



**Annual Report and Financial Statements  
for the year ended 31 July 2020**

Company Limited by Guarantee  
Registration Number 00066196  
(England and Wales)

Charity Registration Number  
309701

**Key Management Personnel are defined as members of the College Senior Management Team and were represented in 2019-20 by:**

Paul Di-Felice (Principal & CEO)  
Mark Griggs (Finance Manager)  
Vinisha Patel (Student Services Manager - August 2019 to January 2020)  
Abid Hussain (Student Services Manager – March 2020 to July 2020)  
Rena Rani (Assistant Principal – August 2019 to January 2020)  
Nicola O Shea (Commercial and Marketing Manager)  
Ashok Patel (Consultant)

**Advisors**

**Financial statement auditors and reporting accountants**

Alliotts LLP  
Friary Court  
13-21 High Street  
Guildford GU1 3DL  
No appointment for 2019-20

**Internal auditors**

**Bankers**

The Co-operative Bank  
Legacy Portfolio Management  
5th Floor, 1 Balloon Street  
Manchester M60 4EP  
co-operativebank.co.uk

**Solicitors**

Penningtons Manches LLP  
9400 Garsington Road  
Oxford Business Park  
Oxford OX4 2HN

Eversheds Sutherland LLP  
One Wood Street  
London EC2V 7WS

Irwin Mitchell LLP  
Imperial House  
31 Temple Street  
Birmingham B2 5BD

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## Directors' report and strategic report – year to 31 July 2020

### Nature, objectives and strategies

The directors present their report and the audited financial statements for the year ended 31 July 2020.

### Legal status

Ruskin College is a company limited by guarantee and a registered charity for the purposes of the Charities Act 1993 as amended by the Charities Act 2011. It is designated for funding by the Education and Skills Funding Agency (ESFA) and receives funding from the Office for Students (OfS).

### Mission

The College's mission, as approved by its Governing Executive is:

*To provide educational opportunities to adults who are excluded and disadvantaged, and to transform the individuals concerned along with the communities, groups and societies from which they come.*

### Public Benefit Statement

Ruskin College is a registered charity and is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The members of the Governing Executive, who are trustees of the charity, are disclosed on page 16.

In setting and reviewing the College's strategic objectives, the Governing Executive 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:

- Improves the qualifications, skills and employability of the groups and individuals it engages in learning.
- Benefits in other areas of public policy, for example in enhancing health and wellbeing, reducing dependency on public services, supporting families and up-skilling volunteers.
- Transforms the lives of individuals which in turn contribute to the development of cohesive and resilient communities.
- Supports the national need to up-skill its adult population and address issues of social deprivation, poverty and economic inactivity.
- Adds value to the activities of communities and trade unions.

The delivery of public benefit is covered throughout the Directors' Report.

### Ruskin College Strategic Objectives

A previous strategic plan was agreed by the Governing Executive in November 2016. Having due regard for the current circumstances, where the College's financial and solvency position deteriorated significantly, the college strategy was to seek a merger partner to strengthen its financial health. This has been achieved through the merger with the University of West London on 30 July 2021. A revised strategic plan based on continuing the operations of the College as a going concern will be developed during 2021-22.

## Directors' report and strategic report – year to 31 July 2020

### Financial objectives

The College's financial objectives were:

- To remain financially sound to protect itself from unforeseen adverse changes in enrolments and to generate sufficient income to enable it to maintain and improve its accommodation and equipment.
- To maintain the confidence of students, funders, suppliers, bankers and auditors.
- To achieve a significant level of awareness among the College staff of the financial environment within which it operates.

The College recognises that these stated objectives are not easily deliverable without significant financial and solvency support.

### Financial performance indicators

These financial performance indicators were agreed during the year.

	Target 19-20	Actual 19-20
Deficit generated (after exceptional items)	£(290)k	£(1,588)k
Covenant ratio	1.36	(7.2)
Current ratio	0.6	0.03
Debt/Income ratio	52%	73%
Cash days in hand	13	25
Staff costs (excluding exceptional items) as % of turnover (excludes bursary income)	71%	71%
Financial Health	Inadequate	Inadequate

The College recognises the importance of sector measures and indicators and these are monitored by the College's Finance Committee on a regular basis and through the ESFA. The College uses the FE Hub data available on the GOV.UK website which looks at measures such as achievement rates. The College is required to complete the annual Finance Record for the ESFA. The College had an "Inadequate" financial health grade in 2016-17, and the restated position for 2017-18, the position for 2018-19 and the current year also give an "Inadequate" financial health grade.

### Financial position

The College achieved an operating deficit of £1,588k (2019: £1,857k deficit). This is after allowing for restructuring costs of £nil (2019: £110k). The College has not been able to recover from some significant solvency and financial problems during 2018-19 and the overall position has worsened during the current financial year. The key issues being; a lack of available liquidity, the impact of COVID impacting student recruitment, ongoing clawbacks from the ESFA and an increase in the pension liability. These critical issues have significantly and adversely impacted on the overall financial and solvency position of the College. The operating deficit achieved was after adjusting for the provision of pension liabilities associated to both USS and OSPS pensions and a full provision for the ESFA funding clawback.

## **Directors' report and strategic report – year to 31 July 2020**

The College experienced significant funding clawback for the three years to 2018-19 and as a result new funding claims were initiated in 2019-20. This, together with the challenges of delivering programmes in lockdown and the cancellation of a significant proportion of Trade Union Education courses in the second half of the year, has resulted in a significant under-performance in delivering of the ESFA contract and including the bursary element. The College was therefore not able to deliver a significant element of its ESFA funding contract and a provision is made for a return of grant funding.

Furthermore, as a result of the funding clawback and restatement of the financial positions for the three previous years, the College is in technical breach of the bank covenants and has therefore reclassified both the bank loans and the funding clawbacks as creditors due within one year. These elements have an accumulated creditor value of £9.2m.

The College had significant reliance on the education sector funding bodies for its principal funding source, largely through recurrent grants. In 2019-20 the ESFA provided 60% of the College's total income.

Following a Strategic Prospects Appraisal (SPA) led by the Further Education Council (FEC), it recommended a merger which could better secure the future of the College. The College has now successfully completed a merger with the University of West London (UWL) on 30 July 2021. UWL has reviewed the past and projected performance of Ruskin College in detail and have incorporated this into a Recovery Plan. UWL, which is demonstrably financially resilient, is confident that it can effectively inherit Ruskin College throughout its transition from operating at a deficit to an operating surplus position and beyond.

### **Covid-19**

It is important to acknowledge the significant impact Covid-19 has had on the College. Lockdown restrictions severely affected the College's ability to recruit students and summer schools could not go ahead, resulting in a significant fall in income.

The College is also challenged by the Covid-19 issues in ensuring that student and staff safety is paramount during this period. The costs associated to maintaining high standards in this regard are escalating, especially in terms of facilities management, online teaching and providing cover teaching during absences etc. The College is also not able to secure additional income from short courses and other estates hire e.g. summer school activity. The College has however been able to work with the NHS to provide accommodation for 'key' workers supporting the Covid pandemic.

### **Taxation**

None of the College's activities are liable for corporation tax.

## **Directors' report and strategic report – year to 31 July 2020**

### **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 separate treasury management procedures in place in its Financial Regulations. Short-term borrowing for temporary revenue purposes was authorised by the Principal after consultation with the Finance Director. Such arrangements are restricted by limits in the Financial Memorandum with the ESFA. All other borrowing requires the authorisation of the Governing Executive and will comply with the requirements of the Financial Memorandum of the ESFA.

### **Liquidity**

The College was able to settle in March 2021, the outstanding loans with the Co-operative Bank by using the disposal of sale proceeds of Stoke House. As the College continues to implement the outstanding actions from the recovery plan and the FEC recommendations, it will need to maintain good relationships with all stakeholders, which includes the ESFA and FEC.

