JOHN RUSKIN COLLEGE

Report and Financial Statements for the Year Ended 31 July 2016

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Key Management Personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2015/16:

Mr M Ramzan	- Principal and Chief Executive; Accounting Officer
Mrs J Frith-Williams	- Vice Principal
Mr M Gainlall	- Chief Operating Officer

Board of Governors

A full list of Governors is given on page 11 of these financial statements.

Mrs B Maude acted as Clerk to the Corporation throughout the period.

Professional Advisors

Financial Statements and Regularity Auditors	Alliotts Friary Court 13-21 High Street Guildford Surrey GU1 3DL
Internal Auditors	Macintyre Hudson LLP New Bridge Street House 30 - 34 New Bridge Street London EC4V 6BJ
Bankers	Barclays 188 Addington Road Selsdon Croydon Surrey CR2 8LB
Solicitors	Veale Wasbrough Vizards LLP Narrow Quay House Narrow Quay Bristol BS1 4QA

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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 2016.

Legal status

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

Mission

The Corporation reviewed the College's mission during 2011/12 and in March 2011 adopted a revised mission statement as follows:

"John Ruskin College will respond to the employability needs of local learners, businesses and the community by providing outstanding inclusive educational programmes."

Public Benefit

John Ruskin College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1st September 2013, is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 11.

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

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Strong student support systems
- Links with employers, industry and commerce

Implementation of strategic plan

In December 2015 the College adopted a strategic plan - the Three Year Development Plan 'Becoming a Brilliant College' - for the period 2016-2019. This strategic plan includes the property strategy and key performance indicators. The Corporation monitors the performance of the College against these indicators. The plan is reviewed each year. The College's continuing strategic objectives are:

- To provide outstanding teaching and learning that delivers brilliant learner outcomes
- To create a fair and diverse College that provides equality of opportunity and recruits learners to sustain funding
- Ensuring financial stability to allow continual investment in resources and effective delivery of the College Strategic Plan.

The College's specific objectives for 2015/16 and achievement of those objectives are addressed below.

- Achieve success rates of 83%
- Recruit 16-18 learners to target of 735
- Improve attendance rate to 87%
- Improve the College's financial position by reducing the deficit
- Staffing costs 68% of turnover

- % of teaching observations graded good or better – 85%
- Significantly increase Apprenticeship numbers provision

The College is on target for achieving most of these objectives.

Financial objectives

The College's financial objectives are:

- To achieve an annual operating surplus
- To pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances
- To generate sufficient levels of income to support the asset base of the College
- To further improve the College's shorter term liquidity
- To fund continued capital investment

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

Performance Indicators

The College uses Key Performance Indicators to measure performance.

- Success rates
- Financial health
- EFA Funding Target

The College is committed to observing the importance of sector measures and indicators within the Framework and is monitoring these through the completion of the annual Finance Record for the Skills Funding Agency/Education.Funding Agency ("EFA"). The current rating of Good is considered an acceptable outcome.

FINANCIAL POSITION

Financial Results

The College generated an operating surplus before other gains and losses in the year of £481k (2014/2015 - deficit of (£124k)).

The College has accumulated reserves of £3.1m (not including the defined benefit obligation of £2.8m) and cash balances of £2.02m and wishes to continue to accumulate reserves in order to:

- Provide financial support to the on-going planned works programme
- Support the capital expenditure in 2016/2017
- Build up future reserves for capital projects
- Create a contingency fund
- Respond to changing curriculum needs

Tangible fixed asset additions during the year amounted to £71k. The spend was on equipment purchased.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2015/16 the funding bodies provided 84.65% of the College's total income.

Treasury policies and objectives

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

The College has treasury management guidelines as part of the Financial Regulations.

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/Funding Agreement.

Cash flows

The operating cash inflow was £988k (2014/15 - £525k). The net cash inflow during the year resulted from the management of working capital.

Liquidity

The College EFA three year financial plan was assessed as good for its financial status throughout the period which measures an institution's solvency and ability to deliver its strategic plan. Liquidity levels remain adequate with cash days in hand and solvency ratios at the sector median.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2015/16 the College has delivered activity that has produced £6.5m in funding body main allocation funding (2014/15 - £6.2m). The College had approximately 1946 funded students and no non-funded students.

Student achievements

2015/16 was a successful year for students with an overall pass rate of 96% for A Level and Vocational qualifications.

