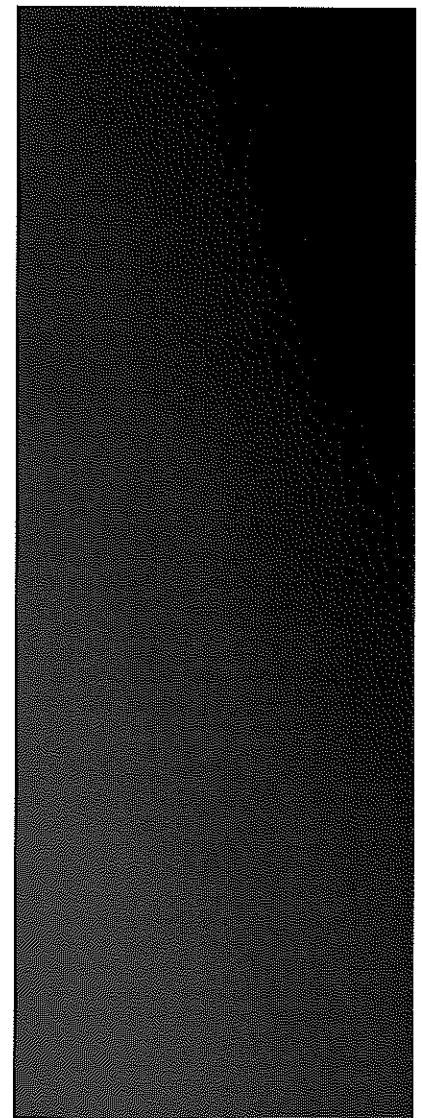


Report and Financial Statements

31 July 2017



“The mission of Sir George Monoux Sixth Form College is to propel young people to develop the skills and personality that will bring success in future employment.”

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the Corporation and as members of the College Senior Leadership Team and the latter of which were represented by the following in 2016/17:

David Vasse – Principal and Accounting Officer (from 1.9.16)

David Ball – Vice Principal – Corporate Services (Interim Principal until 31.8.16)

Holly Bembridge – Vice Principal Curriculum

Louis Strover – Assistant Principal (until 22.2.17)

Yaseen Akhtar – Assistant Principal Student Services (until 30.6.17)

Board of Governors

A full list of Governors is given on page 25 of these financial statements.

Mr R Smith acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

MHA MacIntyre Hudson
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Internal auditors:

MHA MacIntyre Hudson
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Bankers:

Lloyds Bank PLC
Gresham Street
London
EC2V 7HN

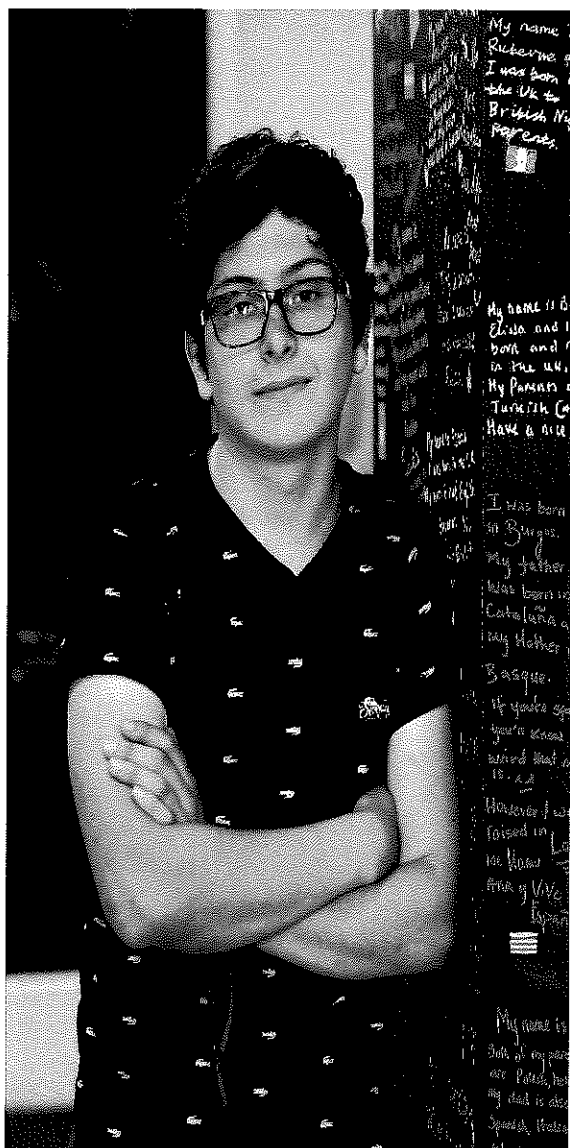
Solicitors:

Birketts
Station Road
Cambridge
CB1 2RE

Insurance

Zurich Municipal
2 Gladiator Way
Farnborough
GU14 6GB

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Members' Report

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2017.

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 part 3 the Charities Act 2011.

Mission

"The mission of Sir George Monoux Sixth Form College is to propel young people to develop the skills and personality that will bring success in future employment."

Our mission is cultural and is concerned with providing not only highly enriched and personalised academic pathways but also a learning environment that develops students' sense of self, through self-determination, personal targets, ambition, wellness, self-confidence and citizenship.

Our mission demands that those who work in our college have an uncompromising determination to foster trusting relationships with students, based upon empathy and positivity.

By September 2017, the key aspects of our plan were in place. Students were enrolled onto Learning Pathways, supported by staff in specialist mentoring roles and taught by staff with a consistent and positive approach. From September 2017, our timetable had changed and our structure evolved to suit the Learning Pathway aims.

By 2020, Sir George Monoux Sixth Form College will be a high performing college, known for the coherent and enriched nature of teaching and learning. Students will be confident in making powerful choices about their lives, learning and careers. Throughout the college, at any point in the day, we will hear positive language.

Public Benefit

Sir George Monoux College is an exempt charity under part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed on page 25.

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

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

- ◆ High-quality teaching;
- ◆ Widening participation and tackling social exclusion;
- ◆ The College is government funded and hence tuition fees are not a barrier to participation;
- ◆ High progression rates to Higher Education;

Members' Report

- ◆ Excellent employment rates for students;
- ◆ Strong student support systems, and
- ◆ Links with employers, industry and commerce.

Implementation of the Strategic Plan

Identifying the significant need for speedy improvement following the grade 3, "requires improvement" Ofsted inspection in February 2016 and the lower numbers of students recruited, the Principal and the Governors agreed that a new strategic plan was required. This was drafted following extensive input from students and staff. It was agreed at the Corporation meeting on 28 January 2017.

The College's specific objectives for 2016/17 (which were set under the previous strategic plan) and achievement of those objectives is addressed below.

Performance indicators

Academic targets:

Success rates rose to 81% in 2015/16, still below the College's targets and sector benchmarks. Despite some areas of continuing good performance overall this was an unacceptable outcome for the students who attended the College. In 2016/17 the rate rose to 84%. Significant advances were made in many areas and, in particular, BTEC courses showed a high level of improvement.

Retention did not meet the target of 95%.

Progression to Higher Education, including to Russell Group Universities, was on target. In 2015/16 542 students were made offers at university (90% of those that applied). One hundred of the offers were from Russell Group universities.



Members' Report

The College fell from outstanding to good financial health, though the score was at the very top of this grade.

The College recruited 1,712 students, significantly less than it was funded for. This was planned to ensure that quality education was delivered to all students at the College.

The surplus exceeded the target of 0.5% of income, before allowing for exceptional items in the year;

Cash flow from operating activities was positive;

Payroll costs at 69% were below the target of 70%, and

Solvency was maintained at an efficient level.

FINANCIAL POSITION

Financial results

The College generated an operating deficit in the year of £185,000 (after £210,000 of FRS 102 28 related pension costs) (2015/16 – deficit of £233,000).

The College has accumulated reserves of £5.039 million (after pension fund deficit of £3.347 million) and cash balances of £1.711 million. The College aims to make surpluses before FRS 102 28 costs of at least 0.5% of income.

Tangible fixed asset additions during the year amounted to £210,000. The majority of the additions were improvements or upgrades to the IT infrastructure.

The College has significant reliance on the education sector funding body for its principal funding source, largely from recurrent grants. In 2016/17 the funding body provided 99% of the College's total income.

The College recruited 1,712 students in summer 2016, using a more sophisticated risk based approach to ensure that students were recruited to courses where there was a reasonable chance of success.

