



Annual Report and Financial Statements
for the year ended 31 July 2018

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 are represented in 2017-18 by:

Paul Di Felice Principal
Ashok Patel (Interim Finance Director).
Darren Armstrong (Student Services Manager).
Rena Rani (Assistant Principal).

Advisers

Financial statement auditors and reporting accountants

RSM UK Audit LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

Internal auditors

N/A

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

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One Wood Street
London EC2V 7WS

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

Auditors

The performance of RSM UK Audit LLP as financial statements auditors was considered at the meeting of the Audit Committee on 9th November 2018.

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Directors' report and strategic report – year to 31 July 2018

Foreword – A note from the Principal, Paul Di Felice

The College is currently OFSTED rated “good” and has been in this successful position for many years. This is obviously a very good position to be in and is a key strength, and has been critical in supporting the College through a difficult funding and financial environment and the last 12 months have been significantly difficult operating conditions for the College.

In November 2017, a recovery plan was developed and approved by the Executive Board. This was in response to the severe solvency issues faced and the significant historic operating deficits incurred by the College over many years up to and including 2016/17. Following the successful implementation and outcome of the actions contained in the recovery plan, the College prepared an interim Business Plan in the spring term 2018 and this set out the immediate financial and other plans for the immediate short term.

The College was unable to prepare or consider any longer term plans because there was an FEC intervention process underway earlier in the year and a key outcome of which was that the College undertook a joint Strategic Prospects Appraisal (SPA). The FEC process made a number of recommendations and the College is working actively through them all. The College went through a significant amount of external scrutiny and the final outcome and decisions were taken at a Board meeting in September 2018.

The key outcome of the SPA process was that the board agreed to remain independent for the foreseeable future and it is therefore felt that the College should proceed to prepare a more detailed Business Plan, with a view to full implementation for the start of the 2019-20 financial year;

It is felt that whilst some good progress has been made in 2017-18 to overcome financial and solvency issues, the immediate challenge for the College is to review its curriculum strategy and the need to boost up its overall learner numbers. This will therefore be a critical focus and element of the business plan, alongside the other key associated plans.

During this recent challenging period, staff, students and other stakeholders have been extremely supportive and my sincere thanks to them all.

Nature, objectives and strategies

The directors present their report and the audited financial statements for the year ended 31 July 2018.

Legal status

The 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 it receives funding from the Higher Education Funding Council (HEFCE) for England.

Directors' report and strategic report – year to 31 July 2018

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 20.

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 2017-2020

A strategic plan was agreed by the Governing Executive in November 2016. The strategic aims are outlined below, and they illustrate the key areas that the leadership team has addressed over 2017/18. The actions associated with the aims are supported by a College wide Strategic Action Plan which in turn is underpinned by management led sub-plans. There has been clear progress achieved in 2017/18 and there remain areas to address.

Directors' report and strategic report – year to 31 July 2018

Context of 2017/18

In 2017/18 the College faced significant challenges in terms of financial health leading directly to intervention from the Further Education Commissioner in April 2018. The subsequent Summary Report and recommendations advised that the College enter into a Structure and Prospects Appraisal to be completed by September 2018. The outcome of the 'SPA' process in September determined that the College had addressed its financial issues sufficiently to remain independent and thereby avoid any requirement for a merger.

Strategic Aim 1 – to improve the quality of the student experience

In 2017/18 the College aimed to consolidate the establishment of the Student Services function. Considerable work was undertaken to address business administration and this work continues in order to provide a 'one stop shop', experience for our students. This year we are undertaking further consultation with our students and consolidating the HE administrative function.

Strategic Aim 2 – to modernise and reform the curriculum

2017/18 saw the revalidation of the BA Hons in Social Work and the College wide review and remodelling of the further education curriculum. Further curriculum planning has created an apprenticeship offer and model. Planning for the Trade Union Centre has begun.

Strategic Aim 3 – to develop effective partnerships

The College partnership strategy was launched and dovetailed with the Further Education Commissioner's Structure and Prospects Appraisal. The SPA resulted in the establishment of new relationships with Kellogg College, The Department of Continuing Education Oxford University and Warwickshire College Group and the Department of Adult and Children's Services.

Strategic Aim 4 – to become and remain financially strong

The College amended its financial strategy during the year to deliver a more robust and speedier financial recovery. The College is still partway through a recovery plan the aim of which is to move the College to the category of 'Good' financial health. The Senior Leadership Team delivered significant organisational change and cost reductions in 2017/18, the financial measures implemented have provided a strong basis for future financial health.

Strategic Aim 5 – to develop a Workforce Development Plan

A new staff induction was implemented in 2017/18 and the College recruitment strategy was re-worked and refined in order to improve staff retention rates in key areas.

Strategic Aim 6 – to improve communication

There has been significant change in terms of College communication, there are regular staff briefings, a College Leadership Team has been established and key outcomes are communicated across the staff body. Feedback from staff was collected and this resulted in further improvements in College communication and administration.

Directors' report and strategic report – year to 31 July 2018

Strategic Aim 7 – refocusing the College

The 'Focused College' project was successfully delivered during 2016/17 – the key outcome of which was the production of the College behaviours and values.

Strategic Aim 8 – enhancing and improving the learning environment

The SLT are finalising a three-year property strategy within which the priorities for improving the campus are addressed.

Strategic Aim 9 - to create a new College structure

The new College structure remained under review and further change was implemented in Student Services where further restructuring was required.