Curriculum developments

John Ruskin College was the first Sixth Form College in the country to specialise in offering purely vocational courses. Provision is offered in the following vocational areas; Bio-Medical Sciences, Business, Creative Media, Early Years, Hair & Beauty, Health Care, ESOL and Sports. Courses are offered from Entry level through to level 3 with clear pathways for each vocational area. The College also runs a very successful KS4 programme recruiting to both full-time and increased flexibility programmes providing 14-16 year olds alternatives to the more 'traditional' curriculum. Working in very close partnership with the Local Authority, the College has set up very effective ESOL provision to support newly arrived learners into the country. More recently, the College has re-introduced A levels in three pathways: Technology & Engineering, Medical Sciences, and Social Sciences.

The College has further improved its quality assurance systems including its systems for writing and monitoring Quality Improvement Plans which are directly produced from Self-Assessment Reports and are regularly reviewed throughout the year.

Many initiatives to improve curriculum delivery are in place and becoming firmly embedded. This has created a culture of high standards and robust performance management leading to excellent value added for learners at John Ruskin College. The College was designated an Outstanding College (Ofsted, October 2013).

Payment performance

The Late Payment of Commercial Debs (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 2015 to 31 July 2016, the College paid 85 per cent of its invoices within 30 days.

Post balance sheet events

There were no post balance sheet events.

Future prospects

The College is continually seeking to improve its curriculum offer to a wider age range of learners. It has continued to build on the KS4 provision which is rapidly expanding and has allowed much better links with local schools and the Local Authority. This allows for progression opportunities to post 16 and also complements its marketing strategies. The College is also re-engineering its curriculum to enable it to offer better opportunities for learners including the introduction of new A level 'pathways' and growing its apprenticeships and traineeships. Partnership opportunities are being explored with other providers to enable the College to increase local community awareness. The College also has plans to develop a construction STEM centre.

The College is actively involved in the Area Review process. The Corporation held a Strategic Review Day in February 2016, led by a national lead in governance, and considered all of the options as defined in the Area Review. The direction of travel approved by the Corporation in light of College performance and the Three Year Development Plan 'Becoming a Brilliant College' was to continue as a standalone sixth form college working in collaboration with other partners.

RESOURCES

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

Tangible resources include the College site and buildings and an extensive ILT infrastructure.

Financial

Financial resources amount to net assets of £12.68m including pension reserve of £2.8m including a long term debt of £195k. The decrease in net assets is attributed to FRS102 and the accounting treatment of deferred capital grants.

People

The College employs 109 people of whom 56 are teaching staff and 53 are support staff.

Reputation

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

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 Committee 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 Committee 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.

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.

1. Government Funding

The College has a considerable reliance on continued government funding through the education sector funding bodies. In 2015/16, 84.65% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues that will impact on future funding:

- The potential changes to the 16-19 funding in particular for learners who are from areas of deprivation and the level of funding that will be available
- The 16-19 learner numbers nationally shows a decreasing trend so the College needs to be strategically placed to identify alternative funding streams and opportunities.
- Apprenticeship funding and the introductions of a levy for employers of a certain size
- Impact of non levy paying employers and how the College offer will need to reflect this change
- Potential changes to the cash flow to the College when payments are made in arrears.

The risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring that the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Regular dialogue with funding bodies in due course
- The College offer is transparent and will continue to work with the small and medium sized businesses to demonstrate the impact of apprenticeships on their business
- The College is well prepared to ensure it meets the digital offer which has to be available for apprenticeships from May 2017.

2. Tuition fee policy

Ministers have confirmed that the fee assumption remains at 50%. In line with the majority of other colleges, John Ruskin College has increased tuition fees in accordance with the rising fee assumptions. The price elasticity of adult learning is not yet fully understood. The risk for the College is that demand falls off as fees increase. This will impact on the growth strategy of the College.

The risk is mitigated in a number of ways:

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

- Supporting learners who have financial hardship in ensuring they have the same educational opportunities.

3. Learner numbers

The College has over the years seen an increase in its 16-18 recruitment of learners for a variety of different reasons.

The risk is mitigated in a number of ways:

- Marketing initiatives to encourage learners to enrol in the College
- Emphasis on vocational courses and qualifications that meet learner demand
- By ensuring that the College is rigorous in delivering high quality education thus appealing to learners looking for success
- By maintaining the high quality of the site and facilities to make the learning environment attractive to potential learners
- Offering KS4 provision which will lead to progression opportunities
- Fees for 19+ learners.

4. Maintain adequate funding of pension liabilities.

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

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities John Ruskin College has many stakeholders.

