JOHN RUSKIN COLLEGE

Report and Financial Statements for the Period Ended 31 January 2019

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 the period:

Mr M Ramzan	- Principal and Chief Executive; Accounting Officer up to 31 December 2018
Ms T Andrews	- Acting Principal 1 January – 31 January 2019
	- Assistant Principal to 31 December 2018
Mr R Moran	- Director of Finance and Resources to 31 January 2019

Board of Governors

A full list of Governors is given on page 12 of these financial statements.

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

Professional Advisors

Financial Statements and Regularity Auditors	Alliotts Imperial House 8 Kean Street Londoln WC2B 4AS
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

CONTENTS

Operating and Finance Review

NATURE, OBJECTIVES AND STRATEGIES:

The members of the Corporation of Orbital South Colleges on behalf of John Ruskin College present their report and the audited financial statements for the period 1 August 2018 to 31 January 2019.

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. Following Secretary of State approval to it's merger on 1 February 2019 the College merged its activities with those of East Surrey College to form Orbital South Colleges. At that date all assets, liabilities and activities of the John Ruskin College transferred to the East Surrey College Corporation at existing book value and John Ruskin College was dissolved

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 skills 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 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 12.

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
- Links with Local Enterprise Partnerships (LEPs)

Implementation of strategic plan

The College strategic plan was approved in December 2015 - 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 set a series of objectives, many of which taking into account the Colleges's previous position, were unlikely to be met. Key objectives were:

- Achieve success rates of 90% NOT MET
- Recruit 16-18 learners to target of 800 NOT MET
- Improve attendance rate to 87% NOT MET
- % of teaching observations graded good or better 90% NOT YET
- Significantly increase Apprenticeship numbers provision NOT YET

Financial objectives

The College's financial objectives are:

- To achieve an annual operating surplus NOT MET
- 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 NOT MET
- To generate sufficient levels of income to support the asset base of the College NOT MET
- To further improve the College's shorter term liquidity NOT MET
- To fund continued capital investment NOT MET

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

FINANCIAL POSITION

Financial Results

The College generated a deficit before other gains and losses in the six month period of £688k (deficit of £493k for 2017/18), with total comprehensive loss of £1,150k (2017/18: gain of £73k).

The College has accumulated reserves of £11.7m (net of the defined benefit obligation of £3.11m) and cash balances of £2.14m.

Tangible fixed asset additions during the period amounted to £94k. The spend was on equipment purchases and plant improvement (£61k) and land and buildings (£33k).

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In the period the funding bodies provided 93.3% 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 and liquidity

The operating cash outflow for the six month period was £306k (2017/18, outflow of £531k).

The College Financial Health is monitored by the ESFA through the submission of a three year financial plan. This was assessed as "Satisafctory" for both the 2017/18 forecast submitted in July 2018. This measures an institution's solvency and ability to deliver its strategic plan. Liquidity levels remain good with cash days in hand, solvency and borrowing ratios in the top quartile.

Reserves Policy

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve stands at deficit of £141k (2018: £902k). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial health

The College's current financial health is graded as "Satisfactory". The College, through its financial plan, recognised the funding challenges and set a Budget and Forecast based on realistic assumptions. The College has a loan, which will be repaid by early 2020 and has no other long-term liabilities.

Student numbers

In the six months period to 31 January 2019, the College has delivered activity that has produced £2.12m in funding body main allocation funding (2017/18: £5.72m). The College had approximately 700 funded students, and no non-funded students, however, continued under-recruitment of 16-18s and the failure to achieve a non-levy contract to deliver apprenticeships, proved damaging to financial sustainability..

Curriculum and Quality 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; Applied Sciences, Business, Creative Media, Early Years, Hair & Beauty, Health Care, ESOL and Sports alongside Apprenticeships. Courses are offered from Entry level through to level 3 with pathways for each vocational area. A level provision will discontinue after 2017/18 final entries, however, there are no secure plans to compensate for the lack of funded learners this will mean from 2018/19. There has been no investment in new provision despite key areas of local need and the absence of adequate provision elsewhere in some cases. An agreement exists with Coulsdon College whereby JRC does not deliver IT programmes. At merger, this agreement will cease.