Strategic Aim 10 – to reduce bureaucracy

During 2017 – 18 further enhancement of the administrative and MIS processes was implemented. This remains an area of continuous improvement.

Financial objectives

The College's financial objectives are:

- 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 funders, suppliers, bankers and auditors.
- To achieve a significant level of awareness among the College staff of the financial environment within which it operates.

Financial performance indicators

These financial performance indicators were agreed during the year.

	Outturn 16-17	Target 17-18	Actual 17-18
Deficit generated (after exceptional items)	(£548k)	Break-even	(£86k)
Covenant ratio	1.14	1.0	3.20
Current ratio	0.82	1.0	1.03
Debt/Income ratio	43%	40% (FEC)	48%
Cash days in hand	5	20	31
Staff costs as % of turnover	55%	53%	54%
Financial Health	Inadequate	Satisfactory	Satisfactory

Directors' report and strategic report – year to 31 July 2018

The College recognises the importance of sector measures and indicators and these are monitored by the College's Finance Committee on a termly 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, but following the current year outturn, the position has improved to "Satisfactory" financial health.

Financial position

The College achieved an operating surplus of £222k (2017: £548k deficit). This is after allowing for restructuring costs of £46k (2017: £125k). The College successfully recovered from some significant solvency and financial problems in the early part of this financial year by developing and delivering a recovery plan and rebasing of income and expenditure positions. These financially effective measures have put the College in a stronger financial position and will be the bases for further improvement during 2018/19. The operating surplus achieved was after adjusting for the over-provision of pension liabilities associated to both USS and OSPS pensions and exceptional donations received. If these adjustments had not been made, the College would have delivered an operating deficit of £91k. The following table provides an explanation:

	2018 £	2017 £
Operating Surplus/(deficit)	£221,856	-£547,782
Exceptional Adjustment - Pension funds	-£236,867	-
Exceptional Item – Donations	-£75,699	-
Operating deficit before pension adjustment	-£90,710	-£547,782

The College took positive steps towards financial recovery during 2017/18 and currently developing a detailed business plan which will consolidate the current year improvement is with a more positive outlook. The following elements will continue to be a focus:

- Reviewing procurement strategies and other operating costs to ensure all expenditure offers value for money and is necessary.
- Rationalising programme administration and improve marketing/promotion of programmes.
- Considering options to outsource certain key services if it offers value for money.
- Reviewing of class/group sizes and staff utilisation.
- Maximising income from existing teaching resources, with support from a stronger, more targeted marketing strategy.
- Continuing to develop throughout the year to increase income generation.

The College reviewed its financial strategy during 2017/18 and will continue to use this as a driver to delivering an 'underlying' operating surplus in the 2018/19 financial year and this will further enhance the overall financial and solvency positions.

Directors' report and strategic report – year to 31 July 2018

Taxation

The majority of the College's activities are not liable for corporation tax.

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 is 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 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. A ratio of greater than 1 would indicate that the College has the liquidity to meet its short-term obligations. Ruskin College had a current ratio of 0.80 at the end of the year, but is in receipt of donations to the value of £154k which is excluded from this ratio assessment. The College recognises that this level of working capital are almost a stand still position from the previous year, however the College had to deal with an income reduction of almost £700k and overturn a deficit in excess of £500k for 16-17, so is an 'underlying' improvement on the previous year, but requires further improvement to ensure it avoids liquidity problems in the future.

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, FEC and the Bank.

Cash flow is being monitored carefully and planned financial outturn positions over the next three years will ensure that liquidity levels are returned to a level that can manage new funding profiles whilst servicing liabilities in a timely way.

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 2017 to 31 July 2018, the College did not meet this target, especially in the first half of this financial period, but this has now improved significantly and the College has achieved close to the Treasury target. Since the start of the new financial year 2018/19, the College has settled 90% of all supplier invoices within the 30 day target.

College Curriculum, Quality and Performance

Performance and Outcomes

During 2017/18 the College maintained its already outstanding achievement rate by attaining 96% overall achievement for the ESFA curriculum. This is a significant achievement as the College sought to stabilise itself after a year of whole organisational change and embed new processes and teams. In 2017/18 the College successfully delivered its Adult Education budget.

In 2017/18 the growth of the Access to HE Diploma programme continued with student numbers stabilising at 36 as compared to 15 in the starting point year of 2015/16, student retention stood at 100% and achievement at 89% which is significantly above benchmark for the sector. In the priority areas of maths and English achievement remains more than 90%.

The College exceeded its curriculum allocation in 2017/18 to the sum of £100k delivering over 66% of its ESFA Allocation for Trade Union training and education.

Quality and Curriculum

2017/18 was a successful year in terms of quality compliance and improvement. The College continues to build upon its OFSTED Short Inspection grade of 'Good' and the College remains 'exemplary for widening participation'. The ESFA learner survey placed the College in the top six in the country at 96% satisfaction. The National Student Survey for higher education resulted in a score of 90% for learning, teaching and assessment. In May 2018 the College successfully revalidated the BA (Hons) in Social Work which remains a strong area of College provision. In terms of curriculum develop a whole College review of further education was completed and produced a revitalised offer including apprenticeships, health and social care, wellbeing, counselling and personal development.

Future Curriculum Developments

For 2018/19 the College will focus upon the development of the following programmes:

- Apprenticeships: finalise the development and production of a trade union officer qualification. The delivery of internal apprenticeships to upskill current staff and support workforce development.
- The development of a Level 4 training qualification for trade union officials.
- College wide curriculum consultation including both HE and FE and to include all stakeholders.
- Design and implementation of a new learning, teaching and assessment model for HE.