These include:

- Students
- Education sector funding bodies
- Sixth Form Commissioner
- Staff
- Local employers (with specific links)
- Local authorities
- Government offices /Regional Development Agencies/LEPs
- The local community
- Other FE institutions
- Trade unions
- Professional bodies

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

Equal opportunities and employment of disabled persons

John Ruskin College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

The College's Single Equalities Policy is published on the College's website.

The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An equalities action plan is published each year and monitored by managers and governors.

The College undertakes equality impact assessments on all new policies and procedures and publishes the results.

Disability Statement

The College seeks to achieve the objectives set out in the Apprenticeships, Skills, Children and Learning Act 2009, the Equality Act and Special Educational Needs and Disabilities (SEND) Reforms 2014 (part 3 of the Children and Families Act 2014) and the College takes account of the statutory guidance of the inclusive Code of Practice for Special Needs and the Special Educational Needs and Disability Act 2001.

The College is committed to improve the outcomes for Children and young people with complex needs and the experience of parents and guardians working closely with the Local Authorities.

a) There is a list of specialist equipment, such as digital voice recorders, which the College can make available for use by students.

b) Assistive technology such as Claroread is available across the college network to support learners with reading and writing, including speaking aloud facilities.

c) Other specialist software is available in the Learning Centres or on the individual learners' customised notebooks, such as Dragon, Supernova.

d) The College has made a significant investment in the appointment of staff to support learners with learning difficulties and/or disabilities, including sensory impairments in our dedicated space.

e) There are a number of Learning Support Coaches who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.

f) Specialist programmes are described in the College prospectuses, and achievements and destinations are recorded and published in the standard College format.

g) Counselling and welfare services are described in the Student Handbook, which is issued to learners at induction.

The College has achieved Leaders in Diversity standard accreditation at stage 3 (highest level). The College has also updated its training on Equality and Diversity which all staff have attended. Equality and Diversity is built into the induction for all new staff.

Disclosure of information to auditors

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

Approved by the members of the Corporation on 13 December 2016 and signed on its behalf by:

A Stow
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. This statement covers the period from 1st August 2015 to 31st July 2016 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
iii. having due regard to the UK Corporate Governance Code 2014 insofar as it is applicable to the further education sector

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the 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 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 Code, and it has complied throughout the year ended 31 July 2016. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on the 13 December 2011.

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 had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as follows:

NAME	DATE of APPOINTMENT	DATE of RESIGNATION	STATUS	STATUTORY COMMITTEES SERVED	CORPORATION MEETING ATTENDANCE
Mohammed Ramzan	01.02.15		Principal	Search	100%
Alec Stow	23.05.05; Reappointed 16.03.09 and 19.03.13		Chair of Corporation	Search	100%
Anne Smith	15.05.12 & 10.05.16		Vice Chair	Search	86%
Ashley Fernandes	06.11.12		Vice Chair	Audit	71%
Abbee Cole	12.05.15		Teaching Staff		71%
Louise Jordan	15.12.15		Support Staff	Audit	80%
Khatija Adbul Latif	03.11.15	31.07.16	Student		83%
Mohammed Fadhel	03.11.15	31.07.16	Student		67%
Cllr Helen Pollard	16.04.13				71%
Peter Papanastasiou	08.11.11 & 03.11.15			Chair of Audit (08.11.11)	86%
Andrew Junaid	13.12.11 & 03.11.15	10.05.16		Search	67%
Sandra Arnold	16.12.14		Parent		57%
Grace Marriott	17.03.15				100%
Derek Galloway	04.11.14				57%
Genstacia Bull	12.07.16			Audit	100%

Signature: Alec Stow

Date 13th December 2016

Mr A Stow
Chairman of the Corporation

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

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

In 2015/16 the Corporation conducted its business at Board level and retained the two statutory committees namely Search and Audit committees.

These two committees have terms of reference, which have been approved by the full Corporation.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at www.johnruskin.ac.uk or from the Clerk to the Corporation at:

John Ruskin College
Selsdon Park Road
South Croydon
CR2 8JJ

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

All governors are able to 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 that all applicable procedures and regulations are complied with. The appointment 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 judgement.

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee which is comprised currently of four governors who are responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

Remuneration Committee

Throughout the year ending 31 July 2016, the Corporation suspended its Remuneration Committee and any decisions on the remuneration and benefits of the Accounting Officer and other senior post holders were taken by the Board.

Details of remuneration for the year ended 31 July 2016 are set out in note 6 to the financial statements.