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 Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year this margin was comfortably exceeded.

Cash flows

At £521,000 inflow (2015/16 £563,000 inflow), operating cash inflow was strong. The net cash flow was an inflow of £9,000.

Members' Report

Liquidity

The College has one loan that was taken out to fund the construction of new buildings in 2004. This fixed rate loan had £704,283 outstanding at the year end.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2016 to 31 July 2017, the College has aimed to pay all of its undisputed invoices within 30 days. Over 99.7% of all invoices (by value) were paid within 30 days, those that weren't were due to billing errors by the supplier. The College incurred no interest charges in 2016/17.

Reserves

The College has no formal Reserves Policy, but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business. The College forecasts its financial performance for two years in advance every year as part of its planning process. The College currently holds £51,000 of restricted reserves. As at the Balance Sheet date the Income and Expenditure account reserve stood at £1,425,000 (2016: £188,000).

The College has accumulated reserves of £8.163 million (£5.039 million after pension fund deficit of £3.124 million) and cash balances of £1.711 million. The College aims to make surpluses before FRS 102 28 pension adjustments.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2016/17 the College has delivered activity that has produced £8,727,000 in funding body main allocation funding (2015/16 – £10,630,000). The College had 1,712 funding body funded students.

The number of student enrolments has been reduced in 2016/17 due to planned changes in entry requirements. The College has moved to a risk based approach to ensure that students are enrolled on programs that are consistent with their abilities and ambitions. Stronger use of diagnostic tools and individual learner support will be used to improve the quality of outcomes for young people.

Student achievements

Achievement rates increased to 81% in 2015/16. This improved to 84% in 2016/17.

College Management

David Vasse took up the post of Principal from 1st September 2016.

Following the planned lower levels of student recruitment the College focused on improving the student experience. A new strategic plan was drawn up and agreed. In order to realign the College's future expenditure with income a restructuring program was run in the Easter term. This was successfully completed in time for recruitment to the new Pathway Leader posts for the new academic year.

The College management and the Corporation are sure that the College is well placed to continue, and accelerate, its improvement whilst remaining financially viable.

Members' Report

Ofsted

The College was inspected in February 2016. The overall conclusions were:

Effectiveness of leadership and management	Requires improvement
Quality of teaching, learning and assessment	Requires improvement
Personal development, behaviour and welfare	Requires improvement
Outcomes for learners	Requires improvement
16 to 19 study programmes	Requires improvement
Overall effectiveness at previous inspection	Good

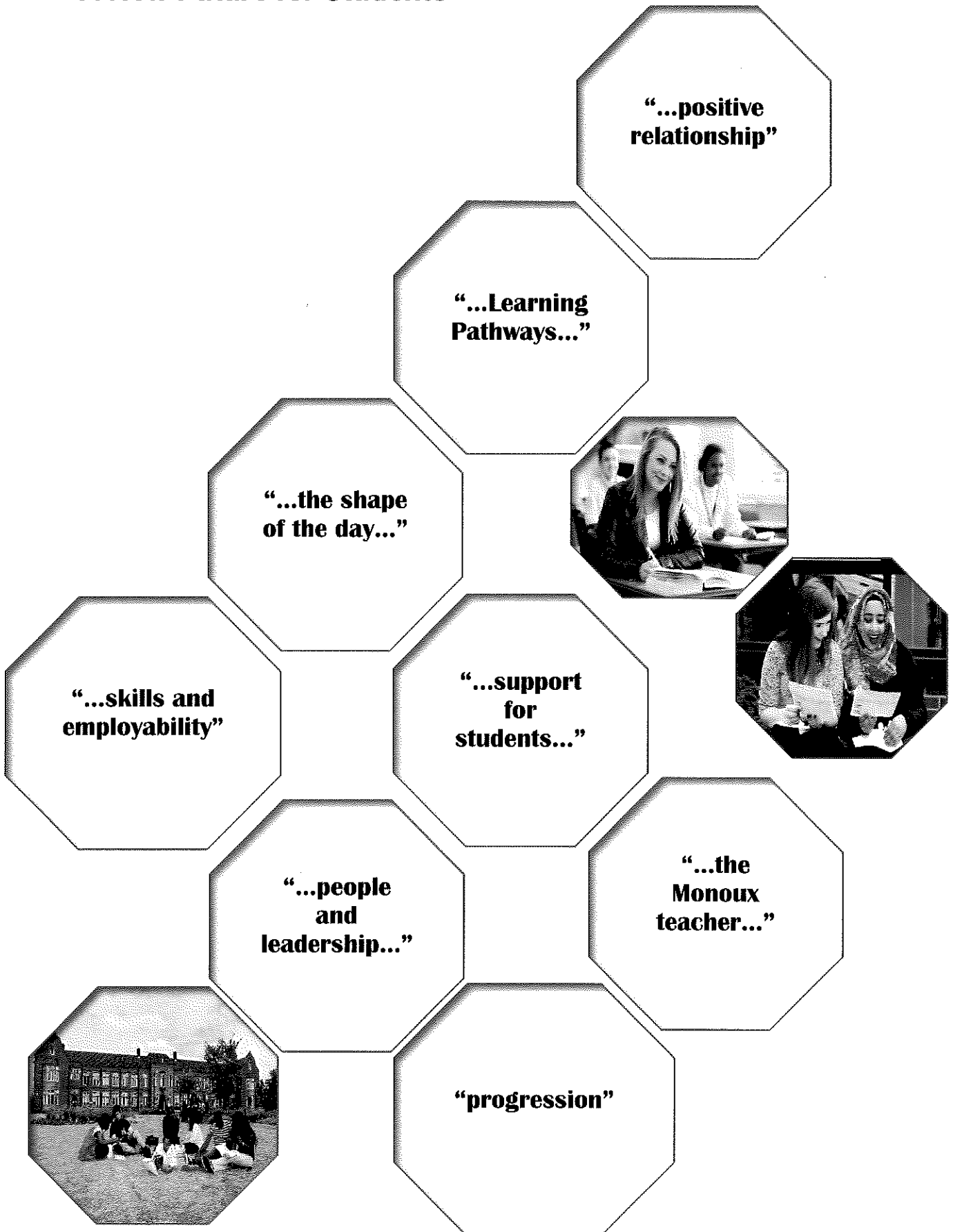
The College required improvement because:

- Leaders and managers have not maintained the good quality of provision and outcomes seen at the previous inspection.
- Teaching and learning are not consistently good to ensure that students of all abilities make the progress of which they are capable.
- Teachers do not plan activities and resources well enough to meet students' different abilities; students' targets are not always challenging enough and feedback on their work does not always identify what they need to do to improve.
- Not enough students achieved their main qualifications over the last two years and not enough make the progress expected, compared with their previous attainment.
- Students' achievement of qualifications in English and mathematics is too low and rates of improvement are too slow, especially in mathematics.
- Attendance rates remain too low, particularly in foundation level English and mathematics; a significant minority of students have poor attendance and arrive late to lessons.

The College has these strengths:

- The vast majority of students complete their courses and a very high proportion progress to higher education, often at prestigious universities.
- Students develop a good knowledge of different career and employment routes and understand the skills and attitudes required to be successful in later life.
- College staff promote equality and diversity well and students demonstrate a good understanding of British values and are respectful of each other's differences.
- High-quality support services help students gain self-confidence and enable them to develop into mature, independent young adults who make a valuable contribution to college life.
- Students feel very safe at college and develop a very good understanding of how to keep themselves safe from a broad range of potential risks to their safety and well-being.
- The new senior leadership team and governors have a clear and realistic understanding of the strengths and weaknesses across the provision; this is leading to well-targeted actions to secure improvement.