The College runs a successful Key Stage 4 (KS4) programme providing 14-16 year olds alternatives to the more 'traditional' curriculum. The College has discontinued Direct Entry 14-16 provision to focus on meeting the needs of 14-16 learners referred to the College by Croydon Council. These are predominantly unaccompanied minors with English as an Additional Language (EAL) need. A varied curriculum is provided for them that will prepare them for their next steps into further education and training at 16. Working in close partnership with the Local Authority, the College has set up an effective ESOL provision to support newly arrived learners into the country. 'The College has established but limited apprenticeship provision at intermediate and advanced levels largely in business and related sectors, however, the failure to achieve a non-levy apprenticeship contract has limited recruitment and few levy employers have been attracted to working with the College. Some apprenticeship provision is subcontracted. Following merger, East Surrey College has raised a series of concerns about the robustness of quality.

Following an inspection by Ofsted in October 2017 the College received a grade of "Requires Improvement" falling from a previous 'Outstanding' grade. During 2017/18 the College implemented new approaches to professional development, quality, teaching, learning and assessment which are ~~now~~ becoming more firmly embedded to create a culture of high expectations ~~standards~~ and robust performance management. Value added indicators are positive, however, 16-18 achievements are too low and require further improvement. The College provides good support to learners with additional learning support needs. The Ofsted monitoring visit identified improving practice. JRC is aiming to secure SCIF funding with East Surrey College as the partner College.

Events after the end of the reporting period

On 1 February 2019 John Ruskin College was dissolved following which it merged with East Surrey College. East Surrey College was then renamed Orbital South Colleges.

Future prospects

The college dissolved on 1 February 2019.

Going Concern

The College dissolved on 1 February 2019 immediately following the transfer of all assets and liabilities at book value to East Surrey College.

It considered that the 'going-concern' assumption is not appropriate for John Ruskin College. However, as all assets and liabilities of John Ruskin College will transfer to East Surrey College, the financial statements have not been prepared using the 'break-up basis'. The accounts are therefore prepared on a basis other than going concern on the assumption the College will cease to trade after 31 January 2019.

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 £11.66m net of pension obligations of £3.11m.

People

The College employs 78 people of whom 29 are teaching staff and 49 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 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 to mitigate any potential impact on the College. The internal controls 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 arising, f a new area of work undertaken by the College.

A risk register maintained at the College level, 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 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 affectthe College.

1. Government Funding

The College has a considerable reliance on continued government funding through the education sector funding bodies. In the six month period to 31 January 2019 93.3% (2017/18, 92.5%) 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 howthe College offer will need to reflect this change taking into account that the College has been unsuccessful in securing an SFA non-levy contract
- 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

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 aligned tuition fees in accordance with the rising fee assumptions. The price elasticity of adult learning is ever changing due to the impact of loans. 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 in recent years seen a decrease in its 16-18 recruitment due to increased local competition from schools and other providers, the limitations of the curriculum offer and national demographic trends. The current 'Requires Improvement' grade is a further barrier to recruitment.

The risk of learner numbers decreasing in the future 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
- Loans for learners

Pre-merger, the current leadership has no plans in place to grow the curriculum offer. East Surrey College as the proposed merger partner, has already investigated opportunities for a reinvigorated, post-merger offer.

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.

This risk is mitigated by an agreed deficit recovery plan with the Croydon Local Government Pension Scheme, which applies to all scheme members in addition to the College.