Audit Committee

The Audit Committee comprises the Chairman of the Committee and three other members of the Corporation. 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 statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The College's internal auditors review the 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 are responsible for the implementation of agreed 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, regularity and financial statements 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 and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum/Funding Agreement 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 they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in John Ruskin College for the year ended 31 July 2016 and up to the date of approval of the annual report and accounts.

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 ending 31 July 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- Regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined capital investment control guidelines
- 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 EFA and SFA's *Joint Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

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

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

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

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

Going Concern

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

Approved by order of the members of the Corporation on 15 December 2016 and signed on its behalf by:

Alec Stow - Chair

Mohammed Ramzan - Accounting Officer

GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

The Corporation has considered its responsibility to notify the Skills Funding Agency/Education Funding Agency of material irregularity, impropriety and non-compliance with Skills Funding Agency/Education Funding Agency terms and conditions of funding, under the financial memorandum/funding agreement in place between the College and the Skills Funding Agency/Education Funding Agency. As part of its consideration the Corporation has had due regard to the requirements of the financial memorandum/funding agreement.

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Skills Funding Agency/Education Funding Agency's terms and conditions of funding under the College's financial memorandum/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 notified to the Skills Funding Agency/Education Funding Agency.

Mohammed Ramzan
Accounting Officer

Date: 13th December 2016

Alec Stow
Chair of Governors

Date: 13th December 2016

STATEMENT OF 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 and conditions of the Financial Memorandum/Funding Agreement between the Skills Funding Agency/Education Funding Agency and the Corporation of the College, 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 *Accounts Direction for 2015 to 2016* issued jointly by the Skills Funding Agency and the Education Funding Agency, 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 in order 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 that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the Skills Funding Agency/Education Funding Agency are used only in accordance with the Financial Memorandum/Funding Agreement with the Skills Funding Agency/Education Funding Agency and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place sufficient in order to safeguard public and other funds and ensure that they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the Skills Funding Agency/Education Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 13 December 2016 and signed on its behalf by:

Mr A Stow
Chair

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF JOHN RUSKIN COLLEGE

We have audited the Group and College financial statements ("the Financial Statements") set out on pages 20 to 41. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) as set out in our engagement letter dated December 2015.

This report is made solely to the Governing Body, as a body, in accordance with the Financial Memorandum published by the SFA and our engagement letter dated December 2015. Our audit work has been undertaken so that we might state to the Governing Body, as a body, those matters we are required under our engagement letter dated December 2015 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 Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Corporation of John Ruskin College and Auditor
As explained more fully in the Statement of the Corporation's Responsibilities set out on page 17 the Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express opinion on, the Financial Statements in accordance with the terms of our engagement letter dated December 2015, the Joint Audit Code of Practice issued by the SFA and Education Funding Agency ("EFA") and International Standards on Auditing (UK and Ireland). The International Standards on Auditing (UK and Ireland) require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate

Opinion on financial statements
In our opinion the financial statements:
- give a true and fair view of the state of the College's affairs as at 31 July 2016 and of the College's deficit of income over expenditure for the year then ended; and
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Joint Audit Code of Practice issued jointly by the SFA and the EFA requires us to report to you if, in our opinion:
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- We have not received all the information and explanations required for our audit.

Alliotts
Friary Court
13-21 High Street
Guildford
Surrey
GU1 3DL

Date: 13/12/16

John Ruskin College Year ended 31 July 2016

Reporting accountant's assurance report on regularity to the corporation of John Ruskin College and the Secretary of State for Education acting through the Education Funding Agency

In accordance with the terms of our engagement letter dated December 2015 and further to the requirements of the financial memorandum with Skills Funding Agency ("SFA") we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by John Ruskin College during the period 1 August 2015 to 31 July 2016 have been applied to the purposes identified by Parliament end the financial transactions conform to the authorities which govern them.

The framework that has been applied is set out in the Joint Audit Code of Practice issued jointly by SFA and Education Funding Agency ("EFA"). 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 SFA has other assurance arrangements in place.

This report is made solely to the corporation of John Ruskin College and the SFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of John Ruskin College and SFA 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 John Ruskin College and SFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of John Ruskin College and the reporting accountant
The corporation of John Ruskin College is responsible, under the financial memorandum and 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 Joint Audit Code of Practice. 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 2015 to 31 July 2016 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 Joint Audit Code of Practice issued jointly by SFA and EFA. We performed a limited assurance engagement as defined in that framework and our engagement letter.