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Student numbers

The College enrolled 3,390 ESFA-funded students during the year and 184 students funded by HE tuition fees and other sources. The number of students enrolled on long courses was 215. A student cohort analysis table is shown on page 15.

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 96%. The individual student achievement is illustrated by the list of student prizes below that recognise outstanding academic attainment, personal commitment, distanced travelled and scholarship.

Student prizes for 2017-18	
Carole Fraser Prize -awarded to a Social Work student for the best piece of work in the subject.	Lauren Pitts
Henry Smith Prize -to be awarded on the basis of: a) An appraisal of the quality of the applicant's work in economics, and b) An essay on some aspect of economic development or international economics	Giedre Sukyte
John and Vi Hughes Prize -awarded to the student for the best essay in a) English Studies: Creative Writing and Critical Practice b) Economics	a) India Heaton b) Luke Webb
Lyn Allen Prize -Law: a) Distance travelled b) Outstanding achievement.	Lucy Raw
Margaret Marsh Memorial Prize -awarded to: a) A woman student and b) A student from overseas who has contributed most to College life.	a) Parveen Alam b) Dea Merkaj
Bill Sargent Book Award – awarded to:	Denzel Beardwood

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Business Development

The key impact of the new Business Development function resulted in an improved contribution to the College from full cost summer school activity at 30%. Over the year the College launched its partnership strategy and successfully engaged with a new range of partners at a national, regional and local level. The most innovative project was the leadership and formation of the trade union officer's apprenticeship trailblazer. In addition, new partnerships were formed with Oxford Adult and Children's Services, Kellogg College, Department of Continuing Education Oxford University, USDAW and Veterans Aid amongst others.

Resources

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources are Stoke Place, Headington.

Financial – the College has net assets of £10.4million. This includes tangible fixed assets of £13.3million, provision for bad debts of £204k and pension provisions of £441k.

People – the College employs 55 people (expressed as full-time equivalents) of whom 28 are teaching staff.

Reputation – the College has a good reputation locally and nationally. Maintaining quality is essential for the College's success in attracting students and external relationships.

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 2017/18 as detailed below:

- Decline in student success rates
- Failure to meet 'good' status for Ofsted
- Failure to meet quality standards expected
- Failure to meet ESFA allocation as a result of lower student enrolment
- Failure to attract additional tuition fee income due to lower student recruitment
- Failure to develop curriculum that maximises funding
- Failure to develop new Ruskin College teaching models
- Lack of funding for investment in E-learning and innovation
- Failure to deliver the agreed financial strategy
- Bank covenant breached
- Risk of Solvency problems associated to poor financial outturns
- Higher than anticipated pay awards
- Bank loan/overdraft facility withdrawn or unaffordable
- Inefficient and costly College administration.
- Lack of funding to undertake key site developments.
- Failure to appoint well qualified and experienced staff
- Failure to deliver key college business targets.
- Weak and ineffective Governance
- Inaccurate reporting of management information.

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

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Risk management process

A revised risk management plan against the new strategic plan was approved by the Governing Executive in November 2016. The key risks are reviewed by the Audit Committee and the Governing Executive on a regular basis.

Key Risk in relation to Government funding

The College continues to receive student funding through the ESFA. In 2017/18 the College received £1,540,598 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.

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 & HEFCE
- TUC, GFTU and affiliate trade unions
- HEIs including Exeter College, Newman University, Oxford Brookes University, and the Open University
- employers
- Local Authorities

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- Government offices
- Local communities
- FE Colleges including Activate Learning, Warwickshire Colleges Group, Abingdon and Witney College, the Specialist Designated Institutions including the residential colleges.
- Professional bodies
- 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
Total pay bill	Nil
Percentage of total bill spent on facility time	Nil
Time spent on paid trade union activities as a percentage of total paid facility time	Nil

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

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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 22% 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. A student cohort analysis for 2017/18 shows the following data on age, gender, ethnicity and disability compared with 2016/17.

Student Cohort Overview 2015-18 by Age, Gender, Ethnicity and Disability

	Academic Year	Enrolled	Average Age	Male %	Female %	Ethnic Minority %	Disability/ Learning Difficulty %
CertHE	2015/16	62	37	50	50	19	42
	2016/17	46	31	55	45	32	52
	2017/18	16	29	56	44	25	19
Pre-Access, Preparing for Further Study	2015/16	13	34	38	62	31	31
	2016/17	45	39	42	58	31	37
	2017/18	26	36	12	88	58	62
Access to HE Diploma	2015/16	16	23	31	69	6	13
	2016/17	41	32	15	85	24	23
	2017/18	41	31	27	73	29	46
Short Courses (inc CSC Maths & English)	2015/16	186	41	40	60	25	45
	2016/17	356	42	50	50	38	46
	2017/18	314	42	33	67	38	37
Union short Courses	2015/16	2104	46	79	21	16	21
	2016/17	2706	45	78	22	21	16
	2017/18	2951	46	76	24	18	16
Sub-Contract	2015/16	385	32	70	30	30	15
	2016/17	n/a	n/a	n/a	n/a	n/a	n/a
	2017/18	n/a	n/a	n/a	n/a	n/a	n/a
Maths (inc CSC)	2015/16	64	37	25	75	30	28
	2016/17	87	37	34	66	48	46
	2017/18	55	33	22	78	44	36
English (inc CSC)	2015/16	91	35	21	79	40	29
	2016/17	204	38	27	73	73	29
	2017/18	100	36	23	77	67	17
Total ESFA Funded Learners (excluding sub-)	2015/16	2488	44	72	28	18	23
	2016/17	3369	44	69	31	22	42
	2017/18	3186	46	72	28	21	18
HE Student	2015/16	269	36	36	64	26	46
	2016/17	208	35	35	65	26	46
	2017/18	214	35	41	59	33	31
Total Long Course Student (FE&HE)	2015/16	285	35	36	64	25	44
	2016/17	249	37	34	66	25	44
	2017/18	255	34	35	65	34	34

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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.