5. Failure to maintain the financial viability of the College

The College's 2017/18 financial outturn financial health grade "Good". While the formal by the ESFA, which is based on the College's Financial Plan is "Satisfactory". This improvement between the plan and the outturn is the consequence of prudent financial management. Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies
- Income diversification strategy

STAKEHOLDER RELATIONSHIPS

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

These include:

- Students
- Education sector funding bodies
- FE Commissioner
- Staff
- Local employers (with specific links)
- Local authorities
- Government offices /Regional Development Agencies/LEPs
- The local community
- Other SFC/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. Further expansion is required in order to secure a more prominent role for the College and in order to meet local employer skills growth needs.

Equality

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 2010 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 merged Colleges of East Surrey College Corporation t/a Orbital South Colleges on 12 December 19 and signed on its behalf by:

Andrew Baird
Chair
East Surrey College Corporation

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 1 August 2018 to 31 January 2019 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 period ended 31 January 2019. 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 2015.

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 of JOHN RUSKIN COLLEGE

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	ATTENDANCE IN PERIOD TO 31 JAN 19
Abbee Cole	12.05.15	31.01.19	Teaching Staff		100%
Ashley Fernandes	19.03.13 & 27.09.16	31.01.19	Vice Chair 08.11.16 – 3 yrs	Audit	25%
Derek Galloway	04.11.14	31.01.19			100%
Laurence Markham	27.09.16	31.01.19			100%
Grace Marriott	17.03.15	31.01.19			75%
Anna O'Brien	21.03.17	25.9.18	Support Staff	Audit	100%
Peter Papanastasiou	08.11.11 & 03.11.15	31.01.19		Chair of Audit	50%
Cllr Helen Pollard	16.04.13 & 21.03.17	31.01.19			50%
Mohammed Ramzan	01.02.15	11.12.18	Principal	Search	100%
Anne Smith	15.05.12 & 10.05.16	31.01.19	Vice Chair 08.11.16 - 3yrs	Search	100%
Alec Stow	23.05.05; Reappointed 16.03.09; 19.03.13; and 21.03.17	31.01.19	Chair of Corporation; Re-appointed 21.03.17 for 4 year term	Search	100%
Shaka Anderson	11.12.18	31.01.19	Support staff		100%

At 31 January 2019, the College was dissolved and all the assets and liabilities were transferred to East Surrey College Corporation. As such, the Governors are deemed to have resigned as at this date.

Andrew Baird as chair of East Surrey College was not a member of John Ruskin College during the period but is required to approve the financial statements in his capacity of Chair of the merged college.

Signature: Date: 12.12.19

Mr A Baird
Chair
East Surrey College Corporation

The following statement is provided to enable readers of the report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2018 to the date of dissolution of the Corporation on 1 February 2019.

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. The Corporation meets at least twice each term, holding 7 meetings in the course of the academic year.

In 2018/19 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.

Corporation performance

The Corporation carried out a self assessment of its own performance for the academic year 2016/17 with the findings being compiled in a report dated 14th March 2017 and reviewed by the Corporation at its meeting held on 21st March 2017. The self assessment process graded each criterion using the OFSTED scales and each response was then RAG rated. Sections included a self assessment grade for the areas of leadership; added value; impact; effectiveness; and compliance. No overall single grade was allocated. This was the last review completed.

Remuneration Committee

Throughout the period ending 31 January 2019, 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 period ended 31 January 2019 are set out in note 5 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 Funding Agreement between the College and the funding bodies (as required by section 6 (3)(c) of part 2 of schedule 4 of the Further and Higher Education Act 1992, as updated by the Education Act 2011. 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 period ended 31 January 2019 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 January 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation. Any new/significant risks are identified via the Risk Register and RAG rated. These are then further identified where an activity will have a future impact on the College.

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, as part of its freedom and flexibility, used the internal audit to target very specific areas deemed to be riskier and therefore subject to specialised audits in order to provide assurances to SLT and to the Corporation. This involves commissioning specialists in the sector to review either new business areas or higher risk/focus areas.

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. At its November 2018 meeting, the Corporation carried out the annual assessment of Corporation meetings for the period ended 31 January 2019 by considering documentation from the senior management team and any internal audits, and taking account of events since 31 January 2019.