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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas where we identified areas where a material irregularity is likely to arise. We undertook detailed testing, based on our identification of the areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Conclusion
In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2015 to 31 July 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Alliotts Alliotts
Friary Court
13-21 High Street
Guildford
Surrey
GU1 3DL

Date: 13/12/16

John Ruskin College
Statement of Comprehensive Income
for the year ended 31 July 2016

	Notes	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Income			
Funding body grants	2	6,587	6,230
Tuition fees and education contracts	3	794	855
Other income	4	206	958
Total income		**7,587**	8,043
Expenditure			
Staff costs	5	4,262	4,210
Other operating expenses	6	2,248	3,318
Depreciation	9	501	536
Interest and other finance costs	7	95	103
Total expenditure		**7,106**	8,167
Surplus/(deficit) before taxation		**481**	(124)
Taxation	8	-	-
Surplus/(deficit) for the year		**481**	(124)
Remeasurement of pension scheme obligation		(169)	(159)
Total comprehensive income for the year		**312**	(283)

John Ruskin College
Statement of Changes in Reserves
for the year ended 31 July 2016

	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2014	**(116)**	**12,765**	**12,649**
Deficit from the income and expenditure account	(124)	-	(124)
Other comprehensive income	(159)	-	(159)
Transfers between revaluation and income and expenditure reserves	215	(215)	-
Total comprehensive income for the year	(68)	(215)	(283)
Balance at 31 July 2015	**(184)**	**12,550**	**12,366**
Surplus from the income and expenditure account	481	-	481
Other comprehensive income	(169)	-	(169)
Transfers between revaluation and income and expenditure reserves	215	(215)	-
Total comprehensive income for the year	527	(215)	312
Balance at 31 July 2016	343	12,335	12,678

John Ruskin College
Balance Sheet
as at 31 July 2016

	Notes	As at 31 July 2016 £'000	As at 31 July 2015 £'000
Non current assets			
Tangible fixed assets	9	18,326	18,756
		18,326	18,756
Current assets			
Debtors	10	468	228
Cash and cash equivalents	13	2,024	1,165
		2,492	1,393
Less creditors: amounts falling due within one year	11	(1,342)	(1,132)
Net current assets		**1,150**	261
Total assets less current liabilities		**19,476**	19,017
Creditors: amounts falling due after one year	12	(4,016)	(4,212)
Provisions			
Defined benefit obligations	15	(2,782)	(2,439)
Total net assets		**12,678**	12,366
Unrestricted reserves			
Income and expenditure account		343	(184)
Revaluation reserve		12,335	12,550
Total unrestricted reserves		**12,678**	12,366

The financial statements on pages 20 to 41 were approved by the governing body on 13 December 2016 and were signed on its behalf by:

A Stow - Chairman

M Ramzan - Accounting Officer

John Ruskin College
Statement of Cash Flows
for the year ended 31 July 2016

	Notes	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Cash flow from operating activities			
Surplus/(deficit) for the year		481	(124)
Adjustments for non-cash items			
Depreciation	9	501	536
Increase in debtors	10	(240)	(66)
Increase in creditors due within one year	11	196	140
Pension costs less contributions payable	5	86	67
Interest payable	7	95	103
Capital grants income	2	(131)	(131)
Net cash inflow from operating activities		**988**	525
Cash flows from investing activities			
Capital grants receipts		-	469
Payments made to acquire fixed assets		(71)	(538)
		(71)	(69)
Cash flows from financing activities			
Interest paid		(6)	(16)
Repayments of amounts borrowed		(52)	(44)
		(58)	(60)
Increase in cash and cash equivalents in the year		**859**	396
Cash and cash equivalents at beginning of the year		1,165	769
Cash and cash equivalents at end of year	13	**2,024**	1,165

John Ruskin College
Notes to the accounts
for the year ended 31 July 2016

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2015 to 2016* 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.

Transition to the 2015 FE HE SORP

The College is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the College has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the results of the College is provided in note 18.

The 2015 FE HE SORP requires colleges to prepare a single statement of comprehensive income, and not the alternative presentation of a separate income statement and a statement of other comprehensive income. This represents a change in accounting policy from the previous period where separate statements for the Income and Expenditure account for the Statement of Total Recognised Gains and Losses were presented.

The application of first time adoption allows certain exemptions from the full requirements of the FRS 102 and the 2015 FE HE SORP in the transition period. The following exemptions have been taken in these financial statements:
~ Lease incentives - the College has continued to recognise the residual benefits associated with lease incentives on the same basis as that applied at the date of transition

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

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 £195k of loans outstanding with bankers on terms re-negotiated in 2016. This loan is due to be repaid in 2020 and the interest rate and capital repayments have both been reduced as a result of the re-negotiation. The College's forecasts and financial projections indicate that it will be able to operate within this facility and its 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.

