Sir George Monoux College

Report and Financial Statements

31 July 2013

"To provide high quality education with the power to change lives"

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NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2013.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Sir George Monoux College. The Corporation was incorporated as Sir George Monoux College on 30 September 1992.

The College is an exempt charity for the purposes of the Charities Act 2011.

Mission

"To provide high quality education with the power to change lives."

We aim to raise levels of attainment to promote better prospects of long term success for our students and to enhance progression rates to university and / or employment and thus to improve the life chances of young people from north and east London.

Our approach and core values

We are committed to being a dynamic, innovative, multicultural sixth form college, which places the interests of the learners at the centre of its activity. At all times we will promote the values of:

- Putting the student first in all we do.
- Enabling students and staff to be the best they can be.
- Building a learning community, based on trust, mutual respect, support and fairness.

NATURE, OBJECTIVES AND STRATEGIES (continued)

Implementation of Strategic Plan

During 2012, the College undertook a fundamental review of its Strategic Plan; it consulted with students, staff and governors.

The major outcomes of this review and subsequent 7 key aims of the new three year 2012 – 2015 Strategic Plan are outlined below:

1. Teaching, learning and assessment

Aim:

- Good and outstanding teaching, learning and assessment are the norm and are the language of the College.

Strands:

- High expectations for staff and students are consistently maintained across the College;
- The sharing of good practice is embedded both within College and with external partners;
- There are effective, clearly communicated and monitored quality processes within the quality cycle, and
- Tracking, internal verification, standardisation and moderation are embedded and executed in an exemplary manner by all teams.

2. Learner experience

Aims:

- To increase standards of behaviour in College (2012/13).
- To increase expectations and aspirations of students (2013/14).
- To develop employment skills, promote employability intelligence and provide students with professional experiences (2014/15).

Strands:

- To have a tutorial experience that gives students the skills and awareness to understand appropriateness, boundaries, personal responsibilities, consequences to their actions and builds their confidence;
- To develop an innovative culture within the Faculties and College;
- To provide exposure to the world of work and use the Sector Skills' Councils to develop and enhance the relevance of vocational learning;
- Increase exposure to the world of Higher Education;

NATURE, OBJECTIVES AND STRATEGIES (continued)

Implementation of Strategic Plan (continued)

2. Learner experience (continued)

Strands: (continued)

- To have parents and guardians increase their involvement with the College;
- To increase the involvement of ex-students in College life, and
- Ensure that transparent progression routes and opportunities are clear and well-articulated from Information, Advice and Guidance through to higher education/employment.

3. Tutorial/Curriculum

Aims:

- Raise the profile of tutorial for students.
- To achieve consistency of approach – all tutors will be working towards the same goals and high standards.
- The tutor is a mentor and an educator. All tutees to reach their full potential in academic, employability, and social skills.
- To develop a curriculum that is flexible and meets the needs of our learners.

Strands:

- Tutorial and curriculum are integrally linked parts of a student's education. The Tutor is a mentor and an educator. The Tutor must lead and advise the young people they have as tutees. All Tutors must take responsibility for, and understand the importance of, developing the tutee as a whole person;
- There are clear roles and responsibilities for tutor and teacher both must be proactive in their approach to students, and
- Development of literacy, numeracy and Information Technology skills for students' future progress.

4. Leadership and management

Aim:

- To have leadership and management that inspires excellence in everything we do and responds efficiently to drive up standards.

NATURE, OBJECTIVES AND STRATEGIES (continued)

Implementation of Strategic Plan (continued)

4. Leadership and management (continued)

Strands:

- To demonstrate a strong, purposeful leadership at all levels of the College which embodies our values. We expect this from all our staff whether they manage people, resources or the curriculum;
- To empower staff to think creatively and innovatively, to experiment and to succeed, ensuring everybody takes responsibility and is accountable;
- There are clear expectations for students, staff, and managers. Standards for all are consistently high;
- All meetings to be the hub of innovation, ideas and of shaping the future of the College;
- The Student Voice to feed into the development of the learning experience and contribute to decision making and monitoring at all levels;
- To demonstrate a clear and ambitious vision for the College through successful planning and rigorous performance management, and
- To continue to address the progression of Black, Minority and Ethnic (BME) staff to management positions.

5. Communications

Aim:

- To communicate with clear purpose, transparency and in good time with staff, students, parents and other stakeholders so that everyone is informed and included.

Strands:

- All stakeholders that require communication are identified, these include: schools, the media, governors, trade unions, students, staff, parents, universities, the local community and employers;
- Ensure that all communication methods are reviewed and assessed to ensure that, who does it, when is it done and who needs to know are correctly identified, and that they are impact assessed;
- Use the right method of communication depending on the subject matter e.g. the bulletin, the staff briefing, the Curriculum and Pastoral Meetings and via team and management meetings;
- To improve the systems of communication to students: Moodle, text, e-mail and tutorial. Ensure that the right person communicates at the right time, and

NATURE, OBJECTIVES AND STRATEGIES (continued)

Implementation of Strategic Plan (continued)

5. Communications (continued)

Strands: *(continued)*

- Ensure the most effective and efficient methods of communication with parents and carers are implemented.

6. Partnership working

Strand A: Other 16-18 providers

Aim:

- Ensuring the sharing of best practice in teaching and support is utilised across the College by working with partner organisations.

Strand B: Employers

Aim:

- To draw on the expertise of employers to develop and enhance the experiences of students by contributing to curriculum content and/or by facilitating work experience opportunities.

Strand C: Feeder Schools

Aim:

- Change relationship with 11-16 schools from reactive to pro-active.

Strand D: Community

Aim:

- All learners to participate in a voluntary activity with the community in order to increase their maturity, resilience and assist in their progression to HE/or employment.

Strand E: Parents/Guardians

Aim:

- To establish meaningful and reliable methods of communication with parents, including access via the internet.

NATURE, OBJECTIVES AND STRATEGIES (continued)

Implementation of Strategic Plan (continued)

6. Partnership working (continued)

Strand F: Higher Education institutions

Aim:

- All learners to have the opportunity to experience some form of University taster, and to further develop partnership arrangements and working with Higher Education Institutions.

7. Effective and efficient use of resources

Aims:

- Become a carbon neutral college. To ensure that the behaviour of all staff and students support the journey to carbon neutrality.