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

The College was dissolved on 1 February 2019 immediately following the transfer of all assets and liabilities at book value to East Surrey College.

It is considered that the 'going-concern' assumption is not appropriate for John Ruskin College. However, as all assets and liabilities of John Ruskin College will transfer to East Surrey College, the financial statements have not been prepared using the 'break-up basis'. The accounts are therefore prepared on a basis other than going concern on the assumption the College will cease to trade after 31 January 2019.

Approved by order of the members of the merged College : East Surrey College Corporation t/a Orbital South Colleges on 12 December 19 and signed on its behalf by:

Andrew Baird - Chair

Jayne Dickinson - Accounting Officer

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

We confirm, on behalf of the John Ruskin 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 terms and conditions of funding under the College's funding agreement and contracts with the ESFA.

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

Signed on behalf of the merged Colleges : East Surrey College Corporation t/a Orbital South Colleges

Jayne Dickinson Accounting Officer	Andrew Baird Chair of Governors
Date:12.12.19	Date: 12.12.19

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 Funding Agreement between the ESFA 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 2018 to 2019* 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 including Further and Higher Education Act 1992 and Charities Act 2011 and relevant accounting standards. It is responsible for taking steps that are reasonably open to it 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 ESFA are used only in accordance with the Funding Agreement with the ESFA 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 ESFA are not put at risk.

Approved by order of the members of the merged College : East Surrey College Corporation t/a Orbital South Colleges on 12 December 19 and signed on its behalf by:

Mr A Baird
Chair

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

Opinion
We have audited the financial statements of John Ruskin College (the "College") for the period ended 31 January 2019 which comprise the College statement of Comprehensive Income, the College Balance Sheet, the College Statement of Changes in Reserves, 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 United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:
- give a true and fair view of the state of the College's affairs as at 31 January 2019 and of the College's deficit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 other information comprises the information included in the Members Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. 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.

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
We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2018 to 2019 issued by the Department for Education requires us to report to you if, in our opinion:
- adequate accounting records have not been kept;
- 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.

Responsibilities of the Members of the Corporation of John Ruskin College

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 18, the Members of the Corporation are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determines 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 Corporation is 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 Corporation 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education Funding Agency and our engagement letter dated July 2018. Our audit work has been undertaken so that we might state to the Corporation those matters we are required under our engagement letter dated July 2018, to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Alliotts

Alliotts
Chartered Accountants
Imperial House
8 Kean Street
Londoln
WC2B 4AS

Date: 17\12\19

Reporting accountant's assurance report on regularity to the corporation of John Ruskin College and the Secretary of State for Education acting through the Department for Education ("the Department")

In accordance with the terms of our engagement letter dated July 2018 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 John Ruskin College during the period 1 August 2018 to 31 January 2019 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 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 returns, for which the Department has other assurance arrangements in place.

This report is made solely to the corporation of John Ruskin 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 John Ruskin 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 John Ruskin College and the Department 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 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 2018 to 31 January 2019 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.

The work undertaken to draw our conlusion includes: 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 2018 to 31 January 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Alliotts

Alliotts
Imperial House
8 Kean Street
Londoln
WC2B 4AS

Date: 17\12\19

Statement of Comprehensive Income

	Notes	Period ended 31 January 2019 £'000	Year ended 31 July 2018 £'000
INCOME			
Funding body grants	2	2,122	5,720
Tuition fees and education contracts	3	95	324
Other income	4	56	136
Investment income	5	2	1
Total income		2,275	6,181
EXPENDITURE			
Staff costs	6	1,726	3,746
Fundamental Restructuring Costs	6	130	-
Other operating expenses	7	830	2,351
Depreciation	10	238	497
Interest and other finance costs	8	37	81
Total expenditure		2,961	6,675
Deficit before taxation		(688)	(493)
Taxation	9	-	-
Deficit for the period		(688)	(493)
Actuarial loss in respect of pensions schemes		(462)	566
Total Comprehensive Income for the year:		(1,150)	73