The current ratio gives an indication of a college's ability to meet its short-term debt (within one year) using cash and money owed to the College. The current ratio after reclassifying the bank loan and clawback payments due to the ESFA was 0.03 (before reclassification of fixed assets) which meant that the College did not have the liquidity to meet its short-term obligations, without the support of its main funder, the ESFA and the bank. However, due to the merger completed on 30 July 2021 with UWL, Ruskin College will have adequate funding to continue in operational existence as a going concern.

### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2019 to 31 July 2020, the College was unable to meet this target, because of on-going solvency issues, but all suppliers and contractors were kept informed and the College is not aware of any major adverse issues faced by suppliers during this period as all were eventually discharged.

### **College Curriculum, Quality and Performance**

#### **Performance and Outcomes**

Recruitment for 2019-20 across FE courses for non-residential accredited courses at the beginning of the academic year increased by 9%, with ESOL cohorts showing the greatest increase of 21% and flagship Access courses showing a 5% increase on the previous year. In accordance with its stated purpose and rating as 'exemplary for widening participation' by Ofsted, Ruskin College students are recruited from the hardest to reach sections of society and these are the groups who were most impacted by Covid-19. As a consequence, the lockdown in March 2020 created additional challenges to students who were already facing financial, family and technological challenges. The College supported Access and residential students throughout the crisis and supplied IT hardware and support

## **Directors' report and strategic report – year to 31 July 2020**

remotely. However, the decision was taken to stop teaching on Level 1 and Level 2 courses as students were unable to engage, particularly in ESOL, English and Maths. This has impacted adversely on retention and achievement rates for the year. Access teaching did continue with significant extra teaching and other support and the College was commended by the awarding body for the quality of teaching and support. All students (38) achieved and continued to Higher Education, work and apprenticeships.

### **Quality and Curriculum**

The College continues to build upon its Ofsted Short Inspection grade of 'Good' and the College remains 'exemplary for widening participation'. In line with the LEP skills Agenda for Oxfordshire and the commissioned Marketing report outlining provision gaps in the market, a new curriculum incorporating use of outside space and residential provision, together with a new emphasis on skills, was proposed. The advent of COVID-19 meant that these were put on hold and focus was shifted to supporting students to complete their courses at Level 3 and above. There were 38 Access students and achievement was 100% for this year. Retention was at 91% due to a reduction in ALL provision which meant students had to withdraw without funding.

### **Future Curriculum Developments**

For 2020-21 the College will focus upon the development of the following programmes:

- Community Learning – developing a new curriculum targeted at local learners in areas of greatest need
- A new sustainability curriculum incorporating wellbeing and skills
- Online learning curriculum
- Partnership working around care
- A further review of higher education to consider the development of a new portfolio of programmes for the future

### **Student numbers**

The College enrolled 2,511 ESFA-funded students during the year and 78 students funded by HE tuition fees and other sources.

### **Student achievements**

Student achievement is measured by the percentages of those achieving the qualification of those who enrolled on it. As noted, the overall achievement rate for the ESFA funded programmes stands at 99%. Given the financial and operational challenges in 2019-20, no prizes were awarded to students during this year. As the College is now under new ownership following the merger with UWL on 30 July 2021, these prizes will be reinstated in future years.

### **Business Development**

In the autumn of 2019, the College worked with new commercial training partners to deliver the first autumn language school with a return of over 40%. Contracts were in place to run the first Easter school in 2020 with the same provider. Outreach under Business Development engaged with over 40 social and local enterprises and organisations including Oxford City Council, Asylum Welcome, Oxford Association of Care Providers and the OUH Trust to provide training and residential space. During lockdown the College made all its accommodation available to the NHS for shielding doctors and nurses during the pandemic. Covid-19 meant that the scheduled Easter and summer schools were unable to go ahead as planned, resulting in a significant loss of income. This was partly offset by the NHS contract.



## Directors' report and strategic report – year to 31 July 2020

### Resources

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

*Financial* – the College has net assets of £3.2m. This includes tangible fixed assets of £12.5m, provision for bad debts of £130k and pension liabilities of £489k.

*People* – the College employs 44 people of whom 22 are teaching staff.

*Reputation* – the College has suffered reputational damage as a result of its deteriorating financial health. However, due to the merger with UWL in August 2021, the College is confident that it can continue its operational existence for the foreseeable future and rebuild its reputation.

### Principal Strategic Risks Addressed by the College

The key risks were identified from the strategic plan and the financial plan and were contained in the risk management register for 2019-20 including the below:

- Reputational damage due to ongoing financial health of the College
- Decline in student recruitment rates in higher education
- Risk of solvency problems associated to poor financial outturns

The management of these risks is outlined in the risk management annual report.

### Risk management process

A revised risk management plan against the new strategic plan was originally approved by the Governing Executive in November 2016. The key risks have been reviewed by the Audit Committee and the Governing Executive on a regular basis since inception and new risks have been identified and considered.

### Key Risk in relation to Government funding

The College continues to receive student funding through the ESFA. In 2019-20 the College received £1.7m from the ESFA. It is likely that the level of public funding for adult education will continue to be challenging and whilst the College will not be part of the initial phase of local commissioning and will retain direct funding, the College continues to review income positions and explore new opportunities. The risk is mitigated in a number of ways:

**Diverse Income Streams:** the College is committed to developing a range of diverse income streams. These include developing an international offer, apprenticeships and the continued commitment to a Higher Education offer.

**National Campaign:** the College, through the Institutes of Adult Learning, was actively lobbying the ESFA and the Department for Education to maintain nationally funded status, which was agreed.

**Meeting Local Priorities:** the College works with local providers, communities and commissioners to address local needs.

## Directors' report and strategic report – year to 31 July 2020

**Funding Priorities:** the College continues to focus upon the funding priorities of the Department of Education to demonstrate the College alignment with educational policy.

**Partnership Working:** the development of local partnerships to facilitate progression routes from local providers. The scoping of partnerships with national stakeholders and higher education institutions to support the growth in fee income and direct student recruitment.

**Campus and Residency:** continually improve the campus to ensure the estate provides an income to the College whilst meeting the future needs of our student body

### Stakeholder relationships

In line with other colleges and with universities, Ruskin College has many stakeholders. These include:

- Students
- Staff
- ESFA & OfS
- TUC, GFTU and affiliate trade unions
- Other educational institutions
- Employers
- Public sector
- Voluntary and public-sector partners
- Suppliers

The College recognises the importance of these relationships and engages in regular communication with them through the College website, Intranet and networking meetings.

### Trade Union Facility Time

The Trade Union (Facility Time Publication Requirement) Regulations 2017 requires the College to publish information on facility time arrangements for trade union officials at the College.

Number of employees who were relevant	FTE employee number
0 staff	n/a

Percentage of time	Number of employees
0%	0%
1-50%	0%
51-99%	0%
100%	0%
Total cost of facility time	Nil

## Directors' report and strategic report – year to 31 July 2020

Total pay bill	<b>Nil</b>
Percentage of total bill spent on facility time	<b>Nil</b>
Time spent on paid trade union activities as a percentage of total paid facility time	<b>Nil</b>

The College has no formal agreement with staff or recognised unions in terms of time and cost on activities associated with supporting union activities.

### Equality and Diversity

Ruskin College has a tradition of offering high quality education to mature students, many of whom have experienced social or economic disadvantages. The College is committed to the maintenance and extension of equality of opportunity and to treating all staff and students with respect and dignity. In terms of ethnicity and disability there is a high level of inclusion with 25% of students from an ethnic minority background and 19% of students declaring a disability or learning difficulty. The achievement rates for the College are above sector benchmarks.

The College has a Single Equality Scheme which ensures that attention is paid to equality and diversity in every aspect of college life, not only in opening our doors to all, regardless of background or prior educational achievement, but in specific measures such as incorporating disabled access in the redevelopment of the College estate, screening for learning support needs and continuing to offer access routes into education at the appropriate level.