Safeguarding and Prevent Duty

The successful Ofsted short inspection of safeguarding 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.

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Health and Safety

The safety of the College premises is monitored by the Health and Safety Committee, which meets on a regular basis. 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 the Warden, 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 appointed a Disability Administrator, 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.

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 30th November 2018 and signed on its behalf by:

Doug Nicholls (Interim Chair of the Governing Executive)

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 2017 to 31 July 2018 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 English Colleges' Foundation Code of Governance ("the Foundation Code"); and
- iii. having due regard to the UK Corporate Governance Code 2016 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 Foundation 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 2018.

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 four 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.

Statement of Corporate Governance and Internal Control

The Governing Executive also conducts its business through a number of committees. Each committee has approved terms of reference. These committees are Finance, Search and Audit. Each committee meets at least 3 times a year, with the exception of the Search Committee which meets as required, and each report to the Board through its Chair and through minutes.

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 once approval is secured, the new Articles will be implemented. The new Articles place all governance with the Governing Executive who will then be 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). Heather Cross currently acts as the Interim Clerk to the Governing Executive. The members who served on the Governing Executive during the period were as follows:

Statement of Corporate Governance and Internal Control

Appointments to the Governing Executive

Name	Term of office	Status of appointment	Other Committees served
Chris Baugh	(up to Dec 17)	Ordinary member	
Neil Crew	3 years	Ordinary member	Finance
Wendy Dawson	(up to Nov 17)	Ordinary member	
Paul Di Felice		Principal	Finance; Search
Peter Dwyer	1 year	Staff member	Audit
Kevin Flanagan	3 years	Ordinary member	Audit
Ed Hart	1 year	Staff member	Audit (until Autumn 17)
Anne Hock	3 years	Ordinary member	Chair of Finance
Theresa Hoenig	3 years (from Oct 2017)	Ordinary member	Quality Group
Paul Inman	3 years	Ordinary member	
Roger McKenzie	(up to Dec 17)	Ordinary member	
Doug Nicholls	3 years	Ordinary member	Chair from 29. 6. 18
Carole Orgell-Rosen	(up to 29 6 18)	Co-opted member	Chair of Governing Executive; Search
Mike Parker	(from Oct 17)		Audit
Pearl Ryall	3 years	Ordinary member	Quality Group
Alan Shepherd	(up to 23 3 18)	Co-opted member	Chair of Audit, Search
Kieron Winters	(up to Dec 17)	Staff member	Search
Bridget Ng'andu	(up to 31.8.17)	Staff member	Finance

Audit Committee

The Audit Committee comprises up to seven members (excluding the Principal) and is quorate at 3. 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.

Statement of Corporate Governance and Internal Control

Finance Committee

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 Committee

The Search Committee comprises up to six members, including the Chair and Principal and is quorate at 3. 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 2017/18 academic year, the Governing Executive has put in a phenomenal amount of time and effort on behalf of the College, all of which has been aimed at securing its future success.

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.

The Governing Executive has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the funding bodies. He is 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 2018 and up to the date of approval of the annual report and accounts.

Statement of Corporate Governance and Internal Control

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 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Governing Executive.

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, but has had significant review and scrutiny from other independent reviews e.g. bank initiated review of the College forecasting system and intervention of the FEC and ESFA has operated during the year. 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 Interim Finance Director and Principal. The executive management team has shared at regular intervals the very latest assessment of risk.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is 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

Statement of Corporate Governance and Internal Control

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

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the College and reinforced by risk awareness training. The Senior Management Team and the Audit Committee also receive regular reports, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Governing Executive's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2018 meeting, the Governing Executive carried out the annual assessment for the year ended 31 July 2018 by considering documentation from the Management Team and taking account of events since 31 July 2018.

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

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Directors' report. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College had agreed a seasonal overdraft facility with the bank of £300k, during the period from December 2017 through to January 2018. The College does not consider that a facility will be required in the foreseeable future and has adequate resources to meet its on-going liabilities.

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

Approved by the members of the Governing Executive on 30th November 2018 and signed on its behalf by:

Signed

Signed

Date 30th November 2018

Date 30th November 2018

Doug Nicholls, Interim Chair

Paul Di Felice, 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.

We confirm on behalf of the Governing Executive that after due enquiry and to the best of our knowledge, we can identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's Grant funding agreements and contracts with the ESFA.

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

Approved by the members of the Governing Executive on 30th November 2018 and signed on its behalf by

Signed

Signed

Date 30th November 2018

Date 30th November 2018

Doug Nicholls, Interim Chair

Paul Di Felice, Accounting Officer

Statement of responsibilities as the members of the Corporation for the year ended 31 July 2018

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 Operating and Financial Review 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 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 funds from the Education and Skills Funding Agency are used only in accordance with the authorities that govern them as defined by and in accordance with Further & Higher Education Act 1992, subsequent legislation and related regulations and 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 ESFA are not put at risk.