A New Future for Students



Members' Report

Curriculum developments

Learners and demography – our recruitment focus

- Key elements of the Strategic Plan will be marketed as unique and compelling reasons to choose to enrol at Sir George Monoux Sixth Form College. They are intended to be attractive to learners who want highly structured and consistent approaches to teaching, learning and assessment, who want a strong focus on skills development, who are academically ambitious and who want to exercise choice about personal development. We must be aware of the perspective of students who often need to travel relatively long distances to come to the college and who want an efficiently organised timetable around which other interests and responsibilities can be accommodated. How the college supports learners and the relationships that underpin the community will also be key attractions of Sir George Monoux College. The Strategic Plan outlines all of these elements.
- Our marketing, recruitment and liaison strategy will focus on:
 - The branding and characteristics of our six Learning Pathways.
 - Building a relationship with applicants (via interviews, pre-enrolment on-line support, peer support from current students for applicants and school liaison activities from Year 6 to Year 11). We will transform the experience of students at interview so that applicants are able to understand our pathways and our emphasis on skills.
 - Promotion of teaching, learning & assessment methods at college, to ease concerns regarding the transition from school to college (e.g. through reference to our membership of PiXL6).
 - The shape of the college week (see below) as a unique offer in east London.
 - The Sir George Monoux Sixth Form College Gifted and Talented Academy.
 - Meeting the needs of parents.
 - Level 2 to Level 3 progression. The college will continue to enrol students onto a Level 2 programme who have not thrived on an e-Baccalaureate Key Stage 4 curriculum but who have undoubted potential to perform well at Level 3 by remaining at college for 3 years.
 - More in-depth understanding of the socio-economic background of applicants, rather than ethnicity, and the professional profile of parents, in order to tune our marketing to the support needs and family context of young people.
- From September 2017 our website had been transformed in order that potential applicants can discover our curriculum, including through a self-evaluation tool that will help applicants understand which pathway may be most appropriate for them, as well as providing a more comprehensive outline of services and opportunities provided by the college. We will capture learner and alumni stories.
- We will target an increase in enrolments from Waltham Forest schools and academies. Our strategic developments will make the college more attractive to students in the borough.
- A projected 9% increase in the school age population of Waltham Forest will not have a significant bearing on college enrolments until 2021.
- The college will be ambitious in its marketing activity in Haringey, from where significant numbers of students are enrolled but which is set to be a more competitive market with the establishment of new 16-19 academy provision and the marketing power of larger (i.e. merged) FE colleges.

Members' Report

Six Learning Pathways

- The transition to a more globally competitive, technology-driven, flexible economy will require our students to have portable skills and capabilities. In turn, it is important that advice, guidance and choice about post-16 study is focused both on career readiness and on the skill sets that the world of work will require. Sixth form education will remain generalist - in the sense of developing common, portable skills.
- Sir George Monoux Sixth Form College has, therefore, designed its curriculum in the shape of 6 Learning Pathways from September 2017. Pre-enrolment diagnosis of aptitudes and skills preferences, an understanding of what energises a student and an appreciation of gaps in a student's skill set will be used to design a learning programme within one of the 6 pathways.
- A greatly enhanced focus on purpose, direction and employability will have a significant bearing on students' motivation to study and will give greater coherence and relevance to enrichment activities. Pathways are designed to have a framework of characteristics and features that can be developed over time. The framework will promote consistency and an appropriate level of competition between pathways. These characteristics and features of a Learning Pathway include:
 - Qualifications/courses providing progression in the pathway
 - Career and organisational links
 - Opportunities, trips, visits
 - Specialist progression guidance
 - English and mathematics taught in context
 - The chance to study an Extended Project (EPQ) in related field
 - Work experience and employer links
 - HE links appropriate to the pathway
 - App/web page links
 - On-line component to learning
 - Pathway publication and bulletin
- Pathways will be branded for internal and external promotion and will form the basis of all information, advice and guidance. In September 2017, new starters and continuing students alike will be enrolled onto a pathway.
- There will be six learning pathways:
 1. Creative
 2. Science and Health
 3. Enterprise and Management
 4. Digital
 5. Society and Culture
 6. Legal and Finance



1. **“Create the Future”** – a pathway for students seeking to develop creative skills and work in creative industries.
2. **“Science for a New Generation”** – a pathway for those interested in the role that science and good health can play in the world.
3. **“Make Your Way in Business”** – a pathway for students interested in enterprise and management and its application across a broad range of employment sectors.
4. **“The Future is Digital”** – for students wishing to develop the skills to work within the world of digital applications and information technology.
5. **“Academic Communities for the 21st Century”** – a pathway that provides an understanding of our global society and leads to careers focused on the work of communities and organisations.
6. **“Think Success”** – a pathway for students seeking to develop the skills to work in finance and law and related employment sectors.

Members' Report

The shape of the day and the College timetable

- A critical strategy in the promotion of high quality and innovative education is the decision to radically alter the shape of the college day at Sir George Monoux Sixth Form College. The primary driver is to increase motivation and readiness to learn. The key features of the timetable will be a 10.00am start to classroom-based teaching and a move to a 2-block-per-day timetable. Contact hours per block will not change.
- The decision to start timetabled lessons at 10.00am will benefit students who need to commute over long or complex routes in order to arrive at college or who have domestic carer responsibilities. More generally, the later start time is expected to improve the physical and mental health of our students, optimise their readiness to learn in the classroom and facilitate a more communal approach to the start of the working day, for students and staff alike. Between 9.00am and 10.00am there will be a focus for students on nutrition, exercise, well-being, mentoring, independent study, enrichment and meetings of student-led societies. For staff, a focus on collaboration, training, planning. The timetable affords increased opportunities for flexible work patterns.
- The timetable will consist of 5 teaching blocks (compared to 6 at present), spread across the week as a morning session and an afternoon session per block. The morning session will include 2.5 hours' teaching and the afternoon session will include 2 hours' teaching. A key impact will be to optimise our use of the campus. Classrooms will be more fully utilised and there will be significantly less pressure on social and study spaces.
- Full-time staff will teach across the 5 block timetable, which is a 22.5 hour commitment per week. This allows a further 1 hour per week to flexibly support students and their study, progression and enrichment needs.

Teaching and learning culture:

The Monoux Teacher

We will articulate a stronger vision of the expected characteristics of teaching at the college. Under the umbrella of "The Monoux Teacher" and linked to the broad teaching standards that we already use to inform policy and training, we will strive for consistent and well-understood tools for classroom practice. These will be the specific practices, some in line with our membership of the PiXL6 organisation, which we expect of all our teachers as standard, in order that students do not have a variable, confused or unreliable experience of teaching and in order that all teachers maintain contact with cutting edge pedagogy. For example:

- The use of Bloom's Taxonomy to plan teaching, learning and skills acquisition
- The use of SOLO Taxonomy to structure stretch and challenge in lessons
- The Think-Pair-Share routine to facilitate deeper thinking in lessons
- Improving students' oracy routinely in lessons
- The use of "flipped learning" through which students work constructively on content outside of lessons and use time in lessons to apply content using higher order thinking skills and through students' active participation in problem-solving
- Increased prevalence of research in learning
- Coaching methods used by teachers to engender stronger student ownership of learning
- Effective approaches to embedding British Values into teaching and learning
- Contextualised approaches to improving students' literacy and numeracy
- Use of Personalised Learning Checklists with students through a routine of Diagnosis-Therapy-Testing
- Use of fine grading and professional predictions in monitoring the progress of learners
- Systematic use of group profiles to plan differentiated learning
- Teaching of employability skills in the classroom, supported by teachers' professional updating each year

Members' Report



We will be skilful in understanding the effectiveness and impact of teachers and teams, with a particular focus on the **accuracy of teachers' in-year predictions** of students' achievements as this is fundamental evidence of how well a teacher understands their students and the basis for effective planning.

We will also prioritise the need for full compliance with BTEC regulations and successful preparation for the changing specifications for A Levels and GCSE.

Positive relationships with our students

We will foster strong and positive relationships with students and a climate within which this can be sustained. The key characteristics of our relationship with students will be the enthusiasm to connect and the skill to promote well-being. Our approaches to working with students will prioritise:

- Ensuring that students would describe staff as reliable.
- Dedicating time to require students to reflect on their study and thinking skills.
- Acknowledging the importance of positive peer relationships. Teaching positive actions.
- Giving meaningful and timely feedback.
- Fostering a sense of purpose and direction.

We will shift our approach to securing positive engagement with students from a crowded platform of rules and regulations to a memorable and highly positive choice of ground rules that appeal to students to help build our community:

1. Build **POSITIVE** relationships
2. **PLAN** to be a success
3. **PROTECT** yourself and others from harm

Members' Report

We will quickly start to recognise students' engagement through a 'Star Student of the Day' to be acknowledged through our campus-wide TV screens. We believe that positive communications with parents are important.

To model professional behaviour, raise aspirations and make clear the difference between school and college, we will want all students to address teachers by their first names.