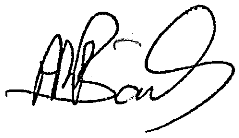
Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 31 July 2017	**614**	**12,120**	**12,734**
Deficit from the income and expenditure account	(493)	-	(493)
Other comprehensive income	566	-	566
Transfers between revaluation and income and expenditure reserves	215	(215)	-
	288	(215)	73
Balance at 31 July 2018	**902**	**11,905**	**12,807**
Deficit from the income and expenditure account	(688)	-	(688)
Other comprehensive income	(462)	-	(462)
Transfers between revaluation and income and expenditure reserves	107	(107)	-
Total comprehensive income for the year	(1,043)	(107)	(1,150)
Balance at 31 January 2019	**(141)**	**11,798**	**11,657**

Balance Sheet as at 31 January 2019

	Notes	As at 31 January 2019 £'000	As at 31 July 2018 £'000
Non current assets			
Tangible fixed assets	10	17,451	17,596
		17,451	17,596
Current assets			
Trade and other receivables	11	175	163
Cash and cash equivalents	14	2,139	2,629
		2,314	2,792
Less creditors: amounts falling due within one year	12	(1,312)	(1,454)
Net current assets		1,002	1,338
Total assets less current liabilities		18,453	18,934
Creditors: amounts falling due after one year	13	(3,503)	(3,580)
Provisions			
Defined benefit obligations	16	(3,106)	(2,547)
Provisions	18	(187)	
Total net assets		11,657	12,807
Unrestricted reserves			
Income and expenditure account		(141)	902
Revaluation reserve		11,798	11,905
Total unrestricted reserves		11,657	12,807
Total reserves		11,657	12,807

The financial statements on pages 23 to 44 were approved by the governing body on 12 December 19 and were signed on its behalf by:



Mr A Baird
Chair of East Surrey College Corporation

Date:

Statement of Cash Flows

	Notes	Period ended 31 January 2019 £'000	Year ended 31 July 2018 £'000
Cash flow from operating activities			
Deficit for the year		(688)	(493)
Adjustments for non-cash items			
Depreciation	10	238	497
Increase in debtors	11	(11)	(15)
Decrease in creditors due within one year	12	(90)	(686)
Decrease in creditors due after one year		(39)	(69)
Increase in provisions	18	187	
LGPS Pension costs less contributions payable	16	62	152
Pension Finance Cost	16	35	
Interest payable	8	2	81
Adjustment for investing or financing activities		(2)	1
Net cash outflow from operating activities		**(306)**	(531)
Cash flows from investing activities			
Interest on investments		2	1
Capital grants receipts		-	0
Payments made to acquire fixed assets	10	(94)	(98)
		(92)	(97)
Cash flows from financing activities			
Interest paid		(2)	(2)
Repayments of amounts borrowed		(90)	(53)
		(92)	(55)
Decrease in cash and cash equivalents in the year		**(490)**	(683)
Cash and cash equivalents at beginning of the year		2,629	3,313
Cash and cash equivalents at end of year	14	**2,139**	2,629

Notes to the accounts

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 2018 to 2019 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.

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 College was dissolved on 1 February 2019 immediately following the transfer of all assets and liabilities at book value to East Surrey College.

It is considered that the 'going-concern' assumption is not appropriate for John Ruskin College. However, as all assets and liabilities of John Ruskin College will transfer to East Surrey College, the financial statements have not been prepared using the 'break-up basis'. The accounts are therefore prepared on a basis other than going concern on the assumption the College will cease to trade after 31 January 2019.

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 achievement for the Adult Education 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.

Capital grant funding

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 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 conditions are met.

Fee income

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.

Investment income

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.

Teachers' Pension Scheme (TPS)

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.

Croydon Local Government Pension Scheme (LGPS)

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 interest and other finance costs.

Actuarial gains and losses are recognised immediately in 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.