Statement of responsibilities as the members of the Corporation for the year ended 31 July 2018

Approved by order of the members of the Corporation on 30th November 2018 and signed on its behalf by:

Doug Nicholls, Interim Chair

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING EXECUTIVE OF RUSKIN COLLEGE

Opinion

We have audited the financial statements of Ruskin College (the "College") for the year ended 31 July 2018 which comprise the college statement of comprehensive income, the college statement of changes in reserves, the college balance sheet, 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 2018 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

- 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 & 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.

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING EXECUTIVE OF RUSKIN COLLEGE

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2017 to 2018 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;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

Responsibilities of the Governing Executive of Ruskin College

As explained more fully in the Statement of the Governing Executives Responsibilities set out page 25, the Governing Executive is 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 Governing Executive 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 Governing Executive is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Executive 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.

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING EXECUTIVE OF RUSKIN COLLEGE

Use of our report

This report is made solely to the Governing Executive, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 14 August 2017. Our audit work has been undertaken so that we might state to the Governing Executive, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Executive, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK AUDIT LLP

Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

Statement of Comprehensive Income For the year ended 31 July 2018

		2018	2017
	Notes	£	£
Income			
Funding body grants	3	2,491,699	2,966,477
Tuition fees and education contracts	4	1,604,895	1,731,762
Other income	5	725,595	793,316
Investment income	6	-	8,677
Donations and endowments	7	80,264	7,181
Total income		4,902,453	5,507,413
Expenditure			
Staff costs	8	1,921,662	2,880,463
Restructuring costs	8	45,645	125,258
Other operating expenses	10	2,175,450	2,430,014
Depreciation	13	446,903	501,612
Interest and other finance costs	11	107,937	117,848
Total expenditure		4,697,597	6,055,195
Surplus/(deficit) before other gains and losses		204,856	(547,782)
Gain on disposal of fixed assets		17,000	-
Gain on investments	14	-	-
Surplus/(deficit) before taxation		221,856	(547,782)
Taxation		-	-
Total comprehensive income for the year attributable to the college		221,856	(547,782)
Represented By:			
Restricted comprehensive Income		69,137	(1,725)
Unrestricted comprehensive income		152,716	(546,057)
		221,853	(547,782)

Balance Sheet as at 31 July 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	12		15,331		22,999
Tangible assets	13		13,341,230		13,765,141
Investments	14		33,065		33,065
			13,389,626		13,821,205
Current assets					
Debtors	15	271,250		795,282	
Cash at bank and in hand		422,081		75,447	
		693,331		870,729	
Creditors: amounts falling due within one year	16	(676,288)		(1,066,249)	
Net current assets/(liabilities)			17,043		(195,520)
Total assets less current liabilities			13,406,669		13,625,685
Creditors: amounts falling due after one year	17		(2,519,453)		(2,670,345)
Provisions					
Defined benefit pension scheme	19		(440,677)		(730,657)
Total net assets			10,446,539		10,224,683
Reserves					
Restricted Reserves					
Income and expenditure reserve - endowment reserve			440,222		375,983
Income and expenditure reserve - restricted reserve			8,350		3,450
Unrestricted Reserves					
Income and expenditure reserve			8,408,849		8,253,322
Revaluation reserve			1,589,118		1,591,928
Total reserves attributable to the college			10,446,539		10,224,683

The financial statements on pages 30 to 50 were approved and authorised for issue by the Governing Executive on 30 November 2018 and were signed on its behalf on that date by:

Doug Nicholls
Interim Chair

Paul Di-Felice
Accounting Officer

Statement of changes in reserves

	Income and Expenditure reserve			Revaluation Reserve Land & Buildings	Total £
	Endowment £	Restricted £	Unrestricted £		
Balance at 1 August 2016	377,608	3,550	8,796,568	1,594,739	10,772,465
Deficit for the year	-		(547,782)		(547,782)
Depreciation on revalued assets			2,811	(2,811)	-
Release of restricted funds spent in year	(1,625)	(100)	1,725		-
Total comprehensive income for the year	(1,625)	(100)	(543,246)	(2,811)	(547,782)
Balance at 31 July 2017	375,983	3,450	8,253,322	1,591,928	10,224,683
Surplus for the year			304,714		304,714
Transfers between revaluation and income and expenditure reserve:			-		-
Depreciation on revalued assets				(2,810)	(2,810)
Release of restricted funds spent in year	74,239	(100)	(154,187)		(80,048)
Total comprehensive income for the year	74,239	(100)	150,527	(2,810)	221,856
Balance at 31 July 2018	450,222	3,350	8,403,849	1,589,118	10,446,539

Statement of Cash Flows for the year-ended 31 July 2018

	Notes	2018 £	2017 £
Net cash from operating activities	22	593,120	(253,899)
Investing activities	23	(88,849)	455,834
Financing activities	24	(157,637)	(188,684)
Increase in cash and cash equivalents for the year		346,634	13,251
Cash and cash equivalents at the beginning of the year		75,447	62,196
Cash and cash equivalents at the end of the year		<u>422,081</u>	<u>75,447</u>

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 2015 ("the 2015 FE HE SORP"), the College Accounts Direction for 2017 to 2018, 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 activities of the College, together with factors likely to affect its future development and performance are set out in the Directors' Report. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying notes.