NATURE, OBJECTIVES AND STRATEGIES (continued)

Implementation of Strategic Plan (continued)

7. Effective and efficient use of resources (continued)

Sir George Monoux College

Invitation

Thursday 26th September 2013 from 1pm to 2.30pm

world first launch

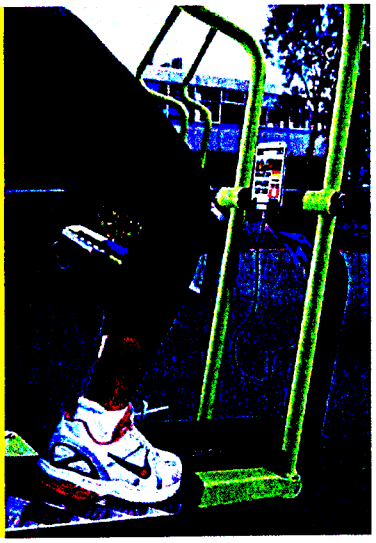
Exciting eco gym pilot launch - world exclusive

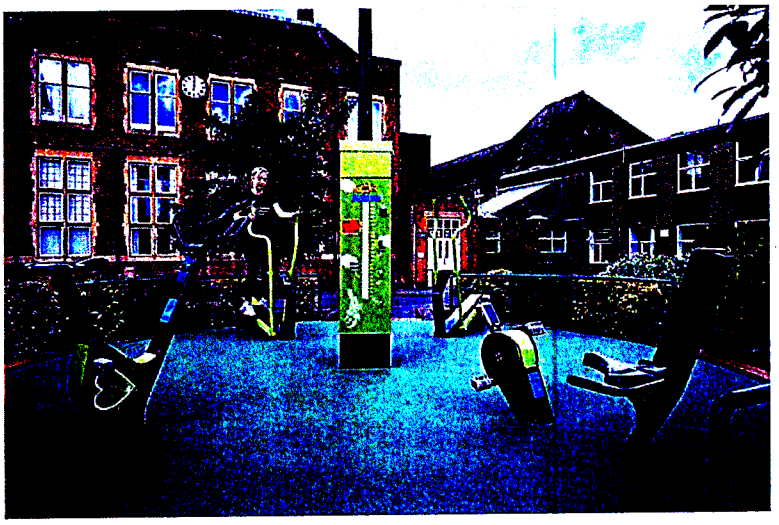
Paolo Ramella, Principal of Sir George Monoux College, Walthamstow cordially invites you to the exciting and unprecedented launch of the world's first TGO green energy gym that charges students phones and sends the surplus energy back into a College building.

1.00 Arrival and Refreshments (in Refectory)
1.15 Principal's Welcome
1.20 The Great Outdoor Gym Company (TGO) briefing
1.25 Ribbon cutting ceremony and photo shoot
1.30 MP Stella Creasy's keynote speech
1.40 Students invited to charge their phones on gym
2.00 Goodie bags

RSVP: Tracy Straker | PA to Principal at Sir George Monoux College
T: 020 8523 3544 ext 3428
E: TMS@george-monoux.ac.uk

Sir George Monoux College, Chingford Road, Walthamstow, London E17 5AA





NATURE, OBJECTIVES AND STRATEGIES (continued)

Implementation of Strategic Plan (continued)

7. Effective and efficient use of resources (continued)

Aims: (continued)

- Introduce a new more efficient timetable with more fairness and flexibility for staff.
- To improve social spaces for students and improve the integration of different ethnic and religious groups.
- To develop an Information and Learning Technology (ILT) strategy. Minimum standards to be established for all curriculum and tutorial areas on the virtual learning environment.
- Aid the development of the curriculum and opportunities for students at the College and the community by considering the development of a Skills Funding Agency contract.

Strands:

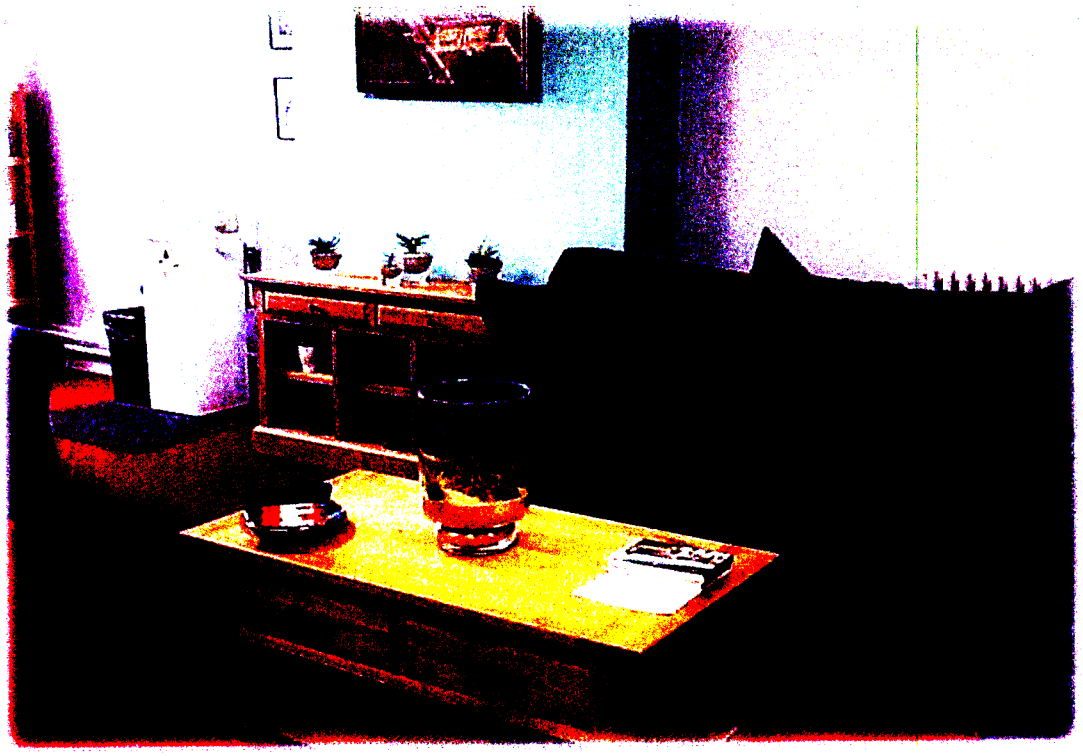
- To continue the development of the green agenda;
- To ensure that the timetable and rooming are fit for purpose;
- To maximise social spaces for students and their opportunities to develop as independent learner;
- Use IT for delivering more effective and innovative teaching in and outside the classroom;
- Explore school, summer school and degree options;
- To develop an Academy of Enterprise and links with employers;
- To develop alternative sources of income such as apprenticeships and profitable renting of facilities;
- To explore sharing resources with other colleges, and
- To explore the necessity and possibility of a Skills Funding Agency contract.