Ruskin's equality objectives, with a clear steer from governors and management, are to:

- Retain open access to offer educational opportunities to adults who have been excluded and disadvantaged.
- Promote social mobility by fostering progression through study, encompassing flexible opportunities from Level 1 to Level 7 underpinned by high levels of learning support and a unique model of academic tutorials at the higher education levels.
- Increase the representativeness of the student body on all courses, particularly on trade union short courses.
- Monitor and tackle any retention and achievement gaps between different groups of students for example in respect of categories of disadvantage.
- Promote and embed equality and diversity in learning and teaching and assessment by identifying and sharing good practices identified in lesson observations.
- Increase the contribution of the student voice by including equality and diversity issues in surveys, course reviews and meetings with students.

## **Directors' report and strategic report – year to 31 July 2020**

### **Safeguarding and Prevent Duty**

The successful Ofsted short inspection on safeguarding in 2017-18 demonstrated compliance with the FE sector standard for safeguarding and prevent policy and procedure. The College is vigilant in terms of ensuring students and staff, understand and engage in the safeguarding and prevent duty. The College's Safeguarding Policy is available on the College intranet and is displayed in staff offices so that both staff and students are reminded what forms of abuse to keep a watch for and what to do if any learner is believed to be at risk. The College has complied with changing national decisions on priority groups of staff who should undergo an enhanced Disclosure and Barring Service (DBS) Disclosure Check. All policies, including on bullying and harassment, have been kept under review and learners have been helped to bring concerns to the surface to ensure a safe learning environment. Policies to ensure the safe use of IT are well developed. The College has good links with local community police officers. The College is compliant with the Prevent Duty in terms of staff training, the assessment of risk and the monitoring of the Prevent Action Plan.

### **Health and Safety**

There is a Health and Safety Committee, though it was unable to meet during 2019-20. Any issues were covered by the Audit Committee and Finance Committee. The health and safety of students is monitored throughout their time at Ruskin. All long course students are required to obtain medical clearance to study and the College works with its designated Medical Officer to ensure that appropriate decisions are taken, and appropriate support put in place from the interview stage onwards. Where necessary, medical factors are incorporated into the conditions of the offer letter and into the probationary term at Ruskin. During Induction, students meet the Health and Safety Manager and they learn about the College provision for on-site counselling and other support services. Throughout their time at Ruskin, students are assisted by information and guidance, disability support, learning development and close tutorial contact as well as on-site advice services for those who are resident. This web of support, together with the collegial atmosphere, helps students to focus on their studies and hence change their lives for the better.

### **Disability statement**

The College seeks to achieve the objectives set down in the Equality Act 2010. As part of its Capital Project the College implemented a range of improvements aimed at students with mobility disabilities. The College has a Welfare Officer who provides information, advice and arranges support where necessary for students with disabilities.

There is a range of specialist equipment which the College can make available for use by students and a range of assistive technology is available.

### **Reserves Policy**

The College has been restricted in terms of its cash flow in 2019-20, meaning that it was unable to develop a sufficient reserves policy. However, following the merger with UWL on 30 July 2021, a reserves policy will be developed and instated for 2021-22.

## Directors' report and strategic report – year to 31 July 2020

### Events after the reporting period

The College was settled in March 2021, the outstanding loans with the Co-operative Bank by using the disposal of sale proceeds of Stoke House.

Following a recommendation by the Further Education Council (FEC), the College has now successfully completed a merger with the University of West London (UWL) on 30 July 2021. UWL will operate the College as a going concern and has bolstered the College's financial footing greatly.

The repayment of the ESFA liability following the merger is also a significant event after the reporting period.

### Future Developments

UWL has set out a Recovery Plan for the College whereby the existing courses at Ruskin College will continue in the future, as well as broadening the curriculum to develop a key focus in the delivery of nursing and healthcare.

### Disclosure of information to auditors

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

By order of the Governing Executive on 2 September 2021 and signed on its behalf by:



Anthony Woodman (Sep 2, 2021 13:41 GMT+1)

Professor Anthony Woodman (Governor)

## 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 2019 to 31 July 2020 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 2018 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 the College/Board has adopted and complied with the Code. We do not comply with 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 Governing Executive, the College complies with all the provisions of the Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2020.

The Governing Executive recognises that, as a body entrusted with both public and private funds, it has a 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 College's issued by the Association of Colleges in March 2015, which it formally adopted in March 2018.

### The Governing Executive

The Governing Executive has a membership of up to 22 members – 15 ordinary members, 4 staff members, 2 student members and the Principal. It is the Governing Executive's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Governing Executive has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Board considers that each of its non-executive members is independent of management and is required to declare any business or other relationship, which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair and Principal are separate.

The Board 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, personnel related matters such as health and safety and environmental issues. The Governing Executive meets at least three times a year. 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 Governing Executive also conducts its business through a number of committees. Each committee has approved terms of reference. These committees are Finance, Search, Audit and Quality. The Finance and Quality Committees met three times in the year and the Search and Audit Committees met twice in the year. Each reported to the Board through its Chair and through minutes.

## Statement of Corporate Governance and Internal Control

Minutes of all meetings, except those deemed to be confidential by the Governing Executive, are available on the College website or from the Clerk to the Governors at:

Ruskin College  
Dunstan Road  
Old Headington  
Oxford OX3 9BZ

The Clerk to the Governors maintains a register of financial and personal interests of the Governing Executive, Finance Committee, Audit Committee and the Management Team. The register is available for inspection at the above address.

All Governors can take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Board, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Governing Executive 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 Governors at Ruskin College have been seeking, during the current year, to modernise their governance in order to make their arrangements more responsive to stakeholders. In March 2018 the Governing Executive adopted the Code of Good Governance in English Colleges, as recommended by the Association of Colleges. One feature of this code is a commitment to a regular refresh of Board membership, with maximum terms of office normally no longer than 8 years. Governors are committed to this change and once new Governors can be appointed under a modernised constitution, an orderly retirement of those Governors whose office exceeds this length of time is being planned. A working group carried out work to consider a wholesale change to the Articles of Association in 2017-18 together with an associated change of the Objects which was agreed by the Governing Executive and by Council. The request to amend the Objects has been submitted to the Charity Commission and approved. The new Articles have been implemented. The new Articles place all governance with the Governing Executive who are now called the Board and the determination of its membership will be for the Board itself to decide and will no longer be restricted to members of the Council.

### Appointments to the Governing Executive

Any new appointments to the Board are a matter for the consideration of the full Governing Executive and are made on the basis of recommendations by the Search Committee, which is responsible for the selection and nomination of any new ordinary member. The Governing Executive is responsible for ensuring that appropriate training is provided as required. Any new appointments to the Governing Executive are appointed for a term of office ordinarily lasting three years (1 year for staff and students). John Kirk acted as Interim Clerk for the period to 22 November 2019 and Lana Jackman was appointed on 21 November 2019 and acted as the Clerk to the Governing Executive for the remainder of the period.

## Statement of Corporate Governance and Internal Control

The members who served on the Governing Executive during the period were as listed in the table below.