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

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 on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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 than one year.

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 account.

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 future.

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.

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.

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 to the Statement of Comprehensive Income and Expenditure. 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.

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.

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.

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.

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

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. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

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 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 for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 January 2019. 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.

2 Funding body grants

	Period ended 31 January 2019 £'000	Year ended 31 July 2018 £'000
Recurrent grants		
Education and Skills Funding Agency - adult	128	655
Education and Skills Funding Agency – 16 -18	1,706	3,929
Education and Skills Funding Agency – apprenticeships	249	1,014
Specific grants		
Release of government capital grants	39	122
TOTAL	2,122	5,720

3 Tuition fees and education contracts

	Period ended 31 January 2019 £'000	Year ended 31 July 2018 £'000
Adult education fees	12	78
Apprenticeship fees and contracts	8	19
Fees for FE loan supported courses	-	8
International students fees	-	-
Total tuition fees	20	105
Education contracts	75	219
TOTAL	95	324

4 Other income

	Period ended 31 January 2019 £'000	Year ended 31 July 2018 £'000
Other income generating activities	56	136
TOTAL	56	136

5 Investment Income

	Period ended 31 January 2019 £'000	Year ended 31 July 2018 £'000
Other interest receivable	2	1
TOTAL	2	1
	2	1

6 Staff costs

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

	Period ended 31 January 2019 Number	Year ended 31 July 2018 Number
Teaching	29	34
Non teaching	49	51
	78	85

Staff costs for the above persons:

	Period ended 31 January 2019 £'000	Year ended 31 July 2018 £'000
Wages and salaries	1,222	2,695
Social security costs	122	255
Other pension costs	271	625
Payroll sub total	**1,615**	3,576
Contracted out staffing services	111	170
	1,726	3,746
Fundamental restructuring costs	130	-
TOTAL Staff costs	**1,856**	3,746

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

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

	Period ended 31 January 2019 Number	Year ended 31 July 2018 Number
The number of key management personnel including the Accounting Officer was:	4	4

Key management personnel compensation is made up as follows:	Period ended 31 January 2019 £'000	Year ended 31 July 2018 £'000
Salaries	73	265
Employers national insurance	9	31
Pension contributions	7	33
Total key management personnel compensation	89	330

6 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	
	Period ended 31 January 2019	Year ended 31 July 2018	Period ended 31 January 2019	Year ended 31 July 2018
	Number	Number	Number	Number
£40,001 to £50,000	1	1	-	-
£50,001 to £60,000	1	1	-	-
£60,001 to £70,000	-	-	-	-
£70,001 to £80,000	1	1	-	-
£90,001 to £100,000	1	1	-	-
	4	4	-	-

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:

	Period ended 31 January 2019	Year ended 31 July 2018
	£'000	£'000
Salary	41	98
Pension contributions	7	16
Total emoluments	**48**	**114**

Compensation for loss of office paid to former key management personnel:

	Period ended 31 January 2019	Year ended 31 July 2018
	£'000	£'000
Compensation paid to the former post-holder	102	-

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.

7 Other operating expenses

	Period ended 31 January 2019 £'000	Year ended 31 July 2018 £'000
Teaching costs	188	1 006
Non teaching costs	498	882
Premises costs	144	464
TOTAL	**830**	**2,351**

Other operating expenses include:		
Auditors' remuneration:		
External auditors' remuneration in respect of audit services	14	14
Internal auditors' remuneration in respect of audit services	-	9
Hire of assets under operating leases	-	-

8 Interest payable and other finance costs

	Period ended 31 January 2019 £'000	Year ended 31 July 2018 £'000
Loan interest	2	2
Defined benefit pension scheme net interest cost (note 16)	35	79
TOTAL	**37**	**81**

9 Taxation

The members do not believe that the College was liable for any corporation tax arising out of its activities during either year.