NATURE, OBJECTIVES AND STRATEGIES (continued)

Implementation of Strategic Plan (continued)

7. Effective and efficient use of resources (continued)

Strands: (continued)



NATURE, OBJECTIVES AND STRATEGIES (continued)

Implementation of Strategic Plan (continued)

The College's specific objectives for 2012/13 and achievement of those objectives is addressed below.

- increasing opportunities for 16-19 year olds in academic and vocational education with an emphasis on level 3 provision
- raising levels of student attainment
- enhancing progression rates to university and employment
- developing strategic linkages with employers to promote the employability agenda in line with Government plans to improve the quality of vocational education
- continue to work collaboratively with our pre/post 16 partners

The College continues to work strategically with our local post-16 partners, the local education authority, the EFA and schools to raise participation and achievement rates and promote greater coherence in the 14-19 offer within the London Borough of Waltham Forest. Our contribution centres on the following activities:

- an employer engagement co-ordinator has been appointed and has set up an Employer Forum and increase the scope of employer engagement within the College and employment experience opportunities for our students
- promoting the sharing of good practice, via the Collegiate Board, to encourage the take up of post 16 education for all 16 to 19 year olds in the Borough and outside
- membership of the Walthamstow Post 16 partnership and membership of the North London 6, sixth form college group.

The College achieved all its detailed financial targets:

- exceeding its EFA funding target, the College achieved 2,015 learners funded by the EFA against a target of 1,994 learners.
- Ensuring a surplus of at least £250,000 per annum (before FRS17 adjustments) so that funds will be available in future to build with
- ensuring positive cash flow from operating activities
- containing pay costs within 70% of income
- maintaining solvency at an efficient level

FINANCIAL POSITION

Financial results

The College generated an operating surplus in the year of £133,000 (after £150,000 of FRS 17 related pension costs) (2011/12 – deficit of £14,000, after £146,000 of FRS 17 related pension credits).

The College has accumulated reserves of £2,217,000 (after pension fund deficit) and cash balances of £1,306,000. The College aims to make surpluses before FRS 17 costs of between 2.5% and 3% of income.

Tangible fixed asset additions during the year amounted to £257,000. This paid for increased network storage, an outdoor energy gym and new energy efficient LED lighting and the installation of Sharepoint, a college-wide document management system.

The College has significant reliance on the education sector funding bodies and its successor bodies for its principal funding source, largely from recurrent grants. In 2012/13 the funding bodies provided 98% 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.

Such arrangements are restricted by limits in the College's Financial Memorandum previously agreed with the LSC and subsequently transferred to the EFA. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows

At £849,000 (2011/12 £330,000 inflow), operating cash inflow was strong. The net cashflow was an inflow of £238,000.

Liquidity

The College has two loans that were taken out to fund capital programs. The senior debt of £1.632 million is at a fixed interest rate and additionally there is a Floating rate loan of £0.236 million.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2012/13 the College has delivered activity that has produced £10,443,000 in funding body main allocation funding (2011/12 – £10,230,000). The College had 2,015 funding body funded students.

Student achievements

Students continue to prosper at the College. Success rates rose again in 2011/12 to 86% and it is expected that this will be 87% in 2012/13. The College is particularly pleased that success rates on AS levels rose by 6% and that in many AS subjects exceeded the national average.

Ofsted

The College was one of the first to be inspected under the new Ofsted framework, with just 2 days' notice.

The College was gratified that the Inspection received a positive outcome with the following grades:

Aspect Grades	
Overall Effectiveness of Provision	**2**
Outcomes for Learners	2
Quality of teaching, learning and assessment	2
Effectiveness of leadership and management	2
Sector Subject Area Grades	
ICT	2
Visual Arts and Media	2
Humanities and Social Sciences	1
English	2

Ofsted stated that Sir George Monoux is good because:

- the quality of teaching, learning and assessment, outcomes for learners and the effectiveness of leadership and management are all good. Most learners attain their learning goals and many make good or better progress;

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Student achievements (continued)

Ofsted (continued)

- equality and diversity are promoted well and the college provides a harmonious and purposeful environment for learning. A high proportion of students from almost all groups achieve successful outcomes;
- students are well prepared for progression onto higher learning or into employment. Overall quality and performance have improved greatly, and
- governors, leaders and managers have shaped an ambitious vision to provide high quality education which changes and improves lives. They created an environment which stimulates improvement and enables higher performance.

Curriculum developments

- The College continues to invest and improve in its curriculum

RESOURCES (continued)

FRS 17 (continued)

The corporation believes that the principle upon which FRS 17 is based is fundamentally flawed and is not (nor is ever likely to be) capable of providing an accurate or equitable method to enable determination of the value of a pension scheme. The corporation also remains very unhappy with the current legal arrangements for the management of college pension schemes imposed, apparently unilaterally and without recourse to sensible debate, by Statute.

With specific reference to London Borough of Waltham Forest Pension Scheme the corporation has no control over the management of the fund, its financial arrangements and investment profile. In the corporation's opinion this needs to be recognised and acknowledged by the Trustees of the fund and resolved by the appointment of at least one of the Waltham Forest Colleges' corporation members to the Board of Trustees.

The basis of valuation used by FRS 17 relies on an actuarial assessment which is analytically unverifiable and is based on assumptions which in the medium to long term may prove to be unreliable.

People

The College employs 155 people (expressed as full time equivalents), 92 of whom are teaching staff.

Reputation

The College has a good reputation locally and across the whole of East London. It is ranked as the second best college in London by results. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

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 the College level which is reviewed at least annually by the Audit Committee and more frequently where 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.

RESOURCES (continued)

Principal Risks and Uncertainties (continued)

This is supported by a risk management training programme to raise awareness of risk throughout the College.

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

Government funding

The College has considerable reliance on continued government funding through the EFA. In 2012/13, 98% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. Funding has already been changed by cutting entitlement hours; though there is transitional relief it will be steadily withdrawn.

The College is aware of several issues which may impact on future funding:

- The new funding system is still predicated on uncertainties of what counts as hours and how, in the long term, funding will be calculated. Funding software was not available until two months into the new year meaning that an accurate post enrolment position (for funding purposes) was extremely difficult to quantify.
- The ongoing poor condition of the British economy, combined with the government's desire to reduce the deficit within the term of one Parliament, will mean funding rates are unlikely to rise and may even fall for the same delivery. Other changes that reduce funding remain possible.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with the EFA, SFA and the local authority
- Aiming to over recruit, using the additional numbers to mitigate any fall in funding.