Name	Term of Office	Status of Appointment	Other Committees served	Attendance
Peter Pendle	From 10.03.2019 to 15.9.2020	Ordinary member	Audit	100% Board; 100% Finance and Audit
Alison Stoecker	From 10.03.2019	Ordinary member	Quality	75% Board
Paul Di Felice	From 21.03.2016	Principal	Finance; Search & Remuneration	100% Board; 100% Finance and Audit
Kevin Flanagan	From 23.03.2016	Ordinary member	Audit, Search & Remuneration	100% Board; 100% Finance and Audit; 100% Search & Remuneration
Theresa Hoenig	From Oct 2017 to 3.7.2020	Ordinary member	Quality	75% Board; 66% Quality
Paul Inman	To 5.5.2020	Ordinary member	Search & Remuneration, Finance	100% Board; Resigned Finance and Audit
Ijeoma Omombala	From 5.7.2019	Ordinary member		100% Board
Doug Nicholls	From 28.12.2007	Ordinary member	Chair from 29.6.18	75% Board; 100% Finance and Audit; 0% Search and Remuneration
Oshor Williams	From 5.7.2019	Ordinary member	Quality	75% Board; 33% Quality
Lindsay Cane	From 5.7.2019	Ordinary member		100% Board
Sally Mercer	From 5.7.2019 to 5.7.2020	Staff		100% Board; 66% Quality
Jim Mowatt	From 22.11.2019	Ordinary member		100% Board



## Statement of Corporate Governance and Internal Control

On acquisition by the UWL on 30th July 2021, all Governors of the College resigned. At the point of acquisition, the following Governors were appointed:

Name	Appointed	Role
Jennifer Bernard	30.07.2021	Director
James David Edmunds	30.07.2021	Director
Dr Suresh Gamlath	30.07.2021	Director
Professor Peter David John	30.07.2021	Director
Matthew Robson Snowden	30.07.2021	Director
Professor Anthony Woodman	30.07.2021	Director
Patrick Anthony Younge	30.07.2021	Director

### Audit Committee

The Audit Committee comprises up to seven members (excluding the Principal) and is quorate at three. The Committee operates in accordance with written terms of reference approved by the Governing Executive.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal and external 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 ESFA as they affect the College's business.

The Audit Committee also advises the Governing Executive on the appointment of the reporting accountants and financial statement auditors and their remuneration for both audit and non-audit work.

### Finance Committee

The Finance Committee operates in accordance with written terms of reference approved by the Governing Executive.

The Finance Committee meets four times a year and takes a strategic overview of the finance of the College, including the oversight of financial forecasts and budgets, the College's investment policy, cash management and borrowing policies, banking arrangements and insurance arrangements.

### Search and Remuneration Committee

## **Statement of Corporate Governance and Internal Control**

The Search and Remuneration Committee comprises up to six members, including the Chair and Principal and is quorate at three. The Committee operates in accordance with written terms of reference. The Search Committee meets at least once a year and as required. It advises the Council and Governing Executive on the appointment and reappointment of ordinary members of the Governing Executive, considers the results of skills audits and monitors the composition of the Governing Executive to ensure that it is fully representative of the College's students and constituencies.

### **Corporation performance**

Over the 2019-20 academic year, the Governing Executive put in considerable time and effort on behalf of the College to secure its future success. However, the College's deteriorating financial and solvency positions could not be recovered sufficiently to remain independent, and a decision was taken in 2021 to seek a merger, which was achieved on 30 July 2021 with the merger with the University of West London.

### **Internal control**

#### **Scope of responsibility**

The Board 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.

In the year, the Governing Executive delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the funding bodies. He was also responsible for reporting to the Governing Executive 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 on-going 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 Ruskin College for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

#### **Capacity to handle risk**

The Governing Executive has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Executive is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Governing Executive.

## Statement of Corporate Governance and Internal Control

### **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 the risk and control framework includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Governing Executive
- regular reviews by the Governing Executive 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 had no internal audit service during the financial year 2019-20. The work, outcomes and recommendations have been shared with the Governing Executive and so too have actions plans and progress arising thereon. The analysis of risks, via the risk register has also been shared and endorsed by the Governing Executive on the recommendation of the Finance Manager and Principal. The executive management team has shared at regular intervals the very latest assessment of risk.

### **Review of effectiveness**

In the year, as Accounting Officer, the Principal had responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control was informed by:

- the work of consultants and advisors, including Senior Interim Managers
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors and the reporting accountant for regularity assurance, in their management letters and other reports

The Accounting Officer had 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 oversaw the work of the auditors and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system was in place.

The Senior Management Team received reports setting out key performance and risk indicators and considered possible control issues brought to their attention by early warning mechanisms, which were embedded within the College and reinforced by risk awareness training. The Senior Management Team and the Audit Committee also received regular reports, which included recommendations for improvement. The Audit Committee's role in this area was confined to a high-level review of the arrangements for internal control. The Governing Executive's agenda included a regular item for consideration of risk and control and received reports thereon from the Management Team and the Audit Committee. The emphasis was on obtaining the relevant degree of assurance and not merely reporting by exception.

## Statement of Corporate Governance and Internal Control

Based on the advice of the Audit Committee and the Accounting Officer, the Governing Executive was of the opinion that the College had an adequate and effective framework for governance, risk management and control, with the exception of funding compliance as highlighted by the recent ESFA funding audit.

In other aspects, it had 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 Directors have prepared the financial statements on a going concern basis as the College is now a wholly owned subsidiary of UWL following the merger on 30 July 2021. Following its acquisition of the College, UWL repaid all monies owed to the ESFA on 2 August 2021. UWL will continue to provide working capital to the college to ensure it will meet its financial objectives.

The College sold a property, Stoke House, in February 2021, and has used the disposal proceeds to repay its bank loan in full and provide additional cashflow towards operating activities.

Approved by the members of the Governing Executive on 2 September 2021 and signed on its behalf by:

Signed Anthony Woodman  
Anthony Woodman (Sep 2, 2021 13:41 GMT+1)

Signed Peter John  
Peter John (Sep 2, 2021 14:11 GMT+1)

Date Sep 2, 2021

Date Sep 2, 2021

Professor Anthony Woodman

Professor Peter John CBE

(Governor)

(Accounting Officer)

## Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

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

After due enquiry and the outcome of the ESFA funding audit and review, material irregular and improper use of funds by the College was identified, as well as some material non-compliance with the terms and conditions of funding under the College's grant funding agreements and contracts with the ESFA. Instances of material irregularity, impropriety or funding non-compliance were discovered as a result of the ESFA funding audit. Once made aware, the College fully co-operated with the Education and Skills Funding Agency. Outstanding monies owed to the ESFA were repaid in full by the University of West London on completion of the acquisition.

Approved by the members of the Governing Executive on 2 September 2021 and signed on its behalf by:

Signed   
Anthony Woodman (Sep 2, 2021 13:41 GMT+1)

Date Sep 2, 2021

Professor Anthony Woodman

(Governor)

Signed   
Peter John (Sep 2, 2021 14:11 GMT+1)

Date Sep 2, 2021

Professor Peter John CBE

(Accounting Officer)

## Statement of responsibilities of the members of the Corporation for the year ended 31 July 2020

The members of the Governing Executive who act as trustees for the charitable activities of the College and are also the directors of the college for the purposes of company law are required to present audited financial statements for each financial year.

Company law and the law applicable to charities in England and the terms and conditions of the Financial Memorandum between the Education and Skills Funding Agency and the Corporation of the College, requires the Governing Executive of the college to prepare financial statements and the Directors' and Strategic Reports for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions the annual Accounts Direction issued by the Education and Skills Funding Agency, and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and which give a true and fair view of the state of affairs of the College and of the College's surplus/deficit of income over expenditure for that period.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the College and of the College's surplus/deficit of income over expenditure for that period.

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

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

The Governing Executive is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy, at any time, the financial position of the College, and enable them to ensure that the financial statements are prepared in accordance with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, Companies Act 2006 and other relevant accounting standards. They are responsible for taking steps to safeguard the 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 Governing Executive 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 Governing Executive 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 Education and Skills Funding Agency are used only in accordance with the Financial Memorandum with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time. Members of the Governing Executive must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Governing Executive 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 Education and Skills Funding Agency are not put at risk.