The College currently has £2.3m (2017 - £2.4m) of loans outstanding with bankers; financial covenants became active for the year ended 31 July 2014. The College has no breach of the Debt Service Cover Ratio Clause. The Bank has indicated that it is proposing to move away from this sector and would prefer that the College seeks alternative banking arrangements for the future, which the College has agreed to consider.

The College cash flow projections indicate that a cash levels will be at its lowest during the months December 2018 and March 2019, but does not consider it necessary to have any facility in place at this stage. On-going cash flow forecasts demonstrate that the College will not require any facility in the next twelve months.

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

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.

Notes to the financial statements for the year ended 31 July 2018

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 arising 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.

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 30 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.

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

Notes to the financial statements for the year ended 31 July 2018

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, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, 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 2018

3 Funding body grants

	2018 £	2017 £
Recurrent grant - ESFA Adult	1,540,598	1,982,789
Student Support Funds - ESFA	819,683	854,229
HEFCE Provision	54,161	52,202
Release of deferred capital grants	77,257	77,257
	<u>2,491,699</u>	<u>2,966,477</u>

4 Tuition fees and education contracts

	2018 £	2017 £
Full-time home and EU students	1,508,803	1,639,246
Other contracts	96,092	92,516
	<u>1,604,895</u>	<u>1,731,762</u>

5 Other income

	2018 £	2017 £
Residences, catering and conferences	660,722	650,607
Other income	64,873	142,709
	<u>725,595</u>	<u>793,316</u>

6 Investment income

	2018 £	2017 £
Investment income	-	8,413
Bank interest receivable	-	264
	<u>-</u>	<u>8,677</u>

7 Donations and endowments

	2018 £	2017 £
Unrestricted donations	4,565	7,181
Restricted donations	75,699	-
	<u>80,264</u>	<u>7,181</u>

Notes to the financial statements for the year ended 31 July 2018

8 Staff costs

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

	2018 Number of employees	2017 Number of employees
Teaching Staff	27	30
Non teaching Staff	28	35
	<u>55</u>	<u>65</u>
	2018 £	2017 £
Staff costs for the above persons:		
Wages & salaries	1,402,510	1,888,273
Social security costs	175,449	197,562
Other pension costs	(26,673)	282,799
Restructuring costs - non contractual	45,645	125,258
Payroll sub total	1,596,931	2,493,892
Contracted out staffing services	370,376	511,829
Total Staff Costs	1,967,307	3,005,721

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

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College leadership which comprises the Principal, and holders of the other senior posts whom the board have selected for the purposes of the articles of government of the College.

	2018 Number	2017 Number
The number of KMP including the principal was	<u>4</u>	<u>3</u>

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:

	2018		2017	
	Number KMP	Number Other staff	Number KMP	Number Other staff
£50,001 - £60,000	3	-	2	-
£60,001 - £70,000	-	-	-	-
£70,001 - £80,000	-	-	-	-
£80,001 - £90,000	-	-	-	-
£90,001 - £100,000	1	-	1	-

Notes to the financial statements for the year ended 31 July 2018

9 Key management personnel compensation (continued)

Key management personnel (including the Accounting Officer) total compensation is made up as follows:

	2018 £	2017 £
Salaries	180,220	199,067
National Insurance contributions	21,544	23,969
	201,764	223,036
Pension contributions	24,709	37,189
Total emoluments	226,473	260,225

The pension contributions in respect of the Principal and one other member of key management personnel are in respect of employer's contributions to the USS Pension Scheme and are paid at the same rate as other employees.

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

Compensation payable from 1 August 2017 until 31 July 2018

	2018 £	2017 £
Salary	87,893	87,893
National Insurance contributions	10,991	11,008
	98,884	98,901
Pension contributions	15,821	11,933
Total	114,705	110,834

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

Notes to the financial statements for the year ended 31 July 2018

10 Analysis of total expenditure by activity

	2018 £	2017 £
Teaching costs	711,815	745,634
Non teaching costs	1,055,758	1,289,898
Premises costs	407,877	394,482
	<u>2,175,450</u>	<u>2,430,014</u>

Surplus/(deficit) before taxation is stated after

Financial statements audit	24,000	29,091
Internal audit	-	15,000
Other Services provided by financial statements auditor - VAT	-	6,400
Total auditor's remuneration:	24,000	50,491
Operating lease rentals	33,115	66,763
Gain on disposal of fixed assets	17,000	-
Depreciation	446,903	501,612
Amortisation	7,668	8,222
Impairment of trade debtors	-	3,730

11 Interest and other finance costs

	2018 £	2017 £
Loan interest	92,837	99,553
Finance lease interest	4,871	7,368
Net charge on pension schemes	10,229	10,927
	<u>107,937</u>	<u>117,848</u>

12 Intangible fixed assets

	Software £
Cost	
At 1 August 2017 and 31 July 2018	64,566
Amortisation	
At 1 August 2017	41,567
Charge for year	7,668
At 31 July 2018	<u>49,235</u>
Net book value	
At 31 July 2018	<u>15,331</u>
At 31 July 2017	<u>22,999</u>

Notes to the financial statements for the year ended 31 July 2018

13 Tangible fixed assets

	Freehold land and buildings £	Computer equipment £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 August 2017	15,789,515	447,966	350,534	16,588,015
Additions	-	25,992		25,992
Disposals	(3,000)			(3,000)
At 31 July 2018	<u>15,786,515</u>	<u>473,958</u>	<u>350,534</u>	<u>16,611,007</u>
Depreciation				
At 1 August 2017	2,238,261	427,057	157,556	2,822,874
Charge for year	373,190	25,891	47,822	446,903
At 31 July 2018	<u>2,611,451</u>	<u>452,948</u>	<u>205,378</u>	<u>3,269,777</u>
Net book value				
At 31 July 2018	<u>13,175,064</u>	<u>21,010</u>	<u>145,156</u>	<u>13,341,230</u>
At 31 July 2017	<u>13,551,254</u>	<u>20,909</u>	<u>192,978</u>	<u>13,765,141</u>

The net book value of tangible fixed assets includes an amount of £5,166 (2016/17 – £11,878) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £6,712.