Study skills, literacy, numeracy and employability:

Embedded into each learning pathway, we will teach the critical skills required for successful progression, ultimately to employment. These critical skills are defined as:

- Academic study skills (organisational, thinking and investigative). The development of study skills will be clearly integrated into schemes of work and into personal learning checklists. We will use a framework of study skills which will be adapted to each pathway.
- Employability skills. We will help students to plan a personal action plan for employability skills, appropriate to their pathway, based on common skills required by employers:
- Communication skills, planning, research, writing, data analysis, project management, delivering training, quality assurance, supervisory skills, understanding how local government works, contract preparation, customer relationships, policy development, digital literacy, problem solving, detail orientation, creativity, team work, stakeholder engagement.

The action plan will cover a range of learning activities: skills mapped across schemes of work, motivational talks and work experience, including increased availability of work experience for students studying A-Levels.

We will respond to changes to grading at GCSE in order to support students' progression. Students who have not achieved a Grade 4 pre-16 will work towards this goal as part of their learning programme. We will ensure that teaching and learning for English and mathematics is planned in the context of learning pathways. Post-16 funding policy will not support students to improve their grade in English or mathematics if they have previously achieved a pass at Grade 4. However, if students need a Grade 5 in order to secure a place at their university of choice, and this is a realistic aim, we will enable students to include this in their study programme.

Progression

Student progress and planning for progression will underpin all college activities. This can be seen through our attention to employability, learning pathways, teaching and learning principles and in our cultural aspirations. In addition to being an underpinning principle of our work, progression will also be supported and incentivised through activities and opportunities. These will include:

A pathway-centred approach to developing links with universities and employers, to complement existing cross-college links and partnerships.

A termly programme of talks, workshops, short courses, visits and fairs that students choose to book into on-line (our "skills festival programme") linked to skills, knowledge and careers. Pathways icons will be used to signpost students to events and activities that are particularly relevant to their needs and interests.

The introduction of a term-by-term graduation for students to recognise progress in academic work, skills development, literacy/numeracy, attendance, planning for the future (e.g. research into options, C.V. writing,

Members' Report

work experience). Goals to enable graduation each term will be mapped out clearly and encapsulated in a Monoux Passport.

The Sir George Monoux Sixth Form Gifted and Talented Academy will give shape and prestige to the activities and opportunities that we offer to high achieving students. We will seek to bring together our most able students under the umbrella of the Academy to study in greater depth together, to benefit from personalised mentoring, to acquire entrepreneurial and leadership skills and to be, in summary, at the cutting edge of post-16 study. The offer will include:

- A dedicated study and seminar room for Academy members
- A personal account for the purchase of books
- A personal laptop to assist with research and networking
- Coaching on leadership skills matched to tailored projects (e.g. student-led societies, community action, fundraising etc.)
- Mentoring by senior leaders within the college, including motivational sessions and skills development
- The opportunity to take part in an international visit, broadening horizons and developing an interest in world culture
- Link schemes with key universities; Cambridge, Oxford, London School of Economics, University College London, Queen Mary University of London, King's College London, Leicester University, including university medical school links
- Opportunities through the Social Mobility Foundation
- Mentoring schemes with prestigious employers

Our progression activities will be supported by our Alumni Engagement Strategy. Our Marketing and Liaison team will focus contact with alumni (e.g. through LinkedIn contacts) on encouraging a wide range of former students to volunteer to give short motivational talks to students about employment, as well as helping the college to build its portfolio of work placements.

We will promote student participation in community volunteering (including through our present links with Citizens UK) as we believe that the skills required in volunteering closely match our employability aspirations for students.

Supporting our students

The college provides support services that are valued and well-used by students. We will develop our support services, however, in order to promote academic success, self-determination and positive relationships.

Safeguarding, welfare and personal development

Students will be guided and supported by our Welfare Team, which will include new roles of Personal Mentor, able to assist the Welfare Manager with safeguarding work and, more generally, guiding and coaching students and, in doing so, prioritising the cases of students who are under-performing or at risk. We will also increase the availability of counselling as an in-house service.

All support staff will train as volunteer mentors and will assimilate a small number of students to mentor into their daily practice, monitoring and intervening as required. This facility will be reserved for up to 150 students and students will be linked to staff mentors by the Welfare Manager.

We will open an online advice service for students seeking help and guidance outside of regular college opening times.

We will significantly improve our communication with parents, in particular by providing parents with "live" data on a student's timetable, attendance, predicted grades and progression. We will use Parent Portal for this

Members' Report

purpose and each parent will be able to use a unique log-in (issued after enrolment and subject to due data protection process).

Start of each day: with the introduction of a 10.00am start to lessons, the start of the day (8.30 to 10.00am) will be used to support students both academically and for well-being. In addition to mentoring and study workshops, students who wish to arrive at college at this time will be able to take part in exercise classes and will be supported to eat and drink healthily ahead of the working day. The Student Leadership (Support and Welfare) Team will also promote healthy lifestyle choices including a focus on ensuring students who do not take any exercise are encouraged to participate in physical activity. The 9.00 to 10.00am period will also be used by student-led societies to meet.

Additional learning support: we will introduce a new Additional Learning Support service to provide more specialist support for students with specific learning difficulties e.g. dyslexia, dyspraxia. We will improve the tracking of students and their learning support needs from school to college through closer connections with school SENCOs.

Progress Coaches will support students within pathways to develop strong independent learning skills and to plan for Higher Education and employment. The team will work closely with teachers and leaders in pathways to ensure that independent learning is supervised and that students can seek help and advice when their teacher is not available. Progress Coaches will organise the environment for independent study, deliver workshops on study and employment skills related to a pathway, organise talks (including external speakers), support the development of external links and organise trips and visits in conjunction with teachers.

Progress Coaches and Personal Mentors will be instrumental in ensuring the effectiveness of induction arrangements at the start of the year, in particular planning learning programmes with clearly identified skills development plans (study, employability, literacy and numeracy).

Progress Coaches, alongside Progression Centre staff and a collective of college managers and specific support teams (e.g. HR) will contribute to a college-wide programme of interview practice which will aim to ensure the participation of all students.

We also recognise the value that drama and performance can have in developing the skills most valued by employers and we will develop opportunities to participate in drama workshops and performances as an enrichment activity.

Student leadership

Our approach to student leadership will quickly develop, following a pilot project in 2017, to become more influential, powerful and reliable in bringing about change and challenge. The leadership team will be organised into different aspects that enable a wider group of students to take on enhanced roles in different fields of interest:

- Teaching and learning
- Culture and values
- Support and welfare
- Communication and enterprise

Reporting to a president or co-presidents, student executives will manage teams of student representatives and will have productive links with college managers. Student leaders will have a base room and the communication and enterprise team will work to promote the wider team, provide branding and merchandise, and raise funds. Student leadership will work using an adaptation of the Leadership Behaviours Framework that will be used across the college.

Members' Report

Future developments

The College funding income for 2017/18 has been set at £8.6 million from the ESFA.

Technology and resources

The college has well-maintained and reliable network capacity that is led and supported by a skilled team that will be able to meet the demands of an innovative learning community. Our IT and Web teams will support our Learning Pathways in the following ways:

- Provide the platform to deliver on-line blended learning and on-line flipped learning both of which target students' ability to learn content and complete research independently, outside of the lesson. Blended learning also implies a further stage of on-line testing. This element of a course is separate to elements delivered through classroom learning. We aim for all courses to include a proportion of blended learning by 2020.
- Students at the college will be guided and supported to study MOOCs (Massive Open On-Line Courses), notably those on-line courses delivered through the Open University's FutureLearn programme in partnership with Russell Group universities. MOOCs provide an opportunity for students to extend their learning, develop independent research skills and connect to universities.
- We will develop the technology to record some lessons, talks and presentations and have these recordings available online for further use as a learning resource.
- We will develop the "Monoux App" which will significantly improve our ability to communicate with students via alerts and reminders, as well as providing students with a mobile device portal to key college information, news and pathway activities.
- The college website will be developed to promote Learning Pathways including pages dedicated to displaying students' work and recording news of activities undertaken by students.
- The IT and Web team will support students' learning by offering short courses on coding and "tech surgeries" for a range of Microsoft functions.

