



**USP College**

**Report and Financial Statements  
for the year ended 31 July 2019**

## **Key Management Personnel, Board of Governors and Professional advisers**

### **Key management personnel**

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2018/19:

Daniel Pearson, Principal and CEO; and Accounting Officer  
Steven Hendy, Chief Operating Officer  
John Revill, Vice Principal Partnerships Funding & Business Planning  
David Dolling, Deputy Principal Quality & Curriculum  
Clare White, Vice Principal Student & Corporate Services  
Colleen Marshall, Vice Principal Curriculum Operations – to July 2019  
Kerry Birch, Vice Principal of Human Resources & Communication – to October 2018

### **Board of Governors**

A full list of Governors is given on page 17 of these financial statements.

Mrs Sue Glover was appointed Clerk to the Corporation from 5 February 2018.

### **Professional advisers**

#### **Financial statements auditors and reporting accountants:**

Buzzacott LLP  
130 Wood Street  
London

#### **Internal auditors:**

Scrutton Bland  
Fitzroy House  
Crown Street  
Ipswich

#### **Bankers:**

Barclays Bank Plc  
Priory Place  
Level 3  
New London Road  
Chelmsford

Lloyds Bank Plc  
1 Legg Street  
Chelmsford  
Essex

#### **Solicitors:**

Birketts LLP  
Brierly Place  
New London Road  
Chelmsford

Bates Wells Braithwaite  
10 Queen Street Place  
London

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## Members' Report

### Nature, Objectives and Strategies:

The members present their report and the audited financial statements for the year ended 31 July 2019.

#### Legal status

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

The Corporation was incorporated as South East Essex Sixth Form College. On 21 July 1995, the Secretary of State granted consent to the Corporation to change the College's name to Seevic College.

The College did not exercise its right to designate as a Sixth Form College in 2010 and now identifies itself as a General Further Education College.

On 1 August 2017 Seevic College merged with Palmers Sixth Form College. As part of this category B merger the Seevic College name remained until April 2018 when the college rebranded as USP College (Unified Seevic Palmers College).

On the 12 November 2018 the Secretary of State granted consent to the Corporation to change the College's name to Unified Seevic Palmers College (USP College).

On the 11 October 2018 USP College received formal notification that they had been successful with their application for the acquisition of ITEC Learning Technologies Ltd as a subsidiary of USP College. Following a successful expression of interest process and due diligence, USP College completed the acquisition of ITEC on 1st January 2019.

#### Mission

In 2018/19 the College adopted a strategic plan for the period 1 August 2018 to 31 July 2019 based on Career Focused Learning, property and financial plans. This new plan still includes the College Pledge following post-merger and its key strategic aims, as follows:

*College Pledge – By 2025 we will train 15,000 young people with the skills to stand out against their competitors to gain aspirational and exciting careers*

#### Strategic Aim

- 1 Our students will be inspired towards ambitious careers through exciting continuous professional development giving them the edge to succeed
- 2 Our environment will inspire and stimulate excellence and provide the space to grow
- 3 Our people will be high performing self-motivated, accountable and creative in their thinking and actions
- 4 Our focused financial priorities will be targeted to enable the College to support progressive and ambitious change
- 5 Our College will pro-actively engage with people, places and thinking that stimulate progressive approaches to work

In 2017/18 the College revised its key values and behaviours. The College actively encourages these as follows:

- Respect
- Accountability
- Resilience

## **Members' Report (continued)**

### **Public Benefit**

USP College is an exempt charity under the Part 3 of the Charities Act 2011 and its principal regulator is the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed on page 17.

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

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs)

The delivery of other public benefits is covered throughout the Members' Report.

### **Implementation of strategic plan**

In 2018/19 the College adopted a strategic plan for the period 1 August 2018 to 31 July 2019. This strategic plan included property and financial plans. During 2018/19 a new Strategic Plan was approved by Governors and will take the College forward into 2019/20 and beyond. During 2018/19 the Corporation continued to monitor the performance of the College against the original plan. The College's strategic objectives are to:

- Focus our resources on all that enhances our Academic, Professional and Technical routes
- Develop partnerships with employers and community organisations
- Increase the provision of outstanding teaching and learning
- Support our students to develop life and work skills with resilience and drive
- Develop a strong reputation for meeting local needs
- Develop new ways of working to maintain financial viability
- Promote a safe and inclusive professional environment
- Make an operating surplus to ensure the College is able to invest and remain financially strong

The College is on target for achieving these objectives.