10 Tangible fixed assets

	Freehold land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost or valuation			
At 1 August 2018	23,607	3,793	27,400
Additions	33	61	94
		-	-
At 31 January 2019	**23,640**	**3,854**	**27,494**
Depreciation			
At 1 August 2018	6,325	3,479	9,804
Charge for year	182	56	238
Elimination in respect of disposals	-	-	-
At 31 January 2019	**6,507**	**3,535**	**10,042**
Net book value at 31 January 2019	**17,133**	**319**	**17,451**
Net book value at 31 July 2018	17,282	314	17,596

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 £12,121,000 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.

11 Trade and other receivables

	Period ended 31 January 2019 £'000	Year ended 31 July 2018 £'000
Amounts falling due within one year:		
Trade receivables	28	57
Prepayments and accrued income	147	106
	175	163

12 Creditors: amounts falling due within one year

	Period ended 31 January 2019 £'000	Year ended 31 July 2018 £'000
Bank loans	-	52
Payments received in advance	96	95
Trade creditors	291	320
Other taxation and social security	160	111
Accruals and other creditors	686	798
Deferred capital grant	78	78
TOTAL	1,312	1,454

13 Creditors: amounts falling due after one year

	Period ended 31 January 2019 £'000	Year ended 31 July 2018 £'000
Deferred capital grant	3,503	3,542
Loans	-	38
TOTAL	3,503	3,580
Analysis of loans:		
Due within one year	-	**52**
Between one and two years	-	38
Between two and five years	-	-
In five years or more	-	-
Due after more than one year	-	38
TOTAL	-	90

Bank Loan was repaid in full in January 2019.

14 Cash and cash equivalents

	At 1 August 2018 £'000	Net cash flows £'000	Other changes £'000	At 31 January 2019 £'000
Cash and cash equivalents	2,629	(490)	-	2,139
TOTAL	**2,629**	(490)	-	**2,139**

15 Lease obligations

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

	31 January 2019 Motor Vehicles £'000	Total £'000	Year ended 31 July 2018 £'000
Payable during the year	5	5	5
Future minimum lease payments due:			
Not later than one year	5	5	5
Later than one year and not later than five years	5	5	5
Later than five years	-	-	-
	15	15	15

16 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 multi-employer defined benefit schemes.

Total pension cost for the year

		Period ended 31 January 2019 £'000		Year ended 31 July 2018 £'000
Teachers' Pension Scheme: contributions paid		87		212
Local Government Pension Scheme:				
Contributions paid	122		261	
FRS 102 (28) charge	62		152	
Charge to the statement of comprehensive income		184		413
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total pension cost for the year recognised within staff costs		271		625

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 2016. Contributions amounting to £38k (31 July 2018: £51k) were payable to the schemes at 31 January 2019 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.

16 Defined benefit obligations (continued)

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.

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.

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 £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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/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.

16 Defined benefit obligations (continued)

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 period amounted to £87k (2018: £219k).

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 ofthe 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 funds administered by Croydon Council. The total contribution made for the six month period ended 31 January 2019 was £151k of which employer's contributions totalled £122k, and employees' contributions totalled £29k. The agreed contribution rates for future years are 15.1% for employers and range from 5.5% to 12.5% for employees, depending on salary.

16 Defined benefit obligations (continued)

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund as at 31 January 2019 by a qualified independent actuary.

	Period ended 31 January 2019 %	Year ended 31 July 2018 %
Rate of increase in salaries	**2.9**	**2.9**
Future pension increases	**2.4**	**2.4**
Discount rate for scheme liabilities	**2.6**	**2.8**
Inflation assumption (CPI)	**x**	**x**
Commutation of pensions to lump sums	**50%/75%**	**50%/75%**

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

	Period ended 31 January 2019 years	Year ended 31 July 2018 years
Retiring today		
Males	**22.3**	**22.3**
Females	**24.4**	**24.4**
Retiring in 20 years		
Males	**24.0**	**24.0**
Females	**26.2**	**26.2**