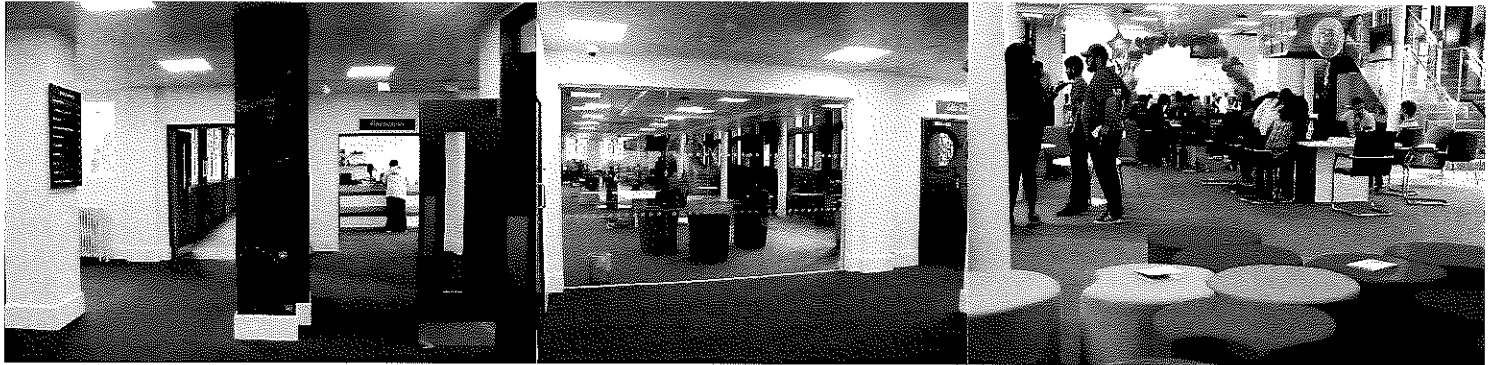
Our campus

The Strategic Plan for 2017-20 does not include any major refurbishment or building works. Some key minor works are envisaged, however, to support our new curriculum and services:

- Completion of new Student Information Centre;
- Study room for Gifted and Talented Academy;
- Re-organisation of the front area of college and reception, to include a signature display space;
- De-commissioning and removal of temporary classrooms;
- Re-organisation of the LRC to accommodate zones for Learning Pathways;
- Provision of a workspace for an Additional Learning Support service, and
- We will also develop further proposals to open a student-led and managed college "shop" aiming to support students' enterprise skills.

Members' Report

People strategy

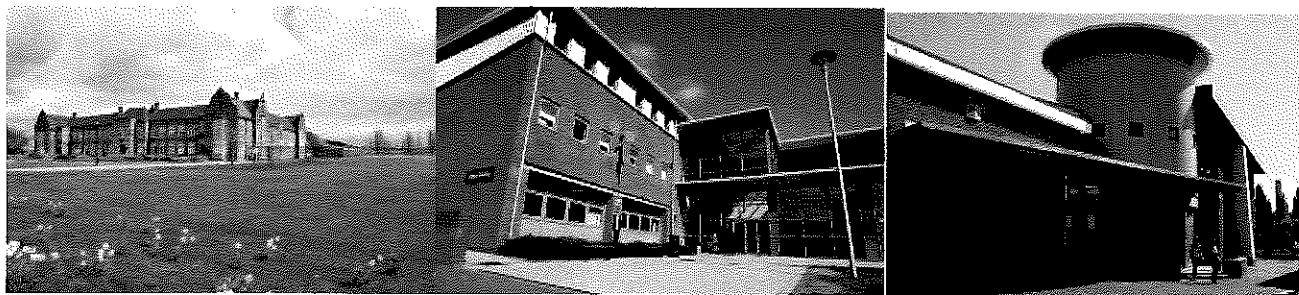


- The college has a strategy for working with and developing its employees as well as policies relating to quality improvement and a training plan. This Strategic Plan does not seek to replicate that planning work but some aspects are highly relevant to the success of our Learning Pathways and our ability to lead through a period of change and renewal:
- We will plan for our staff to undertake industrial, professional and employment sector updating each year. This will include updating through short placements in other organisations, visits and research. This will enhance the creative thinking within pathways.
- We will continue to train staff in coaching and mentoring skills that can be applied to management practice, in classroom teaching and in building positive relationships across the college with our students. Effective coaching requires a strong commitment to diversity and can be effective in promoting:
 - academic success
 - self-determination
 - positive relationships
 - skillful work
- We will continue to embed the use of our Leadership Behaviours framework which seeks to not only provide us with an aspirational, comprehensive and transparent definition of leadership but also a basis for the development of effective leaders at all levels of the college. The leadership behaviours will help us to engender positivity, empathy and congruence in relationships between staff. These are key to well-being and match our aims for positive relationships with students. Our Leadership Behaviours framework will inform:
 - Job descriptions and person specifications for all appointments
 - Leadership training and development
 - Coaching, including coaching of staff with an aspiration to become a manager
 - Student leadership roles and approaches

Resources

The College has 4 buildings set in 17 acres of London; the College has plans for the site that include additional building and sports development.

Members' Report



The College's main resource is its staff. The College invests strongly in training and development to ensure that staff remain up to date and are able to continue improvement.

Financial

The College has £5.039 million of net assets (after £3.347 million pension liability) and long term debt of £0.704 million.

FRS 102

The College has fully implemented the provisions of FRS102 28, although the Corporation remains extremely concerned about the impact of FRS 102 28 contributions to the Local Government Pension Scheme on the future finances of the College.

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's members to the Board of Trustees.

At 31 July 2016 the FRS 102 28 deficit was £4.501 million. However the full actuarial valuation of the fund, as at 31 March 2016, showed that the College's share of the deficit had declined from the last actuarial valuation by £744,000 to £1.081 million. The College's funding level had risen from 62% to 80% in that period. Whilst the actuarial and accounting valuations are calculated on differing bases this level of difference materially affects the presentation of the financial statements.

The FRS 102 28 deficit reduced from £4.501 million to £3.347 million (see note 19), primarily due to a high return on plan assets. This remains a substantial difference from the 31st March 2016 Actuarial valuation; it is reconciled as follows:

	£'000
(Deficit) at 31 March 2016 triennial valuation:	1,081
Interest on deficit	60
Investment returns on assets being greater than assumed under the triennial valuation	(780)
Impact of contributions paid versus benefits accrued	(80)
Change in assumptions/methodology between valuation/accounting	3,066
Deficit on 31 July 2017 accounting assumptions:	<hr/> <hr/> 3,347

Members' Report

- Accounting requirements dictate that the discount rate/assumed investment return is to be based on high quality corporate bond yields at the date of calculation of a duration matching those of the liabilities, regardless of the Fund's actual investment strategy (i.e. 2.6% p.a. as at 31 July 2017)
- Conversely for the actuarial valuation calculations the discount rate set by the Fund reflects the Fund's actual investment strategy (which only includes a small amount of corporate bonds) and overall expected return outlook and forms part of the overall Funding Strategy implemented by the Fund. For the 31 March 2016 actuarial valuation, the discount rate selected was 4.4% p.a. taking into account these factors.

People

The College employed 144 people (expressed as full time equivalents), 77 of whom are teaching staff.

Reputation

The College has a good reputation locally and across the whole of East London. Despite its recent dip in performance the College's long history and lengthy record of success stands it in good stead.

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.

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.

Members' Report

The College remains financially viable

The College has considerable reliance on continued government funding through the ESFA. In 2016/17, 99% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. The drop in student numbers means that expenditure will have to be realigned with income in 2017/18.

This risk has been mitigated by:

- A new strategic plan;
- Staff restructuring;
- Detailed budgeting, and
- Cost saving strategies.

Student Progress

Achievement rates and value added need to improve to, and beyond, national benchmarks.

The strategic plan is a comprehensive approach to minimizing this risk.

To date the risk has been mitigated in these ways:

- Staff training
- Introduction of the Monoux Teacher
- Lesson observations and learning walks
- Use of professional predictions
- Subject based targets set and reviewed at least five terms per year
- PiXL6 used at the College
- Pivotal behaviour managements systems introduced

Safeguarding and Prevent

Students are subject to many stresses in the modern world. In addition the College's location and student identity, makes the student body very sensitive to the impact of terrorist attacks in the UK, not only due to their proximity but also the prejudice that occurs in the aftermath.

This risk is mitigated in a number of ways:

- ◆ Staff and governor training
- ◆ Safeguarding hub setup
- ◆ New counsellor recruited
- ◆ New personal mentor staff at the College
- ◆ E-safe software on the network

Members' Report

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.

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

Members' Report

- ◆ 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.