The possibility of strike action

The ongoing national situation where the pay and conditions of teachers and support staff have either been directly held down, or amended negatively, as well as indirect control via funding reductions have led to a situation where staff have had their real terms pay reduced and their pensions cut.

RESOURCES (continued)

Principal Risks and Uncertainties (continued)

The possibility of strike action (continued)
Unions are now considering more industrial action due to this.

The College attempts to mitigate this by regularly meeting and consulting unions at the College, however it has no control over national issues.

Community Tension
The location of the College means that there is the danger of local religious or community tension being brought into the College. This has been exacerbated by the civil unrest prevalent in London during the summer of 2011.

This risk is mitigated in a number of ways:

- Regular meetings with the local residents association
- Strong, but low key, campus security
- Strong tutorial system
- Strong and regular links with the police at a number of levels
- Communication between local colleges on incidents and troublemakers.

Stakeholder Relationships
In line with other colleges and with universities, Sir George Monoux College has many stakeholders. These include:

- Students,
- Funding Councils,
- Staff,
- Local employers (with specific links),
- Local Authorities,
- Government Offices/ Regional Development Agencies,
- The local community,
- Other FE institutions,
- Trade unions, and
- Professional bodies.

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

RESOURCES (continued)

Equal opportunity and employment of disabled persons

The College celebrates and values the diversity brought to its workforce by individuals. It believes that the College will benefit from employing both disabled and non-disabled people at all levels of responsibility, and across all areas of work. This will also provide role models for a variety of students. The College is committed to equality of treatment for all employees regardless of whether they have a physical or mental impairment. This will apply to the operation and implementation of all its employment policies. The College will treat all employees with respect and dignity, and seeks to provide a positive working environment free from disability discrimination, harassment or victimisation.

The College will work towards the elimination of prejudice and discrimination and will seek to ensure that all staff have equal access to the full range of College facilities.

There will be no discrimination against staff on grounds of disability in access to employment, training, working conditions, terms of employment, treatment at work, promotion or dismissal. The College undertakes to fulfil its duty to make reasonable adjustments to enable staff to do their work, and not to treat staff with a disability less favourably than those without.

Disability Statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005, which places a general duty on the College to:

- promote equality of opportunity between disabled persons and other persons
- seek to eliminate discrimination that is unlawful under the Act
- seek to eliminate harassment of disabled persons that is related to their disabilities
- promote positive attitudes towards disabled persons
- encourage participation by disabled persons in public life
- take steps to take account of disabled persons' disabilities, even where that involves treating disabled persons more favourably than other persons.

In particular the College makes the following commitments:

- all improvements to the site recognise the need for compliance with the DDA;
- the admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the Complaints Procedure;
- the College has made a significant investment in Learning Support by the appointment of specialist staff and the provision of dedicated resource areas. There is a continuing programme of staff development to ensure a high level of appropriate support for students who have learning difficulties and/or disabilities, and
- counselling and welfare services are described in the Student Charter and are available to all students.

RESOURCES (continued)

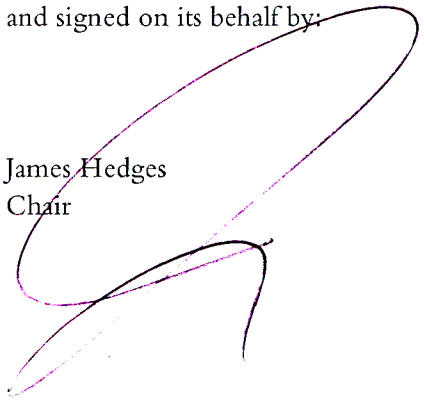
Disclosure of information to auditors

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

Professional advisors

External Financial Auditors	Buzzacott LLP
Internal Auditors	MacIntyre Hudson
Bankers	LloydsTSB Plc
Solicitors	Birketts
Insurance Advisers/Brokers	Zurich Insurance
Payroll Bureau	Cintra

Approved by order of the members of the Corporation on 10 December 2013 and signed on its behalf by:



James Hedges
Chair

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code issued by the London Stock Exchange in June 2010. Its purpose is to help the reader of the financial statements to understand how the principles have been applied.

In the opinion of the governors, the College complies with all the provisions of the Code in so far as they apply to the further education sector, and it has complied throughout the year ended 31 July 2013.

The Corporation

The composition of the Corporation is set out in the table below. It is the Corporation's responsibility to bring independent judgment to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College, together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets at least once per term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Personnel, Resources Committee; Remuneration and Appraisal; Search and Governance; Quality and Performance Monitoring, and Audit. Full minutes of all meetings are available from the Clerk to the Corporation at:

Sir George Monoux College
190 Chingford Road
Walthamstow
London
E17 5AA

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

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

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

The Corporation (continued)

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

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

The members who served the Corporation (and its Committees) during the period and up to the date of signature of this report were as follows:

Name	Category of appointment	Date of appointment	Date of resignation	Term of office	Committees served
Mr Farid Ahmed	Independent	24.3.10		4 years	Res(VCh)
Mrs Saima Arif	Prent	1.8.13		1 year	
Ms Riddhi Bhalla	Independent	1.8.13		4 years	
Mr Jeremy Bromfield MBE	Independent	11.12.12		4 years	Q, Res
Mrs Azania Brown	Parent	6.12.11 (re-appointed 1.8.12)	18.06.13	1 year	Q
Ms Ayoola Dixon	Staff	21.10.09		4 years	Q
Mr Theo Ellis	Staff	12.12.11		4 years	Res, S
Mr Toby Grainger	Independent	2.4.12		4 years	VCh A(VCh), Q, R(Ch)
Mr James Hedges	Independent	13.12.10		4 years	Ch, Res (Ch) S (Ch) R
Mr David Johnston	Independent	22.10.08 (re-appointed 22.10.12)		4 years	Q
Mr Danny McGivern	Student	1.8.12	31.12.13	1 year	
Mr Mukesh Oza	Independent	11.7.11	31.05.13	4 years	A, Q
Ms Madelaine Preedy	Student	1.8.13		1 year	
Mr Shamsur Rahman	Student	1.8.13		1 year	
Mr Paolo Ramella	Principal	1.1.11			Res, Q, S
Mr Alan Wells OBE	Independent	1.80.13			
Mr Brian Westbury	Independent	17.2.11		4 years	A(Ch), R, S
Mr Jonathan Bush	Co-optee to Audit Committee	20.11.12		4 years	A
Mr Robert Smith	Clerk	1.1.11			

