	1,887	1,573

12 Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Bank loans	**335**	382
Deferred government grants (capital)	**3,514**	3,496
	3,849	3,878

Bank loans and overdrafts	2022 £'000	2021 £'000
Bank loans and overdrafts are repayable as follows:		
In one year or less	**52**	52
Between one and two years	**52**	52
Between two and five years	**161**	161
In five years or more	**122**	172
Total	**387**	437

The bank loans are subject to interest at 1% over Barclay's base rate and are repayable by instalments. The bank loans are due to be repaid in July 2029 and January 2030.

13 Notes to cash flow statement

	2022 £'000	2021 £'000
Surplus after tax for the year	**317**	122
Adjustment for:		
Finance costs	**6**	13
Investment income	**(8)**	(9)
Depreciation	**840**	847
Pension scheme non-cash movement	**497**	382
Operating cash flow before movements in working capital	**1,652**	1,355
Decrease in debtors	**18**	132
Increase (decrease) in creditors	**335**	(238)
Cash generated from operations	**2,005**	1,249

14 Analysis of changes in net debt

	1 August 2021 £'000	Cash flows £'000	31 July 2022 £'000
Cash at bank and in hand	5,503	820	**6,323**
Borrowings	(437)	50	**(387)**
	5,066	870	**5,936**

15 Contingent liabilities

The College is in dispute with the contractor for a previous building project who are claiming an additional sum of £144,000 (2021 – £144,000). The College believes that the claim is unsubstantiated and have seen no evidence to support this. Advice has been sought from the College's quantity surveyor which has supported the College's view. The financial statements therefore only accrue in creditors due within one year for the balance of £63,522 (2021 – £63,522) still owed based on the figures calculated by the quantity surveyor, no provision has been made for the additional £144,000 (2021 – £144,000).

16 Commitments under operating leases

At the reporting end date the College had outstanding commitments for future minimum payments under non-cancellable operating leases, which fall due as follows:

	2022 £'000	2021 £'000
Amounts due:		
Within one year	**49**	51
Between one and five years	**146**	93
	195	144

17 Capital commitments

	2022 £'000	2021 £'000
Contracted but not provided for in the financial statements	**2,414**	—

During the year the College entered into a contract for the construction of a new building. The total contracted cost was for £3.2m for which £786k was paid as at 31 July 2022. This is included within the Asset Under Construction balance in note 8.

18 Retirement benefits

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

Total pension cost for the year	**2022 £'000**	**2022 £'000**	2021 £'000	2021 £'000
Teachers' Pension Scheme: contributions paid		**996**		950
Local Government Pension Scheme:				
Contributions paid	**331**		338	
FRS 102 (section 28) charge	**497**		374	
Charge to statement of comprehensive income		**828**		712
Total pension cost for year within staff costs (note 5)		**1,824**		**1,662**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019.

There were outstanding pension contributions of £150k (2021 – £113k) at the end of the financial period.

Teachers' Pension Scheme

The Teachers' Pensions Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. 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. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation was carried out as at 31 March 2016 in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending. The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

18 Retirement benefits (continued)

***Valuation of the Teachers' Pensions Scheme** (continued)*

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) amounted to £218 billion
- Value of the notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

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).

The pension costs paid to TPS in the year amounted to £996,000 (2021 – £950,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by West Sussex County Council Pension Fund. The total contributions made for the year ended 31 July 2022 was £424k (2021 - £436k) of which employer's contributions totalled £331k (2021 - £342k) and employees' contributions totalled £93k (2021 - £94k). The agreed contribution rate for employers is currently 22.2%. There is a variable rate for employees.

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 and updated to 31 July 2022 by a qualified independent actuary.

	2022	2021
Rate of increase in salaries	**3.3%**	3.4%
Rate of increase for pensions	**2.8%**	2.9%
Inflation assumption*	**2.8%**	2.9%
Discount rate for liabilities	**3.5%**	1.6%
Commutation of pensions to lump sums:		
. Pre 2008	**50%**	50%
. Post 2008	**75%**	75%

*Due to high periods of inflation up to 31 July 2022, an adjustment has been made to the year end valuation to account for the estimated impact on the Pension Order Increase due to be implemented from 1 April 2023. The estimated impact of the defined benefit obligation has been recognised as an experience loss of £534k. This charge has been made against Other Comprehensive Income, however is not directly reflected within the listed actuarial assumptions above.