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

Approved by order of the members of the Corporation on 12 December 2017
and signed on its behalf by:



Alan Wells OBE
Chair

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the college to obtain a better understanding of its governance and legal structure. The statement covers the period 1st August 2016 to 31st July 2017 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i) in accordance with the seven principals identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability openness, honesty and leadership);
- ii) having due regard to the UK Corporate Governance Code ("the Code) insofar as it is applicable to the further education sector.

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

In the opinion of the Governors, the College complies with all the provisions of the Foundation Code, and it has complied throughout the year ended 31 July 2017. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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

Statement of Corporate Governance and Internal Control

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 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	Status of appointment	Date of appointment	Date of resignation	Term of office	Committees served	Attendance*
Mr A Alizadeh	Student	1.8.16	31.7.17	1 year	Q	100%
Ms. R Bhalla	Independent	2.7.17		4 years	VCh, P(Ch)	67%
Mr. C Bond	Staff	21.10.13	16.3.17	4 years	Q	33%
Ms C Brearley	Independent	1.8.16	19.12.16	4 years	R	50%
Mr. J Bush	Independent	10.12.13		4 years	VCh, R(Ch)	67%
Ms T Chirouf	Independent	10.10.15		4 years	Q	100%
Mr P Clements	Independent	6.5.17		4 years		100%
Mr. T Foakes	Independent	7.7.15		4 years	A	83%
Mr S Jones	Independent	22.3.16		4 years	Q	83%
Mr. D Johnston	Independent	22.10.12	21.10.16	4 years		0%
Ms M Lewin	Independent	22.10.16		4 years	A, P	80%
Mr. S McLean	Independent	7.7.14		4 years	R	67%
Ms M Mahiz	Parent	28.1.17	31.7.17	1 year	Q	25%
Mr. R Moore	Independent	9.5.15		4 years	N(Ch), P, R	83%
Mr. A Owens	Independent	7.7.14		4 years	VCh (from 6.5.17), N, Q (Ch)	100%
Ms K Shaid	Staff	12.12.15		4 years	N	100%
Mr B Sisodaria	Student	1.8.16	31.7.17	1 year	Q	83%
Mr D Vasse	Principal	8.10.16		N/A	Q, R	100%
Mr. A Wells OBE	Independent	2.7.17		4 years	Ch, N, P	100%
Mr. B Westbury	Independent	15.2.15		4 years	VCh (to 5.5.17) A(Ch)	100%
Mr R Smith	Clerk	1.1.11				

Sarah Gifford was appointed as an associate Governor on 21 March 2017. She attends Governing Body and Resource Committee meetings, but has no voting rights.

Key to sub-committees

A = Audit

N = Nominations

P = Personnel, Appraisal and Remuneration

R = Resources

Q= Performance & Quality

Ch= Chair

VCh= Vice Chair

Statement of Corporate Governance and Internal Control

Committee	Overall attendance
Audit	80%
Nominations	75%
Personnel, Appraisal and Remuneration	100%
Performance	86%
Resources	80%

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. In 2016/17 these committees were Personnel, Appraisal and Remuneration; Resources; Nominations; Performance & Quality 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 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.

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 Nominations Committee, which in the year ended 31 July 2017, consisted of three to six 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.

Statement of Corporate Governance and Internal Control

Corporation Performance

The Corporation assessed its performance as part of Governor individual appraisal in Autumn 2017. Overall, the effectiveness of the Corporation in 2016-17 was assessed as 'good'. The College remains in a strong financial position under our new Principal. The Corporation fulfilled all its statutory responsibilities and took swift action to improve performance throughout 2016-17.

Personnel, Appraisal and Remuneration Committee

Throughout the year ending 31 July 2017, the College's Personnel, Appraisal and Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities were to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post holders and it also exercised oversight of the HR function and set the framework of terms and conditions for the generality of staff.

In 2017/18 the committee will only be responsible for setting the remuneration of senior postholders. The other duties will be transferred to the Resources Committee.

Details of remuneration for the year ended 31 July 2017 are set out in notes 7 and 8 to the financial statements.

Audit Committee

The Audit Committee comprises of two members of the Corporation (excluding the Principal and Chair) and a co-opted audit specialist. Further appointments will be made to the Committee following the recent recruitment of new governors. 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.

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

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

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

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.

Statement of Corporate Governance and Internal Control

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 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 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 2017 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 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

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 Corporation
- ◆ regular reviews by the Corporation 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 ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation of the College on the recommendation of the Audit Committee. At minimum annually, the Head of Internal Audit (HIA) provides the Corporation 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:

Statement of Corporate Governance and Internal Control

- ◆ 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 the review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor, risk committee and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The 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 reports from internal audit and other areas of assurance, 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 2017 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2017 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 2017.

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

Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. 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 12th December 2017 and signed on its behalf by:

Signed _____
Date 12 December 2017
Chair

Signed _____
Date 12 December 2017
Principal

Corporation's Statement of the College's regularity, propriety and compliance with Funding body terms and conditions of funding

The Corporation 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 funding agreement. As part of its consideration the Corporation has due regard to the requirements of the funding agreement.

We confirm, on behalf of the Corporation, and that to the best of its 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 funding agreement.

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 to date have been notified to the ESFA.

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 with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *2015 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2016 to 2017* issued by the ESFA, 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.

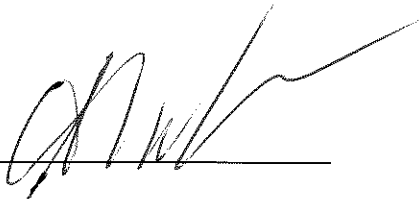
Members of the Corporation are responsible for ensuring expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA are used only in accordance with the Financial Memorandum the ESFA and any other conditions that may be prescribed from time to time.

Statement of the Responsibilities of the Members of the Corporation

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 ESFA are not put at risk.

Approved by order of the members of the Corporation on the 12 December 2017 and signed on its behalf by:

Signed _____

A handwritten signature in black ink, appearing to be 'A. M. K.', written over a horizontal line.

Date: 12 December 2017

Chair

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

Opinion

We have audited the financial statements of Sir George Monoux College for the year ended 31 July 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Governors, 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 Governors, 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 Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2017 and of the deficit for the year then ended;
- have been properly prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the members' report or operating and financial review or the statement of corporate governance and internal control.

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

- adequate accounting records have not been kept; or
- the annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

Responsibilities of Governors

As explained more fully in the Governors' responsibilities statement, the Governors 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 Governors 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 Governors 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 Governors 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the college's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governors.
- Conclude on the appropriateness of the Governors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MHA MacIntyre Hudson

MHA MacIntyre Hudson LLP
Chartered Accountants and Registered Auditors
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Date: *20 December 2017*

Reporting Accountant's assurance report on regularity to the Corporation of Sir George Monoux College and Secretary of State for Education acting through the Department for Education ("the Department")

In accordance with the terms of our engagement letter and further to the requirements of the financial memorandum with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Sir George Monoux College during the period 1 August 2016 to 31 July 2017 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 jointly by the Department. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Department has other assurance arrangements in place.

This report is made solely to the Corporation of Sir George Monoux College and the Department in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Sir George Monoux College and the Department 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 Sir George Monoux College and the Department for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Sir George Monoux College and the reporting accountant

The Corporation of Sir George Monoux College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which 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 2016 to 31 July 2017 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 Department. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the College's income and expenditure.