Key to sub-committees

(Ch) = Chair (VCh) = Vice Chair

A = Audit S = Search & Governance

R = Remuneration Res = Resources

Q= Quality and Performance Monitoring

The Corporation (continued)

- On compassionate grounds the Chair of the Corporation, Mr. James Hedges stood down from the Corporation from 1 March 2013 to 31 August 2013. The College is pleased that following this period he has been able to return to the Corporation.
- For that period the following temporary changes were made:
- Mr Toby Grainger was appointed as Acting Chair of the Corporation, to membership of the Resources Committee (and to be its Vice Chair) and removed from the Audit Committee.
- Mr David Johnston to be acting Vice Chair of the Corporation
- From 1 April 2013 to 31 July 2013 the following temporary changes were in effect:
- Mr David Johnston was appointed to the Remuneration and Appraisal Committee, and
- Mr Toby Grainger was appointed to the Quality and Performance Monitoring Committee.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, which in the year ended 31 July 2013, consisting of five members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

Remuneration and Appraisal Committee

Throughout the year ending 31 July 2013, the College's Remuneration and Appraisal Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior postholders.

Details of remuneration for the year ended 31 July 2013 are set out in note 5 to the financial statements.

Audit Committee

The Audit Committee comprises of three or four members of the Corporation (excluding the Principal and Chair). The committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal and financial statement 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.

Audit Committee (continued)

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

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

The Audit Committee also advises the Corporation on the appointment of internal and financial statement auditors and their remuneration for both audit and non-audit-audit work.

Internal Control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibility assigned to him in the Financial Memorandum between the College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or break-downs 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 it be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Sir George Monoux College for the year ended 31 July 2013 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

Internal Control (continued)

The risk and control framework

The system of internal financial 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 forecast
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines where appropriate

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

Review of effectiveness

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

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

The Principal has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor, and a plan to address 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.

Review of effectiveness (continued)

The senior management team and the audit committee also receive regular reports from internal audit, which include recommendations for improvements. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control.

The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior 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 2013 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2013 by considering documentation from the senior management team and internal audit, including a review of the key risks to the college and a review of the risk management process, and taking account of events since 31 July 2013.

Going Concern

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

Approved by order of the members of the corporation on 10 December and signed on its behalf by:

Signed _____ Signed _____

Date 10/12/13 Date 10/12/13

James Hedges David Ball

Chair Acting Principal

Statement of the Responsibilities of the Members of the Corporation

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

Within the terms of and conditions of the Financial Memorandum agreed between the EFA and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and with the Accounts Direction issued jointly by the Skills Funding Agency and the EFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

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

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

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

Members of the Corporation are responsible for ensuring 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 Skills Funding Agency and EFA are used only in accordance with the Financial Memorandum with the Skills Funding Agency and the EFA and any other conditions that may be prescribed from time to time.

Statement of Responsibilities of the Members of the Corporation 31 July 2013

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 economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the Skills Funding Agency and the EFA are not put at risk.

Approved by order of the members of the corporation on the 10th December 2013 and signed on its behalf by:

Signed_____

Date 10 December 2013

Chair

Independent Auditors' Report to the Corporation of Sir George Monoux College

We have audited the College financial statements ("the financial statements") of Sir George Monoux College for the year ended 31 July 2013 set out on pages 34 to 58. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

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

Respective Responsibilities of the Corporation of Sir George Monoux College and Auditor

As explained more fully in the Statement of the Corporation's responsibilities set out on page 29, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporation; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Corporation Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Independent Auditor's Report to the Corporation of Sir George Monoux College

31 July 2013

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 July 2013 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions.

Opinion on other matters prescribed by the revised Joint Audit Code of Practice (Part 1) issued jointly by the Skills Funding Agency and the EFA and the Audit Code of Practice issued by the Learning and Skills Council

In our opinion:

- proper accounting records have been kept, and
- the financial statements are in agreement with the accounting records.

Buzzacott LLP
Chartered Accountants and
Registered Auditors
130 Wood Street
London
EC2V 6DL

13 December 2013

Independent Auditors' Report on Regularity to the Corporation of Sir George Monoux College ('the Corporation') and the Education Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of Education Funding Agency, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure and income of Sir George Monoux College ('the College') for the year ended 31 July 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Corporation and the Education Funding Agency. Our review work has been undertaken so that we might state to the Corporation and the Education Funding Agency those matters we are required to state to them 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 and the Education Funding Agency, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Members of the Corporation of Sir George Monoux College and Auditors

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

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by the Learning and Skills Council. We report to you whether, in our opinion, in all material respects, the College's expenditure and income for the year ended 31 July 2013 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with the Audit Code of Practice and the Regularity Audit Framework issued by the Learning and Skills Council. Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's income and expenditure.

Opinion

In our opinion, in all material respects the expenditure and income for the year ended 31 July 2013 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Buzzacott LLP
Chartered Accountants and
Registered Auditors
130 Wood Street
London
EC2V 6DL

Income and expenditure account 31 July 2013

	Notes	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Income			
Funding body grants	1	**10,355**	10,432
Tuition fees and education contracts	2	**7**	25
Other income		**183**	154
Investment income	3	**4**	4
Total income		**10,549**	10,615
Expenditure			
Staff costs	4	**7,333**	7,358
Other operating expenses	6	**2,334**	2,508
Interest and other finance costs	7	**171**	197
Depreciation	8	**578**	566
Total expenditure		**10,416**	10,629
Surplus/(deficit) on continuing operations after depreciation of assets at valuation, disposal of assets and tax		**133**	(14)

The income and expenditure account is in respect of continuing activities.

Statement of historical cost surpluses and deficits Year to 31 July 2013

	Notes	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Surplus/(deficit) on continuing operations before taxation		**133**	(14)
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	16	**79**	90
Historical cost surplus for the period before and after taxation		**212**	76

Statement of total recognised gains and losses Year to 31 July 2013

	Notes	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Surplus/ (Deficit) on continuing operations after depreciation of assets at valuation and tax		**133**	(14)
Actuarial loss in respect of pension scheme	23	**220**	(249)
Other reserve movements		**—**	(14)
Total recognised gains /(losses) relating to the period		**353**	(277)

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Reconciliation		
Opening reserves	**5,697**	5,960
Total recognised gains (losses) for the year	**353**	(277)
Closing reserves	**6,050**	5,683