Accounting policies (continued)

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

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

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

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 the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilites. 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 other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised 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 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
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value are measured on this basis, less any accumulated depreciation from the date of revaluation.

John Ruskin College
Notes to the accounts
for the year ended 31 July 2016
Accounting policies (continued)

Land and Buildings

The College's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings inherited from the London Borough of Croydon are stated in the balance sheet at valuation on the basis of depreciated replacement cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 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 basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the 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 income & expenditure

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1998, as deemed cost, but not to adopt a policy of revaluations of these properties in the

Equipment

Equipment costing less than £350 per individual item is recognised as expenditure in the period of acquisition. Equipment inherited from the London Borough of Croydon is included in the balance sheet at valuation (depreciated replacement cost). All other equipment is capitalised at cost. Inherited equipment is depreciated on a straight-line basis over its remaining useful economic life to the College of 5 years.

All other equipment is depreciated over its remaining useful economic life as follows:-

Computing equipment	4 Years
Motor vehicles	5 Years
Other equipment	4 Years

Library books and furniture are held at quantity and are not depreciated as the College has a policy of maintaining the quality of these assets at a continuous level and therefore they are considered to have an indefinite useful life. The acquisitions are written off to the income and expenditure account in the period in which the cost is incurred.

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

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

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

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

Accounting policies (continued)

Cash and cash equivalents

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

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

Financial liabilities and equity

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

All loans, investments and short term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

Provisions and contingent liabilities

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

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

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either 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 Discretionary Support Funds, Child Care and Guaranteed Bursary. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risks or enjoys minimal economic benefit related to the transaction.

John Ruskin College
Notes to the accounts
for the year ended 31 July 2016
Accounting policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty
In preparing these financial statements, management have made the following judgements:
~ Determining 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 regards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
~ Determining whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

~ Tangible fixed assets

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

~ Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. A full actuarial valuation performed at 31 July 2016 has been used by the actuary in valuing the pensions liability at 31 July 2016.

John Ruskin College
Notes to the accounts
for the year ended 31 July 2016

2 Funding body grants

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Recurrent grants		
Skills Funding Agency	2,200	2,379
Education Funding Agency	4,256	3,720
Specific grants		
Release of government capital grants	131	131
	6,587	6,230

3 Tuition fees and education contracts

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Adult education fees	47	37
International students fees	-	11
Total tuition fees	47	48
Education contracts	747	807
	794	855

4 Other income

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Other income generating activities	206	195
BCIF grant	-	763
	206	958

5 Staff costs

The average number of persons (including key management personnel) employed by the College during the year was:

	Year ended 31 July 2016 Number	Year ended 31 July 2015 Number
Teaching	56	66
Non teaching	53	60
	109	126

Staff costs for the above persons:

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Wages and salaries	3,157	3,235
Social security costs	229	254
Other pension costs (including FRS 102 adjustments of £86,000 (2015: £67,000)	487	419
	3,873	3,908
Contracted out staffing services	389	302
	4,262	4,210

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 Chief Operating Officer. Staff costs include compensation paid to key management personnel for loss of office.

	Year ended 31 July 2016	Year ended 31 July 2015
	Number	Number
The number of key management personnel including the Accounting Officer was	4	4
	£'000	£'000
Key management personnel compensation	**332**	319

John Ruskin College
Notes to the accounts
for the year ended 31 July 2016
5 Staff costs (continued)

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

	Key management personnel		Other staff	
	Year ended 31 July 2016 Number	Year ended 31 July 2015 Number	**Year ended 31 July 2016 Number**	Year ended 31 July 2015 Number
			-	-
£60,001 to £70,000	**2**	2	-	-
£90,001 to £100,000	**1**	1	-	-
	3	3	-	-

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

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

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Salary	96,880	80,108
Pension contributions	15,775	11,295
	112,655	91,403

Compensation for loss of office paid to former key management personnel

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Compensation paid to the former post-holder	**40**	-

The severance payment was approved by the College's Remuneration Committee.

The members of the Corporation other than the Accounting Officer and 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.

6 Other operating expenses

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Teaching costs	1,279	1,624
Non teaching costs	574	632
Premises costs	395	1,062
	2,248	3,318

Other operating expenses include:

External auditors' remuneration in respect of audit services	15	12
Internal auditors' remuneration in respect of audit services	4	6

7 Interest payable and other finance costs

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000 as restated
Loan interest	6	16
Defined benefit pension scheme net interest cost (note 16)	89	87
	95	103

8 Taxation

The College is not liable for any corporation tax arising out of its activities during the year.