Reporting Accountant's assurance report on regularity to the Corporation of Sir George Monoux College and Secretary of State for Education acting through the Department for Education ("the Department")

The work undertaken to draw to our conclusion includes:

- Reviewing the Minutes of the meetings of the Corporation and other evidence made available to us
- Review of the objectives and activities of the College, with reference to the income streams and other information available to us as auditors of the College
- Testing of a sample of payroll payments to staff
- Testing of a sample of payments to suppliers and other third parties
- Testing of a sample of grants received and other income streams

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 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA MacIntyre Hudson

MHA MacIntyre Hudson
Chartered Accountants and Statutory Auditors
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

20 December 2017

Statements of Comprehensive Income and Expenditure

	Notes	2017 £'000	2016 £'000
INCOME			
Funding Body Grants	2	11,362	11,168
Tuition fees and education contracts	3	11	3
Grants	4	39	18
Other income	5	72	63
Investment income	6	2	5
Total income		11,486	11,257
EXPENDITURE			
Staff costs	7	7,857	7,688
Other Operating Expenses	9	3,056	3,047
Interest Payable	10	178	166
Depreciation	11	580	589
Total expenditure		11,671	11,490
(Deficit) before other gains and losses		(185)	(233)
Gain on investments		5	2
(Deficit)/surplus for the year		(180)	(231)
Actuarial gain/(loss) in respect of the pensions scheme		1,364	(1,895)
		1,184	(2,126)
Represented by:			
Restricted Comprehensive Income		5	2
Unrestricted Comprehensive Income		1,179	(2,128)
		1,184	(2,126)

Statement of Change in Reserves

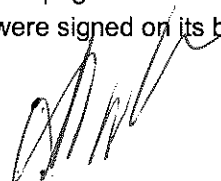
	Income and expenditure account	Revaluation reserve	Restricted reserves	Total
	£'000	£'000	£'000	£'000
Balance at 1st August 2016	191	3,618	46	3,855
Surplus/(deficit) from the income and expenditure account	(185)	-	-	(185)
Other comprehensive income	1,364	-	5	1,369
Transfers between revaluation and income and expenditure reserves	55	(55)	-	-
Total Comprehensive Income for the Year	1,234	(55)	5	1,184
Balance at 31st July 2017	1,425	3,563	51	5,039

Balance Sheets as at 31 July 2017

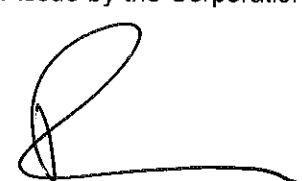
	Notes	2017 £'000	2016 £'000
Non current assets			
Tangible Fixed assets	11	10,773	11,144
Investments	12	51	46
		10,824	11,190
Current assets			
Trade and other receivables	13	50	12
Cash and cash equivalents	18	1,711	1,702
		1,761	1,714
Creditors – amounts falling due within one year	14	(1,075)	(1,014)
Net current assets		686	700
Total assets less current liabilities			
Creditors – amounts falling due after more than one year	15	(3,124)	(3,532)
Net assets excluding pension liability		8,386	8,356
Pension Liability		(3,347)	(4,501)
NET ASSETS		5,039	3,855
Revaluation reserve		3,563	3,618
Income and Expenditure account		1,425	191
Total Unrestricted Reserves		4,988	3,809
Restricted reserve – Rothery Bequest	23	51	46
Total Reserves		5,039	3,855

The financial statements on pages 38 to 41 were approved and authorised for issue by the Corporation on 12 December 2017 and were signed on its behalf on that date by:

Chair of the Corporation



Principal



Statement of Cash Flows

	Notes	2017 £'000	2016 £'000
Cash flow from operating activities			
(Deficit) for the year		(185)	(231)
Adjustment for non-cash items			
Depreciation	11	580	589
(Increase)/decrease in debtors	13	(38)	21
Increase in creditors due within one year	14	44	6
(Decrease) in creditors due after one year	15	(139)	(112)
Pensions: costs less contributions payable	7	83	129
Adjustment for investing or financing activities			
Investment income	6	(2)	(5)
Interest payable	10	178	166
Net cash flow from operating activities		521	563
Cash flows from investing activities			
Investment income	6	2	5
Payments made to acquire fixed assets	11	(210)	(99)
		(208)	(94)
Cash flows from financing activities			
Interest paid	10	(51)	(67)
Repayments of amounts borrowed	17	(254)	(376)
		(305)	(443)
Increase / (decrease) in cash and cash equivalents in the year		9	26
Cash and cash equivalents at beginning of the year		1,702	1,676
Cash and cash equivalents at end of the year		1,711	1,702

Notes to the Financial Statements

Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2016 to 2017 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Notes to the Financial Statements

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 cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College currently has £704,000 of loans outstanding with bankers on terms negotiated in 2000. The terms of the existing agreement are for repayment in quarterly instalments ending in 2020. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of Income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

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

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

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.

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

Notes to the Financial Statements

The LBWFPP is a funded scheme. The assets of the LBWFPP are measured using closing fair values. LBWFPP liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in other actuarial gains and losses.

Short-Term Employment Benefits

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

Enhanced Pensions

The actual cost of any enhanced 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.

Non-Current Assets - Tangible Fixed Assets

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

Land and Buildings

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Land and buildings

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

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

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

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

Notes to the Financial Statements

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings. 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.

Equipment

Equipment costing less than £3,000 per individual item is written off to the income and expenditure account in the period of acquisition. Equipment costing more than £3,000 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

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

Other Investments

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

Maintenance of Premises

The cost of all corrective maintenance is charged to SOCI 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.

Notes to the Financial Statements

The College is exempt in respect of Value Added Tax, so that it cannot recover VAT on 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.

Cash and cash equivalents

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

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.

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

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

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

Agency Arrangements

The College acts as an agent in the collection and payment of Bursary Funds. Related payments received from the ESFA or its successor organisations and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 23 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.

Judgements In Applying Accounting Policies and Key Sources of Estimation Uncertainty

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

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

Notes to the Financial Statements

Other key sources of estimation uncertainty

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Financial Statements

2 Funding Council Grants

	2017	2016
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency – 16 -18	11,133	10,889
Releases of deferred capital grants	138	135
Other	91	144
Total	11,362	11,168

3 Tuition fees and education contracts

	2017	2016
	£'000	£'000
Other education contracts	11	3
Total	11	3

4 Grants and Contracts

	2017	2016
	£'000	£'000
Sport England	27	18
Other	12	-
Total	39	18

Notes to the Financial Statements

5 Other income

	2017	2016
	£'000	£'000
Lettings	24	4
Exam retake fees	17	25
Photocopying charges	22	29
Other	9	5
Total	72	63

6 Investment Income

	2017	2016
	£'000	£'000
Other interest receivable	2	5
Total	2	5

Notes to the Financial Statements

7 Staff Costs

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents, was:

	2017	2016
	No.	No.
Teaching staff	77	89
Non-teaching staff	67	63
	144	152
Staff costs for the above persons		
	2017	2016
	£'000	£'000
Wages and salaries	5,653	5,475
Social security costs	496	427
Other pension costs (including FRS 102 28 adjustments for £83,000- 2016 £129,000)	910	796
	7,059	6,698
Contracted staff	798	990
	7,857	7,688
Restructuring costs - Contractual	436	-
- Non contractual	54	-
	490	-

The restructuring was approved by the College's Corporation.

The costs in 2015/16 have been restated to exclude contracted services that are more appropriately categorised as non-pay costs.

The restatement is £481,000 in 2015/16.

Notes to the Financial Statements

8 Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprises the Principal, Vice Principals and Assistant Principals and members of the Corporation (who are not remunerated).

The number of senior post-holders and other staff who received annual emoluments, excluding pension contributions and employers' national insurance but including benefits in kind, in the following ranges was:

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

	2017	2016
	No.	No.
The number of key management personnel including the Accounting Officer was:	5	4

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

	Key management personnel		Other staff	
	2017	2016	2017	2016
	No.	No.	No.	No.
£50,001 to £60,000 p.a.	1	-	-	-
£60,001 to £70,000 p.a.	-	2	-	1
£70,001 to £80,000 p.a.	1	-	-	-
£80,001 to £90,000 p.a.	2	-	-	-
£90,001 to £100,000 p.a.	-	-	-	-
£100,001 to £110,000 p.a.	1	-	-	-
£110,001 to £120,000 p.a.	-	2	-	-
	5	4	0	1

A pay award of 1% was made to all staff. The College is part of the collective negotiations carried out by the Sixth Form College Association.

Key management personnel compensation is made up as follows:

	2017	2016
	£	£
Salaries	401,294	273,477
Pension contributions	55,525	49,846
Employers National Insurance	46,322	28,604
	503,141	351,927

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

Notes to the Financial Statements

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

	2017	2016
	£	£
Salary from 1 September 2016 (2015/16 post holder to 23 November 2015)	106,088	115,021
Pension contributions from 1 September 2016 (2015/16 post holder to 23 November 2015)	17,483	27,907
Salary - interim post holder from 24 November 2015 to 31 August 2016	8,333	67,290
Pension contributions - interim post holder from 24 November 2015 to 31 August 2016	1,017	8,208

Compensation for loss of office paid to former key management personnel

	2017	2016
	£	£
Compensation paid to the former post-holder – ex gratia	-	68,788
Estimated value of other benefits, including provisions for pension benefits	-	20,450

The pension contributions in respect of the Principal and other senior post-holders are in respect of 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 & Accounting Officer 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 a 1% cost of living pay rise, as did other staff.