Sensitivity analysis	**Period ended 31 January 2019 £'000**	Year ended 31 July 2018 £'000
0.5% decrease in real discount rate	**831**	**753**
0.5% increase in the salary increase rate	**69**	**65**
0.5% increase in the pension increase rate	**755**	**682**

16 Defined benefit obligations (continued)

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

	Period ended 31 January 2019	Fair value at 31 January 2019	Year ended 31 July 2018	Fair value at 31st July 2018
	%	£'000	%	£'000
Equity instruments	68	2,974	71	3,098
Debt instruments	17	744	16	698
Property	14	612	12	523
Cash	1	44	1	44
Total fair value of plan assets		4,374		4,363
Weighted average expected long term rate of return	2.7%		2.7%	
Actual return on plan assets		(155)		276

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

	Period ended 31 January 2019	Year ended 31 July 2018
	£'000	£'000
Fair value of plan assets	4,374	4,363
Present value of funded liabilities	(7,471)	(6,901)
Present value of unfunded liabilities	(9)	(9)
Net defined benefit pension liability	**(3,106)**	(2,547)

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

	Period ended 31 January 2019	Year ended 31 July 2018
	£'000	£'000
Amounts included in staff costs		
Current service cost	184	413
Past service cost	-	-
TOTAL	**184**	413
Amounts included in interest payable and other finance costs		
Net interest charge	35	79
TOTAL	**35**	79

16 Defined benefit obligations (continued)

Amount recognised in other comprehensive income

	Period ended 31 January 2019 £'000	Year ended 31 July 2018 £'000
Return on pension plan assets	(155)	276
Experience (gains)/loss arising on defined benefit obligations		(1)
Changes in assumptions underlying the present value of plan liabilities	(307)	291
Amount recognised in other comprehensive income	(462)	566

Movement in net defined benefit liability during year

	Period ended 31 January 2019 £'000	Year ended 31 July 2018 £'000
Net defined benefit liability at 1 August	(2,547)	(2,882)
Movement in year:		
Current service cost	(184)	(413)
Employer contributions	122	261
Past service cost	-	-
Net interest on the defined liability	(35)	(79)
Remeasurements recognised in other comprehensive income	(462)	566
Actuarial gain or loss		-
Net defined benefit liability at 31 January	(3,106)	(2,547)

Changes in the present value of defined benefit obligations

	Period ended 31 January 2019 £'000	Year ended 31 July 2018 £'000
Defined benefit obligations at start of period	6,910	6,661
Current service cost	184	413
Interest cost	97	184
Contributions by scheme participants	29	64
Experience gains and losses on defined benefit obligations	-	-
Changes in financial assumptions	307	(291)
Other experience remeasurements	-	1
Estimated benefits paid	(47)	(122)
Past service cost	-	-
Curtailments and settlements	-	-
Defined benefit obligations at end of period	7,480	6,910

16 Defined benefit obligations (continued)

Changes in fair value of plan assets

	Period ended 31 January 2019 £'000	Year ended 31 July 2018 £'000
Fair value of plan assets at start of period	4,363	3,779
Interest on plan assets	62	105
Return on plan assets	(155)	276
Employer contribution	122	261
Contributions by scheme participants	29	64
Estimated benefits paid	(47)	(122)
Fair value of plan assets at end of period	**4,374**	**4,363**

17 Related party transactions

Owing 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 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 102 s.33 Related Party Transactions.

The total expenses paid to or on behalf of the Governors during the period was £1000; 5 governors (2018:£1,000; 5 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2018: None).

18 Provisions

	Defined Benefit Obligations £'000	Other £'000	Total £'000
Balance at 1 August 2018	**2,547**	**-**	**2,547**
Expenditure in the period	(122)	-	(122)
Additions in the period	681	187	868
Balance at 13 January 2019	**3,106**	**187**	**3,293**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 16. Other relates to amounts received and disbursed under the Vulnerable Bursary Scheme which an audit has subsequently determined claimed in error.