18 Retirement benefits (continued)

Principal actuarial assumptions (continued)

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	2022 Years	2021 Years
Retiring today		
Males	**21.9**	22.1
Females	**24.2**	24.4
Retiring in 20 years		
Males	**22.8**	23.1
Females	**25.9**	26.1

Amounts recognised in the statement of financial position in respect of the defined benefit schemes are as follows:

	2022 £'000	2021 £'000
Fair value of scheme assets at 31 July	**15,106**	14,512
Present value of defined benefit obligations at 31 July	**(10,578)**	(14,218)
Surplus (deficit) in the scheme as determined by the actuary	**4,528**	294
Adjustment recognised in actuarial losses to cap the scheme surplus*	**(4,528)**	—
Net defined benefit asset	**—**	294

*As the LGPS surplus is irrecoverable, recognition of the surplus on the balance sheet has been restricted to £nil. The adjustment of £4,528k has been offset against the overall actuarial gain for the year.

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

	Fair value of assets	
	2022 £'000	2021 £'000
Equity instruments	**6,948**	7,546
Bonds	**5,287**	5,224
Property	**2,417**	1,161
Cash	**454**	581
Total fair value of plan assets	**15,106**	14,512
Actual return on plan assets	**190**	2,166

18 Retirement benefits (continued)

Principal actuarial assumptions (continued)

Amounts recognised in the statement of comprehensive income in respect of the plan are as follows:

	2022 £'000	2021 £'000
Current service cost	**828**	716
Net interest on the net defined benefit pension asset	**—**	8
Total	**828**	724

Changes in the present value of defined benefit obligations	**2022 £'000**	2021 £'000
Defined benefit obligations at start of period	**14,218**	12,394
Current service cost	**828**	716
Interest cost	**233**	177
Contributions by scheme participants	**93**	94
Benefits paid	**(253)**	(232)
Actuarial (gains) losses	**(4,541)**	1,069
Defined benefit obligations at end of period	**10,578**	14,218

Changes in fair value of plan assets	**2022 £'000**	2021 £'000
Fair value of plan assets at start of period	**14,512**	11,973
Interest income	**233**	169
Return on plan assets (excluding net interest on the net defined benefit liability)*	**190**	2,166
Employer contributions	**331**	342
Contributions by scheme participants	**93**	94
Benefits paid	**(253)**	(232)
Fair value of plan assets at end of period	**15,106**	14,512

*Remeasurement of defined benefit pension scheme	**2022 £'000**	2021 £'000
Actuarial gains (losses)	**4,541**	(1,069)
Return on plan assets (excluding net interest on the net defined benefit liability)	**190**	2,166
Adjustment recognised in actuarial losses to cap the scheme surplus	**(4,528)**	—
Remeasurement of defined benefit pension scheme	**203**	1,097

19 Restricted funds

Mental Health and Wellbeing

Was awarded to the College to be put towards work for students' mental health and Wellbeing programmes.

Transition programme

Was awarded to the College to be used for focussed work on transitioning to vocational, technical and advanced programmes.

STEM funding

STEM funding was awarded to the College to be used for maximising students' opportunities in STEM subjects.

20 Related Party Transactions

Owing to the nature of the College's operations and the composition of the Governing Body, being drawn from local and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of Governors may have an interest. In accordance with the College's financial regulations and normal procurement procedures, Governors are required to keep the College informed of any circumstances that may give rise to conflict of interest in their dealings with the college. As stated in note 5, no Governor has received any remuneration or waives any payment from the College during the year (2021: None).

21 Learner support funds

	2022 **£'000**	2021 £'000
Amount disbursed as agent:		
Opening balance as at 1 August	—	—
Funding Body Grant - Bursary	**121**	147
	121	147
Disbursed to students - Bursary	**(121)**	(147)
Balance unspent as at 31 July	—	—

Funding body grants are available solely for students.

22 Subsequent events

On 29 November 2022, the Office for National Statistics reclassified all college corporations to Central Government sector with immediate effect. This will mean that colleges will now be subject to the framework for financial management set out in Managing Public Money (MPM) and the Department for Education will introduce new rules for colleges, some of which will take effect immediately.