Balance sheet 31 July 2013

	Notes	31 July 2013 £'000	31 July 2012 £'000
Fixed assets			
Tangible assets	8	**12,051**	12,372
Investments	9	**40**	36
		12,091	12,408
Current assets			
Debtors	10	**40**	74
Cash at bank and in hand		**1,306**	1,068
		1,346	1,142
Creditors: amounts falling due within one year	11	**(671)**	(582)
Net current assets		**675**	560
Total assets less current liabilities		**12,766**	12,968
Creditors: amounts falling due after one year	12	**(1,678)**	(1,973)
Provisions for liabilities and charges	14	**(140)**	(210)
Net assets excluding pension liability		**10,498**	10,785
Pension liability	23	**(2,031)**	(2,101)
Net assets		**8,917**	8,684
Deferred capital grants	15	**2,877**	3,001
Restricted reserve		**40**	36
Income and expenditure account excluding pension reserve		**4,248**	3,886
Pension reserve	23	**(2,031)**	(2,101)
Income and expenditure account including pension reserve	17	**2,217**	1,785
Revaluation reserve	16	**3,783**	3,862
Total reserves		**6,040**	5,683
TOTAL		**8,917**	8,684

The financial statements on pages 34 to 58 were approved by the corporation on 10 December 2013 and were signed on its behalf by:

Chair of the Corporation

Acting Principal

Cash flow statement 31 July 2013

	Notes	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Cash inflow from operating activities	18	**849**	330
Returns on investments and servicing of finance	19	**(106)**	(119)
Capital expenditure and financial investment	20	**(257)**	(307)
Financing	21	**(248)**	(235)
Decrease in cash in the period		**238**	(331)

Reconciliation of net cash flow to movement in net debt.

Decrease in cash in the period	**238**	(331)
Repayment of amounts borrowed	**248**	235
Movement in net debt in the period	**486**	(96)
Net debt at 1 August	**(1,048)**	(952)
Net debt at 31 July	**(562)**	(1,048)

Principal accounting policies 31 July 2013

Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting in Further and Higher Education 2007 (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency and the EFA in the 2012/13 Accounts Direction Handbook.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Recognition of income

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element is normally adjusted for in year and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end. Employer Responsive funding is receivable based on latest ILR returns in respect of the current financial year, but subject to consideration of the College's performance relative to maximum contract values. 16-18 learner responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from funding bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

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 grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

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

Expenditure categorisation

The subcategories of expenditure have been modified to bring them into line with funding body categorisation.

Post retirement benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the London Borough of Waltham Forest Pension Fund (LBWFPF). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS).

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is substantially a level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a perspective benefit method. As stated in note 23 the TPS is a multi employer scheme and the College is unable to identify its share of the assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LBWFPF are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Enhanced Pensions

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

Tangible Fixed Assets

Land and Buildings

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

Refurbishment works that improve the value of the buildings are included in the balance sheet at cost less accumulated depreciation. Freehold land is not depreciated. Freehold buildings are depreciated on a straight-line basis over their expected useful life of up to 50 years. Where building refurbishments are undertaken with the aid of specific grants, they are capitalised and depreciated as above.

Tangible Fixed Assets (continued)

Land and Buildings (continued)

The related grants are credited to a deferred capital grant account and are released to the income and expenditure financial statement over the useful expected 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.

On adoption of the FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. Equipment costing more than £1,000 is capitalised at cost. Equipment is depreciated on a straight-line basis over its expected life, which for computer equipment is 3 years, and for other equipment up to 8 years. Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy; the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful life of the related equipment.

Subsequent expenditure on existing fixed assets

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

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

Maintenance of Premises

The cost of all corrective maintenance is charged to the income and expenditure account in the accounting period in which it occurs. It will be evident from the Members Report that there is a commitment to planned maintenance and improvements to the premises generally.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

Liquid resources

Liquid resources include sums on short term deposits with recognised banks, building societies and government securities.

Provisions

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

Agency Arrangements

The College acts as an agent in the collection and payment of Bursary Funds. Related payments received from the EFA or its successor organisations and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 29 except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs two members of staff dedicated to the administration of Bursary applications and payments.

1 Funding body grants

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Funding body grant	**10,233**	10,187
Release of deferred capital grants (note 15)	**122**	122
Aim Higher	**—**	14
Other	**—**	109
	10,355	10,432

2 Tuition fees and education contracts

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Educational contracts		
Other education contracts	**7**	25
	7	25

3 Investment income

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Other interest receivable	**4**	4

4 Staff costs

The average monthly number of persons employed by the College (including senior post holders) during the year, expressed as full-time equivalents, was:

	Year ended 31 July 2012	Year ended 31 July 2011
Teaching staff	**92**	92
Non teaching staff	**63**	60
	155	152

4 Staff costs (continued)

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Staff costs for the above persons:		
Wages and salaries	**5,543**	5,619
Social security costs	**454**	407
Other pension costs (including FRS 17 adjustment of £89,000 (2012 £72,000))	**553**	509
	6,550	6,535
Contracted out staffing services	**783**	823
	7,333	7,358

The number of staff, including senior post-holders and the principal, who received emoluments in the following ranges was:

	Year ended 31 July 2013	Year ended 31 July 2012	Year ended 31 July 2013	Year ended 31 July 2012
	Number of senior post-holders	Number of senior post-holders	**Other staff**	Other staff
£60,001 - £70,000	**1**	—	**—**	—
£70,001 - £80,000	**—**	1	**2**	2
£80,001 - £90,000	**1**	1	**—**	—
£120,001 - £130,000	**1**	1	**—**	—
	3	3	**2**	2

5 Senior post-holders' emoluments

	2013	2012
The number of senior post-holders including the principal was:	**3**	3
Senior post-holders' emoluments are made up as follows:	**£**	£
Salaries	**240,215**	260,194
Pension contributions	**28,770**	21,865
Total emoluments	**268,985**	282,059

5 Senior post-holders' emoluments (continued)

The above emoluments include amounts payable to the Principal (who is also the highest paid senior post-holder) of:

	Year ended 31 July 2013 £	Year ended 31 July 2012 £
Salary	**108,565**	105,231
Pension contributions	**15,308**	14,838

The pension contributions in respect of the Principal and senior post holders are in respect of the employer's contributions to the Teachers Superannuation Scheme or the Local Government Pension Scheme and are paid at the same rate as for other employees.

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

Senior post-holders, including the Principal and other higher paid staff, received no cost of living increase.