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 2018

14 Current asset Investments

	2018 £	2017 £
Balance at 1 August	33,065	499,652
Disposals	-	(466,587)
Balance at 31 July 2018	33,065	33,065
Represented by:		
Listed investments	-	581
Long term deposits	33,065	32,484
	33,065	33,065

15 Debtors

	2018 £	2017 £
Due within one year		
Trade debtors	203,858	756,605
Other debtors	60,000	759
Prepayments and accrued income	7,392	37,918
	271,250	795,282

16 Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loan	56,485	56,485
Obligations under finance leases	5,168	9,940
Trade creditors	222,386	289,027
Other creditors	30,030	44,983
Social security and other taxation	48,901	59,106
Ruskin Fellowship Funds	8,836	8,836
Deferred capital grants	77,257	58,779
Accruals and deferred income	227,225	539,093
	676,288	1,066,249

17 Creditors: amounts falling due after one year

	2018 £	2017 £
Bank loan	2,280,538	2,335,695
Deferred capital grants	238,915	334,650
Total	2,519,453	2,670,345

Notes to the financial statements for the year ended 31 July 2018

18 Analysis of Borrowings of the College

(a) Bank loans

Bank loans are repayable as follows

	2018 £	2017 £
In one year or less	56,000	56,485
Between one & two years	116,000	112,970
Between two & five years	200,000	169,455
In more than five years	1,965,023	2,053,270
	<u>2,337,023</u>	<u>2,392,180</u>

Currently Bank loans are at 3.5% above base rate. Repayment by installments fall due between October 2013 and September 2040. The total £2.4m loan is secured on a portion of the freehold land and buildings of the College.

(b) Finance leases

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

	2018 £	2017 £
In one year or less	5,168	9,940
	<u>5,168</u>	<u>9,940</u>

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

19 Provisions

	Deficit Recovery Plan £	Total £
At 1 August 2017	730,657	730,657
Credited to the statement of comprehensive income	(300,209)	(300,209)
Unwind of discount	10,229	10,229
	<u>440,677</u>	<u>440,677</u>

The defined benefit obligation provision includes balances relating to both the USS and OSPS schemes which are split below (see note 30 for more information):

	2018 £	2017 £
USS Pension	299,242	463,415
OSPS Pension	141,435	267,242
	<u>440,677</u>	<u>730,657</u>

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

	USS		OSPS	
	2018 £	2017 £	2018 £	2017 £
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 2018

20 Funds of the College

	1 August 2016 £	Income £	Expenditure £	Transfer between funds £	31 July 2017 £
<u>Restricted Reserves</u>					
Expandable Endowment	377,608	-	(1,625)	-	375,983
Restricted	3,550	-	(100)	-	3,450
<u>Unrestricted Reserves</u>					
Income & Expenditure	8,796,568	5,507,413	(6,053,470)	2,811	8,253,322
Revaluation Reserve	1,594,739	-	-	(2,811)	1,591,928
	10,772,465	5,507,413	(6,055,195)	-	10,224,683
	1 August 2017 £	Income £	Expenditure £	Transfer between funds £	31 July 2018 £
<u>Restricted Reserves</u>					
Permanent Endowment					
Andy Robert Hopkins Education Trust	-	138,422	-	-	138,422
Expandable Endowment	375,983	(72,723)	(1,460)	-	301,800
Restricted	3,450	5,000	(100)	-	8,350
<u>Unrestricted Reserves</u>					
Income & Expenditure	8,253,322	(4,831,754)	(4,679,037)	2,810	8,408,849
Revaluation Reserve	1,591,928	-	-	(2,810)	1,589,118
	10,224,683	(4,761,055)	(4,680,597)	-	10,446,539

Permanent Endowment

The Robert Addy Hopkinson Education Trust fund represents permanent capital sums given to the charity, which will be invested to generate an income return. 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 2018

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

	2018 £	2017 £
Surplus/(deficit) for the year	221,856	(547,782)
Interest and other finance costs	107,937	117,848
Investment income	-	(8,677)
Gain on disposal of fixed assets	(17,000)	29,516
Depreciation	446,903	501,612
Amortisation	7,668	8,222
Movement on pension provisions	(300,209)	(60,600)
	467,155	40,139
Movements in working capital		
(Increase) / Decrease in debtors	524,032	(394,844)
Increase / (Decrease) in creditors	(480,924)	100,806
Cash generated from/(used in) operations	510,263	(253,899)

22 Cash flows from investing activities

	2018 £	2017 £
Purchase of tangible assets	(25,992)	(19,430)
Investment income	-	8,677
Net income/expense on fixed asset investments	-	(8,413)
Sale of investments	-	475,000
Sale of tangible assets	20,000	-
	(5,992)	455,834

23 Cash flows from financing activities

	2018 £	2017 £
Interest paid	(92,837)	(99,553)
Interest element of finance lease payments	(4,871)	(7,368)
Repayment of amounts borrowed	(55,157)	(56,485)
Capital element of finance lease payments	(4,772)	(25,278)
	(157,637)	(188,684)