## Statement of responsibilities of the members of the Corporation for the year ended 31 July 2020

Approved by order of the members of the Corporation on 2 September 2021 and signed on its behalf by:

Signed Anthony Woodman  
Anthony Woodman (Sep 2, 2021 13:41 GMT+1)

Date Sep 2, 2021

Professor Anthony Woodman

(Governor)

Signed Peter John  
Peter John (Sep 2, 2021 14:11 GMT+1)

Date Sep 2, 2021

Professor Peter John CBE

(Accounting Officer)

## **Independent Auditor's Report to the Members of Ruskin College**

### **Opinion**

We have audited the financial statements of Ruskin College (the 'College') for the year ended 31 July 2020 which comprise the college statement of comprehensive income, the college balance sheet, the college statement of changes in reserves, the college 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 July 2020 and of the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 Annual 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 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



## **Independent Auditor's Report to the Members of Ruskin College**

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.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report and Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### **Opinion on other matters prescribed by the Office for Students' Accounts Direction**

In our opinion, in all material respects:

- funds from whatever source administered by the college for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Post-16 Audit Code of Practice 2019 to 2020 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations required for our audit.

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- the College's expenditure on access and participation activities for the financial year has been materially misstated.

## Independent Auditor's Report to the Members of Ruskin College

### Responsibilities of the Governing Body of Ruskin College

As explained more fully in the Statement of responsibilities of the members of Corporation set out on pages 22 to 23 the governors (who act as Trustees for the charitable activities of the College, and are as Directors of the College for the purposes of company law) 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 governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the College's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Christopher Mantel*

Christopher Mantel (Sep 2, 2021 14:15 GMT+1)

**Christopher Mantel (Senior Statutory Auditor)**

**For and on behalf of Alliotts LLP**

Chartered Accountants

Friary Court

13-21 High Street

Guildford

GU1 3DL

2 September 2021

## Statement of Comprehensive Income For the year ended 31 July 2020

		2020	2019
	Notes	£	£
<b>Income</b>			
Funding body grants	3	1,931,805	1,306,716
Tuition fees and education contracts	4	896,582	1,270,489
Other income	5	310,627	469,048
Investment income	6	(512)	12,762
Donations and endowments	7	-	167,133
<b>Total income</b>		<b>3,138,502</b>	<b>3,226,148</b>
<b>Expenditure</b>			
Staff costs	8	2,127,516	2,144,800
Restructuring costs	8	-	110,000
Other operating expenses	10	2,077,340	2,283,001
Depreciation	13	424,620	441,755
Interest and other finance costs	11	96,982	104,089
<b>Total expenditure</b>		<b>4,726,458</b>	<b>5,083,645</b>
<b>Deficit before other gains and losses</b>		<b>(1,587,956)</b>	<b>(1,857,497)</b>
Gain on disposal of fixed assets		-	-
Gain on investments	14	-	-
<b>Deficit before taxation</b>		<b>(1,587,956)</b>	<b>(1,857,497)</b>
Taxation		-	-
<b>Total comprehensive income for the year attributable to the college</b>		<b>(1,587,956)</b>	<b>(1,857,497)</b>
<b>Represented By:</b>			
Restricted comprehensive Income		-	-
Unrestricted comprehensive income		(1,587,956)	(1,857,497)
		<b>(1,587,956)</b>	<b>(1,857,497)</b>

## Balance Sheet as at 31 July 2020

		2020	2020	2019	2019
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	12		-		7,665
Tangible assets	13				
			12,524,936		12,939,768
Investments	14		11,601		45,329
			<u>12,536,537</u>		<u>12,992,762</u>
<b>Current assets</b>					
Debtors	15	50,669		393,654	
Cash at bank and in hand		<u>211,557</u>		<u>439,197</u>	
		262,226		832,851	
<b>Creditors: amounts falling due within one year</b>	16	<u>(9,062,812)</u>		<u>(8,677,291)</u>	
<b>Net current liabilities</b>			(8,800,586)		(7,844,440)
<b>Total assets less current liabilities</b>			<b>3,735,951</b>		<b>5,148,322</b>
<b>Creditors: amounts falling due after one year</b>	17		(84,401)		-
<b>Provisions</b>					
Defined benefit pension scheme	19		(488,534)		(397,350)
<b>Total net assets</b>			<u>3,163,016</u>		<u>4,750,972</u>
<b>Reserves</b>					
<b>Restricted Reserves</b>					
Income and expenditure reserve - endowment reserve			288,997		288,997
Income and expenditure reserve - restricted reserve			156,007		157,537
<b>Unrestricted Reserves</b>					
Income and expenditure reserve			1,123,562		2,718,130
Revaluation reserve			1,594,450		1,586,308
<b>Total reserves attributable to the college</b>			<u>3,163,016</u>		<u>4,750,972</u>

*Anthony Woodman*

Anthony Woodman (Sep 2, 2021 13:41 GMT+1)

Professor Anthony Woodman

(Governor)

2 September 2021

## Statement of changes in reserves

	Income and Expenditure reserve			Revaluation Reserve Land & Buildings	Total
	Expendable Endowment £	Restricted £	Unrestricted £		£
<b>Balance at 1 August 2018 - As restated</b>	<b>440,222</b>	<b>8,350</b>	<b>4,570,779</b>	<b>1,589,118</b>	<b>6,608,469</b>
Income			3,226,148		3,226,148
Expenditure	(2,038)		(5,081,607)		(5,083,645)
Deficit for the year	(2,038)	-	(1,855,459)	-	(1,857,497)
Transfers between funds					
Depreciation on revalued assets	-	-	2,810	(2,810)	-
Transfer of permanent endowments	(149,187)	149,187	-	-	-
<b>Total comprehensive income for the year</b>	<b>(151,225)</b>	<b>149,187</b>	<b>(1,852,649)</b>	<b>(2,810)</b>	<b>(1,857,497)</b>
<b>Balance at 31 July 2019</b>	<b>288,997</b>	<b>157,537</b>	<b>2,718,130</b>	<b>1,586,308</b>	<b>4,750,972</b>
Income			3,138,502		3,138,502
Expenditure			(4,726,458)		(4,726,458)
Deficit for the year	-	-	(1,587,956)	-	(1,587,956)
Transfer between funds					
Depreciation on revalued assets	-	-	2,810	(2,810)	-
Reserve correction	-	-	(10,952)	10,952	-
Release of restricted funds spent in year	-	(1,530)	1,530	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(1,530)</b>	<b>(1,594,568)</b>	<b>8,142</b>	<b>(1,587,956)</b>
<b>Balance at 31 July 2020</b>	<b>288,997</b>	<b>156,007</b>	<b>1,123,562</b>	<b>1,594,450</b>	<b>3,163,016</b>

## Statement of Cash Flows for the year ended 31 July 2020

	Notes	2020 £	2019 £
<b>Net cash from operating activities</b>	<b>21</b>	<b>(70,966)</b>	<b>204,784</b>
Investing activities	<b>22</b>	(9,788)	(39,795)
Financing activities	<b>23</b>	(146,886)	(147,873)
<b>(Decrease)/Increase in cash and cash equivalents for the year</b>		<b>(227,640)</b>	<b>17,116</b>
Cash and cash equivalents at the beginning of the year		439,197	422,081
Cash and cash equivalents at the end of the year		211,557	439,197

## **1 Accounting policies**

### **General information**

Ruskin College ("the College") is a private company limited by guarantee domiciled and incorporated in England & Wales. The College is also a registered charity (number 309701) in England & Wales. The liability of members in the event of a winding up is limited by guarantee to an amount not exceeding £1 per member.

The address of the College's registered office and principal place of operation is Ruskin College, Dunstan Road, Headington, Oxford, OX3 9BZ.

The College's principal activity is that of operating an education establishment and the nature of the College's operations are discussed in the Directors' Report.

### **Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 ("the 2019 FE HE SORP"), the College Accounts Direction for 2019 to 2020, Regulatory Advice 9: Accounts Direction issued by the Office for Students and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"). The College is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102. The financial statements are prepared in accordance with the historical cost convention, modified to include the revaluation of freehold properties and to include certain financial instruments at fair value.

Monetary amounts in these financial statements are presented in Pounds Sterling, which is also the College's functional currency, rounded to the nearest whole £1.

### **Going concern**

The Directors have prepared the financial statements on a going concern basis as the College has adequate resources to continue in operational existence for the foreseeable future, following the successful merger with the University of West London on 30 July 2021. UWL has confirmed that it would provide continued cash flow facilities to ensure the College is able to meet its liabilities as they fall due for a period of not less than 12 months from the date the financial statements are approved.