6 Other operating expenses

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Teaching costs	**580**	661
Non teaching costs	**1,164**	1,086
Premises costs	**590**	761
Total	**2,334**	2,508
Other operating expenses include:		
Auditors' remuneration:		
. External audit	**14**	14
. Internal audit	**16**	16
. Other services provided by the financial statement auditors	**5**	4
. Other services provided by the internal auditors	**—**	5

7 Interest payable

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than 5 years	**110**	123
Pension finance costs	**61**	74
	171	197

8 Tangible fixed assets

	Freehold £'000	Equipment £'000	**Total £'000**
Cost or valuation			
At 1 August 2012	16,770	1,308	**18,078**
Additions	—	257	**257**
Disposals	—	(247)	**(247)**
At 31 July 2013	16,770	1,318	**18,088**
Depreciation			
At 1 August 2012	5,060	646	**5,706**
Charge for year	433	145	**578**
Disposals	—	(247)	**(247)**
At 31 July 2013	5,493	544	**6,037**
Net book values			
At 31 July 2013	11,277	774	**12,051**
Net book values			
At 31 July 2012	11,710	662	12,372

The transitional rules set in FRS 15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly, the book values at incorporation have been retained.

Inherited land and buildings were valued at 1/4/93 for the purpose of the 1994 financial statements at depreciated replacement cost by the District Valuer/Valuation Officer for Redbridge. Other tangible fixed assets inherited from the local education authority at incorporation were valued by the Corporation based on specifically identified asset purchase costs.

Land and buildings with a net book value of £3,783,756 have been financed by exchequer funds, through for example the receipt of capital funds. Should these assets be sold, the College would either have to surrender the sale proceeds or use them in accordance with the financial memorandum.

9 Investments

	31 July 2013 £'000	31 July 2012 £'000
Balance at 1 August 2012	**36**	35
Appreciation on revaluation	**4**	1
Balance at 31 July 2013	**40**	36

The investment is in the Charities Official Investment Fund.

10 Debtors

Due within one year	31 July 2013 £'000	31 July 2012 £'000
Trade debtors	**18**	57
Prepayments and accrued income	**22**	17
	40	74

11 Creditors: amounts falling due within one year

	31 July 2013 £'000	31 July 2012 £'000
Bank loans and overdrafts	**260**	248
Trade creditors	**36**	48
Other creditors	**4**	5
Accruals and deferred income	**371**	281
	671	582

12 Creditors: amounts falling due after one year

	31 July 2013 £'000	31 July 2012 £'000
Accruals	**70**	105
Bank loans	**1,608**	1,868
	1,678	1,973

13 Borrowings

	31 July 2013 £'000	31 July 2012 £'000
Due within:		
One year	**261**	248
Between one and two years	**274**	261
Between two and five years	**897**	867
In more than five years	**436**	740
	1,868	2,116
Represented by		
Floating rate loan at 6.60515% repayable by instalments falling due between 1 August 2003 and 31 December 2017. Interest is charged at 1% above the base rate.	**236**	284
Fixed rate loan at 6.1% repayable in equal quarterly instalments from 4 January 2005 to 2 January 2020	**1,632**	1,832
	1,868	2,116

14 Provisions for liabilities and charge

	£'000
At 1 August 2012	**210**
Released in period	**(70)**
At 31 July 2013	**140**

The enhanced pension provision relates to the cost of staff who have already left the College's employment. There is a doubt about the nature, quantum and validity of these liabilities. The College has reviewed the situation and decided that it is prudent to release this provision over a period of 5 years.

15 Deferred capital grants

	Funding Council £'000	Other £'000	Total £'000
At 31 July 2012	2,943	58	**3,001**
Capital grant received	—	1	**1**
Released to income and expenditure account (note 1)	(122)	(3)	**(125)**
Total as at 31 July 2013	2,821	56	**2,877**

16 Revaluation reserve

	31 July 2013 £'000	31 July 2012 £'000
At 1 August 2012	**3,862**	3,952
Transfer from revaluation reserve to general reserve in respect of:		
Depreciation on revalued assets	**(79)**	(90)
At 31 July 2013	**3,783**	3,862

17 Movement on general reserves

	31 July 2013 £'000	31 July 2012 £'000
At 1 August 2012	**1,785**	1,958
Surplus on containing operations after depreciation	**133**	(14)
Transfer from revaluation reserve	**79**	90
Actuarial loss in respect of pension scheme	**220**	(249)
Pension past service gain		
At 31 July 2013	**2,217**	1,785
Balances represented by:		
Pension reserve	**(2,031)**	(2,101)
Income and expenditure reserve excluding pension reserve	**4,248**	3,886
	2,217	1,785

18 Reconciliation of operating surplus to net cash inflow from operating activities

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Surplus on continuing operations after depreciation of assets at valuation	**133**	(14)
Depreciation (note 8)	**578**	566
Deferred capital grant released to income (note 15)	**(125)**	(124)
Capital grants received (note 15)	**1**	60
Pension costs less contributions payable	**89**	72
Decrease/ (Increase) in debtors	**34**	(65)
Increase (decrease) in creditors	**42**	(288)
Decrease in provisions	**(70)**	(70)
Interest receivable	**(4)**	(4)
Interest payable	**171**	197
Net cash inflow from operating activities	**849**	330

19 Returns on Investments and servicing of finance

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Other interest received	**4**	4
Interest paid	**(110)**	(123)
Net cash outflow from returns on investment and servicing of finance	**(106)**	(119)

20 Capital expenditure and financial investment

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Purchase of other tangible fixed assets	**(257)**	(307)
Net cash outflow from capital expenditure and financial investment	**(257)**	(307)

21 Management of liquid resources

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Repayment of amounts borrowed	**(248)**	(235)
Net cash outflow from management of liquid resources	**(248)**	(235)

22 Analysis of changes in net debt

	At 1 August 2012 £'000	Cash flows £'000	**At 31 July 2013 £'000**
Cash at bank and in hand	1,068	238	**1,306**
Debt due within one year	(248)	(13)	**(261)**
Debt due in more than one year	(1,868)	261	**(1,607)**
Total	(1,048)	486	**(562)**

23 Pensions and similar obligations

The College's employees belong to two principal pension schemes, the Teachers' Pensions Scheme for academic and related staff and the Local Government Pension Scheme (LGPS) for non-teaching staff which is managed by London Borough of Waltham Forest. Both are defined-benefit schemes.

Total pension scheme cost for the year

		2012/13 £'000		2011/12 £'000
Teachers Pension Scheme: contributions paid		**406**		453
Local Government Pension Scheme:				
. Contributions paid	**181**		107	
. FRS 17 charge	**89**		72	
. charge to the income and expenditure account (staff costs)		**270**		179
Enhanced pension released:				
. from provisions (note 14)		**(70)**		(70)
. from creditors		**(53)**		(53)
Total pension costs for the year		**553**		509

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 04 and of the LGPS was 31 March 2007.