24 Financial instruments

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

	2018 £	2017 £
<i>Financial assets</i>		
<i>Debt instruments measured at amortised cost</i>		
Debtors per debtor note	795,282	198,868
Less prepayments (not a financial instrument)	-	-
Long term deposits	33,065	32,484
Debt instruments measured at amortised cost	828,347	198,868
Equity instruments measured at fair value through income and expenditure	-	581
Total	828,347	199,449
<i>Financial liabilities</i>		
Debt instruments measured at amortised cost	2,810,984	3,044,228
Total	2,810,984	3,044,228

Notes to the financial statements for the year ended 31 July 2018

24 Financial instruments (continued)

Amounts receivable/(payable) and reflected in the Statement of Comprehensive Income related to the above financial instruments are as follows:

	2018 £	2017 £
Financial assets measured at fair value through income and expenditure	-	-
Financial assets measured at amortised cost	-	8,677
Financial liabilities measured at amortised cost	-	(99,553)
Impairment losses on trade receivables	(11,951)	(3,730)

At 31 July, the following provisions were held against financial instruments:

	2018 £	2017 £
Trade debtors	203,858	126,080

25 Amounts disbursed as agent - Access Fund

	2018 £	2017 £
ESFA grants	-	-
HEFCE (Student Support Funding)	-	11,018
	-	11,018
Disbursed to students	-	-
Utilised by College	-	(11,018)
Charged to College	-	-
Balance unspent at 31 July 2018	-	-

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

There were no significant post balance sheet events.

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 an member of the Governing Executive may have an interest are conducted in accordance with the College's financial regulations and normal procurement procedures.

Notes to the financial statements for the year ended 31 July 2018

28 Operating leases

At 31 July 2018 the College had minimum lease payments under non cancellable operating leases as follows;

	2018 £	2017 £
In one year or less	19,932	26,562
Between two & five years	43,185	43,708
	<u>63,117</u>	<u>70,270</u>

29 Retirement benefits

The College participates in two principal pension schemes for its staff: the Universities Superannuation Scheme (USS), and the University of Oxford Staff Pension Scheme (OSPS). Both schemes are contributory defined benefit schemes (i.e. they provide benefits based on length of service and pensionable salary) and are contracted out from the State Second Pension Scheme and the assets are each held in separate trustee-administered funds. 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, in accordance with Section 28 'Employee Benefits' of FRS 102, the College accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the schemes in respect of the accounting period.

In the event of the withdrawal of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participating employers and reflected in the next actuarial valuation of the scheme.

However, in OSPS, the amount of any pension funding shortfall in respect of any withdrawing participating employer will be charged to that employer.

Qualified actuaries periodically value the USS and OSPS Schemes using the 'projected unit method', embracing a market value approach. The resulting levels of contribution take account of actuarial surpluses or deficits in each scheme. The financial assumptions were derived from market conditions prevailing at the valuation date. The results of the latest actuarial valuations and the assumptions which have the most significant effect on the results of the latest valuations and the determination of the contribution levels are shown in the following table:

	USS		OSPS	
	2018	2017	2018	2017
Date of valuation	31/03/2014	31/03/2014	31/03/2016	31/03/2016
Value of liabilities	£50,559m	£50,559m	£597m	£597m
Value of assets	£41,605m	£41,605m	£424m	£424m
Funding deficit	(£8,954m)	(£8,954m)	(£173m)	(£173m)
Principal assumptions:				
Rate of interest (past service liabilities)	5.2% p.a.	5.2% p.a.	-	-
Rate of interest (future service liabilities)	5.2% p.a.	5.2% p.a.	-	-
Rate of interest (periods up to retirement)	-	-	1.4% p.a.	1.4% p.a.
Rate of interest (periods after retirement)	-	-	1.4% p.a.	1.4% p.a.
Rate of increase in salaries - year 1	CPI	CPI		
Rate of increase in salaries - year 2	CPI+1%	CPI+1%	1.0% p.a.	1.0% p.a.
Rate of increase in salaries - year 3 onwards	RPI+1% p.a.	RPI+1% p.a.		
Rate of increase in pensions	4.1% p.a.	4.1% p.a.	1.4% p.a.	1.4% p.a.
Mortality assumptions:				
Assumed life expectancy at age 65 (males)	23.7 years	23.7 years	22.5 years	22.5 years
Assumed life expectancy at age 65 (females)	25.6 years	25.6 years	25.2 years	25.2 years

The company has entered into a deficit recovery plan and has recorded a provision in respect of this. For more information, please see note 19.

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

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 14 August 2017 and further to the requirements of the financial memorandum with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Ruskin College during the period 1 August 2017 to 31 July 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2017 to 31 July 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the "ACoP") issued by the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the ESFA has other assurance arrangements in place.

We are independent of the Ruskin College in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Governing Executive of Ruskin College for regularity

The Governing Executive of Ruskin College is responsible, under the financial memorandum with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Governing Executive of Ruskin College is also responsible for preparing the Governing Executive's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

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 ACoP.

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 the procedures performed vary in nature and timing from,

and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 2017 to 31 July 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the financial memorandum with the ESFA and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to the Governing Executive of Ruskin College and the Secretary of State for Education acting through the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Governing Executive of Ruskin College and the Secretary of State for Education acting through 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 Governing Executive of Ruskin College and the Secretary of State for Education acting through the ESFA for our work, for this report, or for the conclusion we have formed.

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