The College sold a property, Stoke House, in February 2021, and has used the disposal proceeds to repay its bank loan in full and provide additional cashflow towards operating activities.

## 1 Accounting policies (continued)

### Income recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Investment income is credited to the Statement of Comprehensive Income on a receivable basis.

Funds the College receives and disburses as paying agent on behalf of a funding body are excluded from the Statement of Comprehensive Income where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

### Grant funding

Government revenue grants including funding body recurrent grants and other grants are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depends on the particular income stream involved. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

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

### Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the College is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the College is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms other restriction applied to the individual endowment fund.

There are three main types of donations and endowments identified within reserves:

#### *Restricted donations*

The donor has specified that the donation must be used for a particular objective.



*Restricted expendable endowments*

The donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the College has the power to use the capital.

*Restricted permanent endowment*

The donor has provided a permanent capital sum, which would be invested and any income arisen would be used to support the specified spending criteria.

**Capital grants**

Government capital grants are recognised in income over the expected useful life of the asset, under the accruals 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.

**Accounting for retirement benefits**

The two principal pension schemes for the College's staff are the Universities Superannuation Scheme (USS) and the University of Oxford Staff Pension Scheme (OSPS). The schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries.

Both schemes are multi-employer schemes and the College is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis. Therefore, the College accounts for the schemes as if they were defined contribution schemes (see below).

A liability is recorded within provisions for any contractual commitment to fund past deficits within the both schemes.

**Defined Contribution Plan**

A defined contribution plan is a post-employment benefit plan under which the College pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

**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.

**Finance leases**

Leases in which the College assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## Notes to the financial statements for the year ended 31 July 2020

### Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

### Fixed assets

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.

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

### Land and buildings

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives of between 15 and 50 years. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

No depreciation is charged on assets in the course of construction.

### Equipment

Equipment, including computers, costing less than £1,000 per individual item is recognised as expenditure. All other equipment is capitalised at cost.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Fixtures and fittings	12.5% per annum on a straight line basis
Computer equipment	25% per annum on a straight line basis

### Borrowing costs

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

### Intangible assets

Intangible assets, including software, costing less than £1,000 per individual item is recognised as expenditure. All other assets are capitalised at cost.

Capitalised assets are stated at cost and amortised over its expected useful life as follows:

Software	25% per annum on a straight line basis
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### Investments

Non current asset investments are held at fair value with movements recognised in the Statement of Comprehensive Income.

### Financial assets and liabilities

The College has chosen to adopt section 11 and 12 of FRS 102 in full in respect of instruments. Financial assets and liabilities are recognised when the College becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

## Notes to the financial statements for the year ended 31 July 2020

All loans and investments 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.

### 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.

### Provisions and contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the College has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

### Taxation

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College is registered for Value Added Tax, but is unable to recover any significant element of its input tax.

### Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the College, are held as a restricted fund.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

### Agency arrangements

The College acts as an agent in distributing bursary support funds from the funding bodies. Payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College does not have control of the economic benefit related to the transaction.

## 2 Critical accounting judgements and estimation uncertainty

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

### ***Critical areas of judgement***

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

#### *Lease agreements*

Determine whether leases entered into by the College as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

### ***Critical accounting estimates and assumptions***

#### *Tangible fixed assets*

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

#### *Pension Scheme provisions*

The value of the Pension Scheme provisions depends on a number of factors that are determined using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amounts of the provisions.

#### *Impairment of fixed assets*

The College considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the estimation of the recoverable amount of the asset or the recoverable amount of the cash-generating unit is required. These will requires an estimation of the future cash flow and selection of an appropriate discount rates in order to calculate the net present value of those cash flows.

## Notes to the financial statements for the year ended 31 July 2020

### 3a Funding body grants

	2020	2019
	£	£
Recurrent grant - ESFA Adult	1,741,729	1,104,436
Student Support Funds - ESFA	47,399	66,451
OfS Provision	65,420	58,572
Release of deferred capital grants	77,257	77,257
	<u>1,931,805</u>	<u>1,306,716</u>

### 3b Total Grant and Fee Income

	2020	2019
	£	£
Grant income from the OfS	65,420	58,572
Grant income from other bodies	1,866,385	1,248,144
<b>Total grants</b>	<u>1,931,805</u>	<u>1,306,716</u>
Fee income for taught awards	552,335	1,095,750
Fee income for research awards	-	-
Fee income from non-qualifying courses	344,247	174,739
<b>Total tuition fees and education contracts</b>	<u>896,582</u>	<u>1,270,489</u>
<b>Total grant and fee income</b>	<u>2,828,387</u>	<u>2,577,205</u>

### 4 Tuition fees and education contracts

	2020	2019
	£	£
Full-time home and EU students	618,215	1,189,649
Other contracts	278,367	80,840
	<u>896,582</u>	<u>1,270,489</u>

### 5 Other income

	2020	2019
	£	£
Residences, catering and conferences	301,964	381,659
Other income	8,663	87,389
	<u>310,627</u>	<u>469,048</u>

## Notes to the financial statements for the year ended 31 July 2020

### 6 Investment income

	2020 £	2019 £
Investment income	(512)	12,264
Bank interest receivable	-	498
	<u>(512)</u>	<u>12,762</u>

### 7 Donations and endowments

	2020 £	2019 £
Unrestricted donations	-	167,133
Restricted donations	-	-
	<u>-</u>	<u>167,133</u>

## Notes to the financial statements for the year ended 31 July 2020

### 8 Staff costs

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

	2020 Number of employees	2019 Number of employees
Teaching Staff	14	27
Non teaching Staff	22	33
	36	39
VT Full time equivalent	8	17
<b>Total</b>	<b>44</b>	<b>56</b>

	2020 £	2019 £
<b>Staff costs for the above persons:</b>		
Wages & salaries	1,242,939	1,265,785
Social security costs	155,656	172,668
Other pension costs	338,607	223,530
Restructuring costs - non contractual	-	110,000
<b>Payroll sub total</b>	<b>1,737,202</b>	<b>1,771,983</b>
Contracted out staffing services	390,314	482,817
<b>Total Staff Costs</b>	<b>2,127,516</b>	<b>2,254,800</b>

The College does not remunerate any of its staff using salary sacrifice arrangements. All restructuring costs are approved by the College Remuneration Committee.

### 9 Key management personnel compensation

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

	2020 Number	2019 Number
£10,001 to £15,000	1	-
£15,001 to £20,000	1	-
£25,001 to £30,000	1	-
£35,001 to £40,000	-	1
£40,001 to £45,000	2	2
£50,001 to £55,000	-	1
£85,001 to £90,000	1	1

## Notes to the financial statements for the year ended 31 July 2020

Total	6	5
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### 9 Key management personnel compensation (continued)

	2020 £	2019 £
Salaries	231,586	221,436
National Insurance contributions	26,678	25,677
	<b>258,264</b>	<b>247,113</b>
Pension contributions	41,512	32,064
<b>Total emoluments</b>	<b>299,776</b>	<b>279,177</b>

The above emoluments include amounts payable to the Principal (who is also the highest paid KMP) of:

Compensation payable from 1 August 2019 until 31 July 2020

	2020 £	2019 £
Salary	87,893	87,893
National Insurance contributions	10,931	10,957
	98,824	98,850
Pension contributions	18,311	16,260
<b>Total</b>	<b>117,135</b>	<b>115,110</b>

The remuneration package of key management staff, including the Principal, is subject to annual review by the Remuneration committee. The Principal reports to the Chair who undertakes an annual review of his performance.

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple	2020	2019
Principal and CEO's basic remuneration as a multiple of the median of all staff	<b>2.54</b>	<b>2.74</b>
Principal and CEO's total remuneration as a multiple of the median of all staff	<b>2.70</b>	<b>2.91</b>

The median salary of staff was calculated based on the total pay costs plus on costs of permanent staff, divided by the average number of full time equivalent permanent members of staff.