9 Tangible fixed assets

	Freehold land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost or valuation			
At 1 August 2015	23,607	3,456	27,063
Additions	-	71	71
Disposals	-	-	-
At 31 July 2016	**23,607**	**3,527**	**27,134**
Depreciation			
At 1 August 2015	5,236	3,071	8,307
Charge for year	363	138	501
Elimination in respect of disposals	-	-	-
At 31 July 2016	**5,599**	**3,209**	**8,808**
Net book value at 31 July 2016	**18,008**	**318**	**18,326**
Net book value at 31 July 2015	18,371	385	18,756

All land and buildings were inherited from the local education authority at incorporation and were revalued by independant chartered surveyors Stiles Harold Williams in May 1998 on a depreciated replacement cost basis. Other tangible fixed assets inherited from the local authority have been valued on a depreciated replacement cost basis. All of these assets have a nil historic cost.

Land and buildings with a net book value of £12,550,000 have been funded from LEA sources. Should these assets be sold, the College may be liable, under the terms of the Finance Memorandum with the Council, to surrender the proceeds.

If inherited land and buildings had not been revalued, they would have been held at cost and depreciation of £nil.

10 Debtors

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Trade debtors	468	51
Other debtors	-	177
	468	228

11 Creditors: amounts falling due within one year

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Bank loans	52	39
Payments received in advance	8	66
Trade creditors	474	480
Other taxation and social security	113	115
Accruals and other creditors	695	432
	1,342	1,132

12 Creditors: amounts falling due after one year

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Deferred capital grant	3,873	4,004
Loans	143	208
	4,016	4,212

Analysis of loans:

Due within one year	**52**	39
Between one and two years	52	65
Between two and five years	91	143
In five years or more	-	-
Due after more than one year	**143**	208
	195	247

Bank loan rate was renegotiated and the interest rate is now 2.56% for the remainder of the loan.
The remaining balance at the end of the year was £195,038, repayable by 28 February 2020.

13 Cash and cash equivalents

	At 1 August 2015 £'000	Net cash flows £'000	Other changes £'000	At 31 July 2016 £'000
Cash and cash equivalents	1,165	859	-	2,024
	1,165	**859**	**-**	**2,024**

14 Lease obligations

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

	31 July 2016		
	Motor vehicles	**Total**	31 July 2015
	£'000	**£'000**	£'000
Payable during the year	5	5	-
Future minimum lease payments due:			
Not later than one year	5	5	-
Later than one year and not later than five years	16	16	-
Later than five years	-	-	-
	26	26	-

15 Defined benefit obligations

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

Total pension cost for the year

		Year ended 31 July 2016		Year ended 31 July 2015
		£'000		£'000
Teachers' Pension Scheme: contributions paid		216		185
Local Government Pension Scheme:				
Contributions paid	185		167	
FRS 102 (28) charge	86		67	
Charge to the statement of comprehensive income		271		234
Total pension cost for the year recognised within staff costs		487		419

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and the LGPS 31 March 2013. Contributions amounting to £44k (2015: £40k) were payable to the schemes at 31 July 2016 and are included within creditors.

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 change of contract.

Teachers and lecturers are able to opt out of the TPS.

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15 Defined benefit obligations (continued)

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.

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.

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/reform/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.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £216k (2015: £185k).

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.

15 Defined benefit obligations (continued)

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.

London Borough of Croydon Local Government Pension Scheme

The College participates in the London Borough of Croydon Pension Fund which is a part of the Local Government Pension Scheme, a multi-employer scheme.

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee administered funds by Croydon Council. The total contribution made for the year ended 31 July 2016 was £245k of which employer's contributions totalled £186k, and employees' contributions totalled £59k.