9 Other Operating Expenses

	2017	2016
	£'000	£'000
Teaching departments	773	746
Non-teaching costs	1,113	1,231
Premises costs	1,170	1,070
Total	3,056	3,047

Notes to the Financial Statements

Other operating expenses include:	2017	2016
	£'000	£'000
Auditors' remuneration:		
External audit	17	19
Internal audit	20	17
Other services from internal audit	6	3
Other services from external audit	1	5

10 Interest Payable

	2017	2016
	£'000	£'000
On bank loans	51	67
Net interest on defined pension liability (note 17)	127	99
Total	178	166

11 Tangible Fixed Assets

	Freehold Land and buildings	Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 31 July 2016	17,230	1,584	18,814
Additions	19	191	210
Disposals	-	(12)	(12)
At 31 July 2017	17,249	1,763	19,012
Depreciation			
At 31 July 2016	6,709	962	7,671
Charge for the year	403	177	580
Disposals	-	(12)	(12)
At 31 July 2017	7,112	1,127	8,239
Net book value at 31 July 2017	10,137	636	10,773
Net book value at 31 July 2016	10,521	622	11,144

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.

Notes to the Financial Statements

12 Investments

	£'000
Balance at 1 August 2016	46
Revaluation	5
Balance at 31 July 2017	51

The investment is in the Charities Official Investment Fund

13 Trade and other receivables

	2017	2016
	£'000	£'000
Amounts falling due within one year:	-	-
Other debtors	8	-
Prepayments and accrued income	42	12
Total	50	12

14 Creditors: Amounts Falling Due Within One Year

	2017	2016
	£'000	£'000
Bank loans and overdrafts	269	254
Trade creditors	38	24
PAYE/NIC	2	-
Other creditors	2	2
Deferred Capital Grants	138	135
Accruals and deferred income	626	600
Total	1,075	1,014
Included above within accruals are holiday pay accruals	148	219

15 Creditors: amounts falling due after one year

	2017	2016
	£'000	£'000
Deferred Capital Grants	2,689	2,828
Bank Loans	435	704
Total	3,124	3,532

Notes to the Financial Statements

16 Deferred Capital Grants included above

	2017	2016
	£'000	£'000
Opening Balance	2,964	3,099
Released to income	(138)	(135)
Closing Balance	2,826	2,964

17 Borrowings

	2017	2016
	£'000	£'000
Due within:		
One year	269	254
Between one and two years	435	269
Between two and five years	-	435
Total	704	958
Represented by Fixed Loan	704	958

18 Cash and Cash Equivalents

	2016	Cash Flows	2017
	£'000	£'000	£'000
Cash and cash equivalents	1,702	9	1,711
Total	1,702	9	1,711

19 Pension and similar obligations

The College's employees belong to two principal post-employment benefit plans, the Teachers' Pensions Scheme (TPS) for academic and related staff and the Waltham Forest Local Government Pension Scheme (LGPS) which is managed by Wandsworth Council. Both are multi-employer defined-benefit schemes.

Notes to the Financial Statements

19 Pension and similar obligations (continued)

Total pension scheme for the year

	2017	2016
	£'000	£'000
Teachers Pension Scheme: Contributions paid	343	487
Local Government Pension Scheme:		
Contributions paid	374	180
Strain payments	110	-
FRS 102(28) Charge	83	129
Charge to the Statement of Comprehensive Income	567	309
Total Pension Cost for Year within staff costs	910	796

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was at 31 March 2012 and of the LGPS at 31 March 2016.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. 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.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Notes to the Financial Statements

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, 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

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

The pension costs paid to TPS in the year amounted to £343,000 (2015/16: £487,000)

Notes to the Financial Statements

FRS 102 (28)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Waltham Forest Local Authority. The total contributions made for the year ended 31 July 2017 were £474,000, of which employer's contributions totalled £374,000 and employees' contributions totalled £100,000. The agreed contribution rates for future years are 12.1% for employers and range from 5.5% to 7.5% for employees.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2017 by a qualified independent actuary.

	At 31 July 2017	At 31 July 2016
Rate of CPI inflation	2.2	1.7
Rate of increase in salaries	3.7	3.2
Rate of increase for pensions	2.2	1.8
Discount rate for liabilities	2.6	2.6

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 2017	At 31 July 2016
<i>Retiring today</i>		
Males	22.4	23.2
Females	27.7	25.6
<i>Retiring in 20 years</i>		
Males	24.6	25.5
Females	27.7	28.0

Notes to the Financial Statements

Sensitivity analysis	At 31 July 2017 £'000	At 31 July 2016 £'000
Discount rate +0.1% pa	196	248
Inflation +0.1% pa	(201)	(256)
Pay growth +1% pa	(51)	(68)
Mortality assumption – 1 year increase	(175)	(165)

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

	Value at 31 July 2017 £'000	Value at 31 July 2016 £'000
Equities	3,673	2,861
Other Bonds	700	660
Property	525	308
Other	350	484
Cash/liquidity	583	88
Total Market Value of Assets	5,831	4,401

Weighted average expected long term rate of return

Actual return on plan assets

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

	2017 £'000	2016 £'000
Fair value of plan assets	5,831	4,401
Present value of plan liabilities	(9,178)	(8,902)
(Deficit) in the scheme	(3,347)	(4,501)

Notes to the Financial Statements

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

	2017	2016
	£'000	£'000
Current Service Cost	409	309
Curtailments	48	-
Administrative Costs	16	10
Interest	111	89
	584	408

Amounts recognised in Other Comprehensive Income:

	2017	2016
	£'000	£'000
Return on pension plan assets	977	(87)
Experience (gains)/ losses on defined benefit obligations	961	(1,808)
Changes in financial assumptions	(574)	-
	1,364	(1,895)

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

	2017	2016
	£'000	£'000
Amounts included in staff costs:		
Current service cost	409	309
Total	409	309
Amounts included in investment income		
Net interest cost	(111)	(89)
Total	(111)	(89)

Notes to the Financial Statements

Amounts included in Other Comprehensive Income	£'000	£'000
Re-Measurements	1,364	(1,895)
Total	1,364	(1,895)

Movement in net defined benefit (liability)/asset during year	£'000	£'000
Net defined (liability) in scheme at 1 August 2016	(4,501)	(2,378)
<i>Movement in year:</i>		
Current Service Cost	(409)	(309)
Employer contributions	374	180
Net interest on the liability	(111)	(89)
Curtailments	(48)	-
Admin expenses	(16)	(10)
Actuarial gain or (loss)	1,364	(1,895)
Net defined (liability) in scheme at 31 July 2017	(3,347)	(4,501)

Changes in the present value of defined benefit obligations

	2017	2016
	£'000	£'000
Defined benefit obligations at start of period	8,902	6,553
<i>Movement in year:</i>		
Current Service Cost	409	309
Interest on pension liabilities	230	255
Contributions by scheme participants	100	95
Experience (gains)/losses on defined benefit obligations	(961)	1,808
Changes of financial assumptions	574	-
Curtailments	48	-
Estimated benefits paid	(124)	(118)
Defined benefit obligations at end of period	9,178	8,902

Notes to the Financial Statements

Fair value of plan assets at start of period	4,401	4,175
Interest on plan assets	119	166
Return on plan assets	977	(87)
Administrative expenses	(16)	(10)
Employer contributions	374	180
Contributions by Scheme participants	100	95
Estimated benefits paid	(124)	(118)
Fair value of plan assets at end of period	5,831	4,401

The estimated value of employer contributions for the year ended 31st July 2018 is £204,000.

20 Post Balance Sheet Events

There have been no post Balance Sheet events

21 Capital commitments

	2017	2016
	£'000	£'000
Commitments contracted for at 31 July	-	-

22 Lease obligations

	2017	2016
	£'000	£'000
<i>Other</i>		
Not later than one year	83	83
Later than one year and not later than five years	82	165
Total lease payments due	165	248

23 Restricted Reserves

The capital base of the Rothery Bequest is described in note 11. Revenue generated by the fund within the framework of the will is applied as specified.

Notes to the Financial Statements

24 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 organisations 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.

25 Amounts disbursed as agent

Learner support funds	2017	2016
	£'000	£'000
Funding body grants	380	495
Interest earned	0	0
Administration fee	(18)	(24)
	<u>362</u>	<u>471</u>
Disbursed to students	333	435
Balance at 31 July	29	36

ESFA 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.