There was no compensation paid for loss of office to key management personnel.



## Governor Remuneration

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

During the year 2 (2019: 2) governors with total expenses of £2,863 (2019: £378) were paid to or on their behalf in respect of travel and subsistence and other out of pocket expenses incurred in the course of their duties.

## 10 Analysis of total expenditure by activity

	2020 £	2019 £
Teaching costs	772,222	967,776
Non teaching costs	804,218	818,492
Premises costs	500,900	496,734
	<u>2,077,340</u>	<u>2,283,001</u>
Deficit before taxation is stated after charging:		
Financial statements audit	46,703	33,423
Operating lease rentals	34,626	41,044
Depreciation	424,620	441,755
Amortisation	7,665	7,666

## 11 Interest and other finance costs

	2020 £	2019 £
Loan interest	91,418	97,920
Net charge on pension schemes	5,564	6,169
	<u>96,982</u>	<u>104,089</u>

## 12 Intangible fixed assets

	Software £
<b>Cost</b>	
At 1 August 2019 and 31 July 2020	64,566
<b>Amortisation</b>	
At 1 August 2019	56,901
Charge for year	7,665
	<u>64,566</u>
<b>Net book value</b>	
At 31 July 2020	-

## Notes to the financial statements for the year ended 31 July 2020

At 31 July 2019

7,665

### 13 Tangible fixed assets

	Freehold land and buildings £	Computer equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 August 2019	15,786,515	514,251	350,534	16,651,300
Additions	-	9,788	-	9,788
Disposals	-	-	-	-
	-	-	-	-
At 31 July 2020	<u>15,786,515</u>	<u>524,039</u>	<u>350,534</u>	<u>16,661,088</u>
<b>Depreciation</b>				
At 1 August 2019	2,984,581	473,751	253,200	3,711,532
Charge for year	373,130	2,444	49,046	424,620
At 31 July 2020	<u>3,357,711</u>	<u>476,195</u>	<u>302,246</u>	<u>4,136,152</u>
<b>Net Book Value</b>				
At 31 July 2020	<u>12,428,804</u>	<u>47,844</u>	<u>48,288</u>	<u>12,524,936</u>
At 31 July 2019	<u>12,801,934</u>	<u>40,500</u>	<u>97,334</u>	<u>12,939,768</u>

The College sold Stoke House in February 2021; the cost and NBV were £1,196,738 and £621,433 respectively

If fixed assets had not been revalued they would have been included at the following historic cost amounts:

	£
Cost	-
Aggregate depreciation based on cost	-
Net book value based on cost	<u>-</u>

## Notes to the financial statements for the year ended 31 July 2020

### 14 Current asset Investments

	2020	2019
	£	£
Balance at 1 August	45,329	33,065
(Expenditure)/Income	(512)	12,264
Reanalysis to bank and cash	(33,216)	-
<b>Balance at 31 July</b>	<b>11,601</b>	<b>45,329</b>
Represented by:		
Listed investments	-	-
Long term deposits	11,601	45,329
	<b>11,601</b>	<b>45,329</b>

### 15 Debtors

	2020	2019
	£	£
<b>Due within one year</b>		
Trade debtors	49,165	200,351
Other debtors	1,504	108,630
Prepayments and accrued income	-	84,673
	<b>50,669</b>	<b>393,654</b>

### 16 Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loan	2,236,771	2,287,070
Obligations under finance leases	-	5,169
Trade creditors	235,792	325,330
Other creditors	52,839	38,521
Social security and other taxation	35,323	46,007
Ruskin Fellowship Funds	-	8,836
Amounts owed to the Education Skills Funding Agency	6,169,185	5,375,958
Deferred capital grants	77,257	238,915
Accruals and deferred income	255,645	351,485
	<b>9,062,812</b>	<b>8,677,291</b>

## Notes to the financial statements for the year ended 31 July 2020

The amount due to funding bodies includes ESFA (£820,227) the amount for the clawback of funding for 19/20 and a further £5,348,958 clawback of funding for prior years 16/17, 17/18 and 18/19.

### 17 Creditors: amounts falling due after one year

	2020	2019
	£	£
Bank loan	-	-
Deferred capital grants	84,401	-
Total	84,401	-

### 18 Analysis of Borrowings of the College

#### (a) Bank loans

Bank loans are repayable as follows

	2020	2019 As restated
	£	£
In one year or less	2,236,771	2,287,070
	<u>2,236,771</u>	<u>2,287,070</u>

Currently Bank loans are at 3.5% above base rate. Repayment by instalments fall due between October 2013 and September 2040. The total £2.3m loan is secured on a portion of the freehold land and buildings of the College. As the College is in breach of covenants, the whole outstanding amount due is classified as repayable within one year. The College repaid the bank loan in full from the proceeds of the disposal of Stoke House in February 2021.

#### (b) Finance leases

The net finance lease obligations to which the College is committed are:

	2020	2019
	£	£
In one year or less	-	5,169
	<u>-</u>	<u>5,169</u>

Finance lease obligations are secured on the assets to which they relate.

**19 Provisions**

	<b>Deficit Recovery Plan £</b>	<b>Total £</b>
At 1 August 2019	397,350	397,350
Debited to the statement of comprehensive income	85,620	85,620
Unwind of discount	5,564	5,564
	<u>488,534</u>	<u>488,534</u>
At 31 July 2020		

The defined benefit obligation provision includes balances relating to both the USS and OSPS schemes which are split below (see note 29 for more information):

	<b>2020 £</b>	<b>2019 £</b>
USS Pension	239,751	281,642
OSPS Pension	248,783	115,708
	<u>488,534</u>	<u>397,350</u>

The College has entered into a deficit recovery scheme in respect of both pension schemes. The provision above recognises the management's best estimate of the present value of the College's liabilities under these recovery schemes. The principal assumptions of these calculations are:

	<b>USS</b>		<b>OSPS</b>	
	<b>2020 £</b>	<b>2019 £</b>	<b>2020 £</b>	<b>2019 £</b>
Pensionable pay growth per annum	1.00%	1.00%	1.00%	1.00%
Discount rate	1.40%	1.40%	1.40%	1.40%

# Notes to the financial statements for the year ended 31 July 2020

## 20a Funds of the College

	01-Aug-18	Income	Expenditure	Transfer between funds	31 July 2019
	£	£	£	£	£
<b><u>Restricted Reserves</u></b>					
Andy Robert Hopkins Education Trust	138,422	-	-	-	138,422
<b>Expandable Endowment</b>	301,800	-	(2,038)	-	299,762
<b>Restricted</b>	8,350	-	-	-	8,350
<b><u>Unrestricted Reserves</u></b>					
Income & Expenditure Revaluation Reserve	4,570,779	3,226,148	(5,081,607)	2,810	2,718,130
	1,589,118	-	-	(2,810)	1,586,308
	<b>6,608,469</b>	<b>3,226,148</b>	<b>(5,083,645)</b>	<b>-</b>	<b>4,750,972</b>

	01-Aug-19	Income	Expenditure	Transfer between funds	31 July 2020
	£	£	£	£	£

## **Restricted Reserves**

### **Permanent Endowment**

Andy Robert Hopkins Education Trust	138,422	-	-	-	138,422
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<b>Expandable Endowment</b>	299,762	-	-	-	299,762
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## Notes to the financial statements for the year ended 31 July 2020

<b>Restricted</b>	8,350	-	-	(1,530)	6,820
<b><u>Unrestricted Reserves</u></b>					
Income & Expenditure	2,718,130	3,138,502	(4,726,458)	(6,612)	1,123,562
Revaluation Reserve	1,586,308	-	-	8,142	1,594,450
	<b>4,750,972</b>	<b>3,138,502</b>	<b>(4,726,458)</b>	<b>-</b>	<b>3,163,016</b>

### **Permanent Endowment**

The Robert Addy Hopkinson Education Trust fund was initially recognised as a permanent endowment to be invested to generate an income return, as the funds donated had a permanent endowment restriction in the donating trust. This restriction was subsequently lifted by the Charity Commission, and so the donation has been transferred to restricted reserves in the year. The income arising on these funds will be allocated to the Student Hardship fund.