Principal actuarial assumptions

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

	Year ended 31 July 2016	Year ended 31 July 2015
	%	%
Rate of increase in salaries	**2.9**	3.5
Future pension increases	**1.9**	2.6
Discount rate for scheme liabilities	**2.4**	3.6

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	Year ended 31 July 2016	Year ended 31 July 2015
	years	years
Retiring today		
Males	**22.3**	22.3
Females	**24.4**	24.4
Retiring in 20 years		
Males	**24.4**	24.4
Females	**26.7**	26.7

15 Defined benefit obligations (continued)

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

	Year ended 31 July 2016	Year ended 31 July 2015
	%	%
Equity instruments	70	65
Debt instruments	21	21
Property	9	13
Cash	-	1

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

	Year ended 31 July 2016	Year ended 31 July 2015
	£'000	£'000
Fair value of plan assets	3,353	2,758
Present value of funded liabilities	(6,125)	(5,186)
Present value of unfunded liabilities	(10)	(11)
Net defined benefit pension liability	**(2,782)**	(2,439)

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

	Year ended 31 July 2016	Year ended 31 July 2015
	£'000	£'000
Amounts included in staff costs		
Current service cost	271	234
	271	234
Amounts included in interest payable and other finance costs		
Net interest charge	89	87
	89	87

15 Defined benefit obligations (continued)

Amount recognised in other comprehensive income

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Changes in financial assumptions	(609)	(318)
Other experience remeasurements	73	41
Return on assets excluding amounts included in net interest	367	118
Amount recognised in other comprehensive income	**(169)**	(159)

Movement in net defined benefit liability during year

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Net defined benefit liability at 1 August	(2,439)	(2,127)
Movement in year:		
Current service cost	(271)	(234)
Employer contributions	186	168
Net interest on the defined liability	(89)	(87)
Remeasurements recognised inother comprehensive income	(169)	(159)
Net defined benefit liability at 31 July	**(2,782)**	(2,439)

Changes in the present value of defined benefit obligations

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Defined benefit obligations at start of period	5,197	4,555
Current service cost	271	234
Interest cost	191	186
Contributions by scheme participants	59	58
Changes in financial assumptions	609	318
Other experience remeasurements	(73)	(41)
Estimated benefits paid	(119)	(113)
Defined benefit obligations at end of period	**6,135**	5,197

15 Defined benefit obligations (continued)

Changes in fair value of plan assets

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Fair value of plan assets at start of period	2,758	2,428
Interest on plan assets	102	99
Return on plan assets	367	118
Employer contribution	186	168
Contributions by scheme participants	59	58
Estimated benefits paid	(119)	(113)
Fair value of plan assets at end of period	**3,353**	2,758

16 Related party transactions

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

No transactions were identified which should be disclosed under FRS 8 Related Party Transactions.

17 Amounts disbursed as agent

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Funding body grants - bursary support	-	-
Funding body grants - discretionary learner support	207	231
	207	231
Disbursed to students	(181)	(203)
Administration costs	(10)	(11)
Balance unspent as at 31 July, included in creditors	16	17

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

18 Transition to FRS 102 and the 2015 FE HE SORP

The year ended 31 July 2016 is the first year that the College has presented its financial statements under FRS 102 and the 2015 FE HE SORP. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 July 2015 and the date of transition to FRS 102 and the 2015 FE HE SORP was therefore 1 August 2014. As a consequence of adopting FRS 102 and the 2015 FE HE SORP, a number of accounting policies have changed to comply with those standards.

An explanation of how the transition to FRS 102 and the 2015 FE HE SORP has affected the College's financial position, financial performance and cash flows, is set out below.

	Note	As at 1 August 2014 £'000	As at 31 July 2015 £'000
Financial Position			
Total reserves under previous SORP		16,314	16,370
Reclassification of deferred capital grants as creditors	(b)	(3,665)	(4,004)
Total effect of transition to FRS 102 and 2015 FE HE SORP		(3,665)	(4,004)
Total reserves under 2015 FE HE SORP		**12,649**	**12,366**

	Note	Year ended 31 July 2015 £'000
Financial performance		
Deficit for the year under previous SORP		(80)
Changes to measurement of net finance cost on defined benefit plans	(c)	(44)
Total effect of transition to FRS 102 and 2015 FE HE SORP		(44)
Deficit for the year under 2015 FE HE SORP		**(124)**

a) Reclassification of deferred capital grants
Deferred capital grants must be recognised as deferred income within creditors, and not separately within reserves. The change means that the College's total reserves have reduced by the balance of the deferred capital grants.

b) Change in recognition of defined benefit plan finance costs
The net pension finance cost recognised in the Income and Expenditure account for the year ended 31 July 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the deficit for the year has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive Income.

c) Presentation of actuarial gains and losses within Total Comprehensive Income
Actuarial gains and losses on the College's defined benefit plans were previously presented in the Statement of Total Recognised Gains and Losses (STRGL), a separate statement to the Income and Expenditure account. All such gains and losses are now required under FRS 102 to be presented within the Statement of Comprehensive Income, as movements in Other Comprehensive Income.