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

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

23 Pensions and similar obligations (continued)

Teachers' Pension Scheme (continued)

The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension 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.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

23 Pensions and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

Scheme Changes

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

The Proposed Final Agreement can be found at:

http://media.education.gov.uk/assets/files/ppt/t/tps%20proposed%20final%20agreement.pdf

The pension costs paid to TPS in the year amounted to £406,000 (2012: £453,000)

FRS 17

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out below the information available on the deficit in the scheme and the implications for the College in terms of the anticipated contribution rates.

23 Pensions and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2013 was £181,000 of which employers' contributions totalled £116,000 and employees' contributions totalled £71,000. The agreed contribution rates for future years are 9.9% for employers and range from 5.5% to 7.5% for employees, depending on salary.

FRS 17

The following information is based upon a full actuarial valuation of the Fund at 31 March 2007 updated to 31 July 2013 by a qualified independent actuary.

Principal Actuarial Assumptions	**As at 31 July 2013**	As at 31 July 2012
Rate of inflation (CPI)	**2.4%**	2.20%
Rate of increase in salaries	**3.9%**	3.70%
Rate of increase for pensions	**2.4%**	2.20%
Discount rate for scheme liabilities	**4.6%**	4.50%
Commutation of pensions to lump sums	**50%**	50%

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

	At 31 July 2013	At 31 July 2012
Retiring today		
Males	**21.8**	21.7
Females	**24.6**	24.5
Retiring in 20 years		
Males	**23.6**	23.5
Females	**26.5**	26.4

23 Pensions and similar obligations (continued)

Local Government Pension Scheme (continued)

FRS 17 (continued)

The assets in the scheme (of which the College's share is estimated at 0.41%) and the expected rates of return were:

	Long-term rate of return expected at 31 July13	**Value at 31 July 2013 £'000**	Long-term rate of return expected at 31 July 12	Value at 31 July 2012 £'000
Equities	**7.0%**	**2,027**	7.0%	2,006
Other Bonds	**4.3%**	**728**	3.4%	365
Property	**5.7%**	**158**	6.0%	129
Other	**7.0%**	**253**	7.0%	72
Total Market Value of assets		**3,166**		2,572

	As at 31 July 2013 £'000	As at 31 July 2012 £'000	As at 31 July 2011 £'000	As at 31 July 2010 £'000	As at 31 July 2009 £'000
Present values of scheme liabilities	**(5,197)**	(4,673)	(4,100)	(3,511)	(3,018)
Deficit in the scheme	**(2,031)**	(2,101)	(1,706)	(1,612)	(1,613)

Analysis of the amount charged to income and expenditure account

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Employer service cost (net of employee contributions)	**199**	179
Total operating charge	**199**	179

23 Pensions and similar obligations (continued)

Local Government Pension Scheme (continued)

FRS 17 (continued)

Analysis of pension finance income/ (costs)

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Expected return on pension scheme assets	**154**	149
Interest on pension liabilities	**(215)**	(223)
Pension finance costs	**(61)**	(74)

Amount recognised in the statement of total recognised gains and losses (STRGL)

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Actual return less expected return on pension scheme assets	**326**	(103)
Change in financial and demographic assumptions underlying the scheme liabilities	**(106)**	(146)
Actuarial gain (loss) recognised in STRGL	**220**	(249)

Movement in deficit during year

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Deficit in scheme at 1 August	**(2,101)**	(1,706)
Movement in year:		
. Employer service cost (net of employee contributions)	**(199)**	(179)
. Employer contributions	**110**	107
. Net interest / return on assets	**(61)**	(74)
. Actuarial gain (loss)	**220**	(249)
Deficit in scheme at 31 July	**(2,031)**	(2,101)

23 Pensions and similar obligations (continued)

Local Government Pension Scheme (continued)

Asset and liability reconciliation

	2013 £'000	2012 £'000
Liabilities at start of period	**4,673**	4,100
Service cost	**199**	179
Interest cost	**215**	223
Employee contributions	**71**	69
Actuarial loss	**106**	146
Benefits paid/transfers paid	**(67)**	(44)
Liabilities at end of period	**5,197**	4,673

Reconciliation of assets

Assets at start of period	**2,572**	2,394
Expected return on assets	**154**	149
Actuarial gain (loss)	**326**	(103)
Employer contributions	**110**	107
Employee contributions	**71**	69
Benefits paid/transfers paid	**(67)**	(44)
Assets at end of period	**3,166**	2,572

The estimated value of employer contributions for the year ended 31 July 2014 is £163,000.

Deficit contributions

The College has entered into an agreement with the LGPS to make additional contributions of £43,000- £53,000 per annum in addition to normal funding levels until the next full valuation at which point the situation will be reviewed again.

History of experience gains and losses

	2013	2012	2011	2010	2009	2008
Difference between the expected and actual return on assets:	**326**	(103)	170	270	277	227
% of scheme assets	**10.3%**	(4.3%)	7.1%	14.2%	19.7%	16.6%
Experience gains and losses on scheme liabilities:	**—**	—	(167)	—	—	202
% of scheme liabilities	**0.0%**	0.0%	4.1%	0.0%	0.0%	6.9%
Total amount recognised in STRGL	**220**	(249)	(130)	122	48	740
% of scheme liabilities	**4.2%**	3.2%	3.2%	3.2%	1.6%	25.4%

24 Post Balance Sheet Events

The Principal, Paolo Ramella, is away from the College and the Corporation have appointed David Ball as Acting Principal until he returns.

25 Capital Commitments

There were no capital commitments at the year end (2012 – commitments of £68,000).

26 Financial Commitments

At 31 July 2013 the College had annual commitments under non – cancellable operating leases as follows:

	31 July 2013 £'000	31 July 2012 £'000
Equipment		
Expiring within two and five years inclusive	**62**	62

27 Restricted Reserves

The College holds funds that have not been contributed to from public money. These funds have traditionally been the result of fund raising, but have more recently been added to thanks to the generosity of the Drapers' Guild. The College Corporation have specified that these funds must only be utilised for the support of student educational visits.

The capital base of the Rothery Bequest is described in note 9. Revenue generated by the fund within the framework of the will.

28 Related Party Transactions

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

Transactions with the funding body are detailed in notes 1, 15 and 29.

29 Amounts disbursed as agent

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Funding body grants	**413**	278
Administration fess	**(17)**	(14)
	396	264
Disbursed to students	**(348)**	(271)
Balance unspent at 31 July	**48**	(7)

Funding body grants are available solely for students; the college acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure account.