### **Expandable Endowment**

Donations and Scholarships from individuals and others e.g. unions, to support learners with fees and other hardship.

### **Restricted**

Donations and Scholarships from individuals which provides for specific criteria on how funds are allocated.

## Notes to the financial statements for the year ended 31 July 2020

### 20b Analysis of net assets between funds

	Unrestricted Funds	Restricted Funds: Fixed assets	Total Funds
	£	£	£
<b>Fund balances at 31st July 2020 are represented by:</b>			
Tangible fixed assets	12,524,936	-	12,524,936
Investments	-	11,601	11,601
Current assets	(171,177)	433,403	262,226
Creditors falling due within one year	(9,062,812)	-	(9,062,812)
Creditors falling due after one year	(84,401)	-	(84,401)
Defined benefit pension liability	(488,534)	-	(488,534)
<b>Total net assets</b>	<b>2,718,012</b>	<b>445,004</b>	<b>3,163,016</b>

### 21 Reconciliation of operating deficit to cash generated from/(used in) operations.

	2020	2019
	£	£
(Deficit) for the year	(1,587,956)	(1,857,497)
Interest and other finance costs	91,418	97,920
Investment income	512	(12,762)
Gain on disposal of fixed assets	-	-
Depreciation	424,620	441,755
Amortisation	7,665	7,666
Movement on pension provisions	91,184	(43,327)
	(972,557)	(1,366,245)
<b>Movements in working capital</b>		
(Increase) / Decrease in debtors	342,985	(122,404)
Increase / (Decrease) in creditors	525,390	1,693,433
Reanalysis of investments	33,216	-
<b>Cash generated from/(used in) operations</b>	<b>(70,966)</b>	<b>204,784</b>



## Notes to the financial statements for the year ended 31 July 2020

### 22 Cash flows from investing activities

	2020 £	2019 £
Purchase of tangible assets	(9,788)	(40,293)
Investment income	-	498
Sale of tangible assets	-	-
	<b>(9,788)</b>	<b>(39,795)</b>

### 23 Cash flows from financing activities

	2020 £	2019 £
Interest paid	(91,418)	(97,920)
Interest element of finance lease payments	-	-
Repayment of amounts borrowed	(50,299)	(49,953)
Capital element of finance lease payments	(5,169)	-
	<b>(146,886)</b>	<b>(147,873)</b>

### 24 Financial instruments

The carrying amount of the College's financial instruments at 31 July were:

	2020 £	2019 £
<i>Financial assets</i>		
<i>Debt instruments measured at amortised cost</i>		
Debtors per debtor note	50,669	271,250
Less prepayments (not a financial instrument)	-	-
Long term deposits	11,601	45,329
	<b>62,270</b>	<b>316,579</b>
Debt instruments measured at amortised cost	62,270	316,579
Equity instruments measured at fair value through income and expenditure	-	-
	<b>62,270</b>	<b>316,579</b>
Total	<b>62,270</b>	<b>316,579</b>
<i>Financial liabilities</i>		
Debt instruments measured at amortised cost	8,944,552	8,372,684
	<b>8,944,552</b>	<b>8,372,684</b>
Total	<b>8,944,552</b>	<b>8,372,684</b>

**25 Amounts disbursed as agent - Access Fund**

	2020 £	2019 £
ESFA grants	-	-
HEFCE (Student Support Funding)	-	34,270
	-	34,270
Disbursed to students	-	-
Utilised by College	-	(34,270)
Charged to College	-	-
<b>Balance unspent at 31 July 2020</b>	<b>-</b>	<b>-</b>

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

**26 Post Balance Sheet Events**

In late August/early September 2019, the ESFA commenced a funding audit of the College which was concluded February 2021. This audit extended to a review of bursary funding methodology and the overall clawback scenario is in excess of £5.35m, of which approx. £1.5m relates to 2018-19, £1.85m to 2017-18 and £1.98m for 2016-17. The College's funding and bursary claims had followed the historical process and there was a funding clarification following the audit applicable to residential Colleges. All adjustments were made in the 2018-19 financial statements. All funds have subsequently been repaid following the merger with UWL on 30 July 2021.

As a result of the clawback, the College was in breach of the bank covenant at the year end both for 2019 and 2020 and has therefore reclassified the outstanding amount as all due within one year. The College disposed of Stoke House in February 2021 and used the proceeds to settle in full the outstanding bank loan with the Co-operative Bank.

A Strategic Prospects Appraisal (SPA) was performed in 2020, led by the Further Education Council (FEC), which recommended that a merger would be in the best interest of the College. The College worked closely with the University of West London and secured a successful merger on 30 July 2021.

**27 Related party transactions**

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

Transactions with funding bodies are detailed in notes 3 and 20.

## 28 Operating leases

At 31 July 2020 the College had minimum lease payments under non-cancellable operating leases as follows;

	2020 £	2019 £
In one year or less	15,818	19,932
Between two & five years	14,717	30,535
	<u>30,535</u>	<u>50,467</u>

## 29 Retirement benefits

	USS		OSPS	
	2020	2019	2020	2019
Date of valuation	31/03/ 2017	31/03/ 2017	31/03/2019	31/03/2016
Value of liabilities	£67,500m	£67,500m	£848m	£661m
Value of assets	£60,000m	£60,000m	£735m	£528m
Funding deficit	(£7,500m)	(£7,500m)	(£113m)	(£133m)
Principal assumptions:				
Rate of interest (pre retirement)	CPI + term dependent margin	CPI + term dependent margin	Pre retirement: Gilts+2.25% p.a.  Post retirement:  Gilts+0.5% p.a.	Gilts+1.2% p.a.
Retail Prices Index (RPI)	'Break- even'	'Break- even'	'Break-even' RPI-0.3% p.a.	'Break-even' RPI-0.15% p.a.
Consumer Prices Index (CPI)	RPI-1.0%	RPI-1.0%	RPI-1.0% p.a.	RPI-1.0% p.a.
Rate of increase in salaries	CPI + 2%	CPI + 2%	RPI	RPI+1% p.a.
Rate of increase in pensions	CPI	CPI		
Mortality assumptions				
Assumed life expectancy at age 65 (males)	24.5 years	24.5 years	22.5 years	22.5 years
Assumed life expectancy at age 65 (females)	26.0 years	26.0 years	25.1 years	24.8 years

**30 Access and Participation**

	<b>2020</b>
	<b>£</b>
Access investment	41,041
Financial support provided to students	430
	<b><u>41,471</u></b>

The Access and Participation expenses detailed above include estimated staff costs. These staff costs are included in Note 8 Staff Costs.

Access and Participation application plan can be found by following this link:

[https://apis.officeforstudents.org.uk/accessplansdownloads/1920/RuskinCollege\\_APP\\_2019-20\\_V1\\_10005583.pdf](https://apis.officeforstudents.org.uk/accessplansdownloads/1920/RuskinCollege_APP_2019-20_V1_10005583.pdf)

## **INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF RUSKIN COLLEGE AND THE SECRETARY OF FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 22 June 2021 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Ruskin College during the period 1 August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

### **Respective responsibilities of Ruskin College and the reporting accountant**

The corporation of 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, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework

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

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

Accordingly, we do not express a positive opinion.

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we perform additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Code.

## **Conclusion**

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

- The College was unable to demonstrate that it had applied an appropriate framework of financial and budgetary controls, including delegation of authorities, to confirm that all expenses incurred were valid and value for money was achieved.

  
Alliotts LLP (Sep 2, 2021 14:16 GMT+1)

**Alliotts LLP**

**Date: 2 September 2021**