The College's specific objectives for 2018/19 were:

- Student attendance, punctuality, retention, achievement and value added
- Teaching that embodies high expectations and focus on individual need
- Reputation - placing USP College back at the top of the list of local post-16 providers, with a strong Sixth Form
- Recruitment - maintaining healthy enrolment levels in the face of increasing competition and falling year 11 numbers
- Teamwork and morale - develop aspiring new leaders
- Business development - reducing our dependency on EFA 16-18 funding by growing apprenticeships and higher education
- A Community College - grow our foundation learning provision

## Members' Report (continued)

The College is on target for achieving these objectives with actual performance of specific targets highlighted under performance indicators below.

### Financial objectives

The College's financial objectives are:

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

A series of performance indicators have been agreed to monitor the successful implementation of the policies with actual performance against key indicators stated below.

### Performance indicators

The College uses a number of KPIs internally as well as the measure assessed externally such as Financial Health and these are set out in the strategic plan. The targets and the College's performance in 2018/19 against them are set out in the following table:

Key performance indicators	Target	Actual
Operating surplus/EBITDA as a % of income	>5%	6.5%
Staff costs as a % of income	<65%	66.5%
Operating cash flow	£1,390k	£1,410k
Cash days in hand	>25 days	27.6 days
Borrowing as a % of income	<20%	21%
Current ratio	1.6:1	1.3:1
Reliance on ESFA income	<85%	80%
Financial Health Score	Good	Good

Other key performance indicators	Target	Actual for 18/19
Attendance	92%	84%
Punctuality	100%	96%
Retention	100%	92%
Value added (AS, A2, Voc)	0.1	-0.61
Achievement Rate	86%	86%

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency

## Members' Report (continued)

(ESFA). The College is assessed by the ESFA as having a "Good" financial health grading for 18/19. The current rating of Good is considered an acceptable outcome.

The financial plan submitted to the ESFA for 2019/20 and beyond presents the financial forecast for the College. The underlying financial health score for both 2019/20 and 2020/21 is Good.

## Financial Position

### Financial results

The College group generated a deficit in the year of £949k before actuarial losses on pension scheme (2017/18: surplus £1,737k), with total comprehensive income in deficit of £1,141k (2017/18: surplus of £5,468k). The total comprehensive income in 2018/19 is stated after accounting for the acquisition of ITEC Learning Technologies and the re-measurement of the Defined Benefit pension scheme.

The College's underlying operating position excluding exceptional items is summarised as follows:

	<b>£,000</b>
Total Comprehensive Income for the year	(1,141)
Less: Pension Re-measurement & Employer Contribution	(501)
Add: Pension Interest Cost & Current Service Cost	1,738
Less: Gain on acquisition	(95)
<b>Sub-Total</b>	<b>1</b>
Add: Exceptional Restructuring	134
Add: Loss ITEC Learning Technologies	(106)
<b>Underlying Operating Surplus</b>	<b>29</b>

The College group has accumulated income and expenditure reserves of £6,904k (2017/18: £7,950k) and cash and short term investment balances of £1,663k (2017/18: £2,772k). The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.

Tangible fixed asset additions during the year amounted to £2,146k (2017/18: £880k). This was split between additions to land and buildings of £498k, equipment purchased of £1,096k and assets under construction of £552k.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2018/19 the FE funding bodies provided 80% of the College's total income.

### Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation.

### Acquisition of ITEC Learning Technologies

USP College was approached by the Governing Board of ITEC Learning Technologies Ltd, an educational training provider, with the intention of gifting ownership of this organisation to the college.

USP College, following approval by the Governing Body submitted an application to acquire the company.

## **Members' Report (continued)**

### **Acquisition of ITEC Learning Technologies (continued)**

On the 11 October 2018 USP College received formal notification that they had been successful with their application. Following a successful expression of interest process and due diligence, USP College completed the acquisition of ITEC on 1st January 2019.

At a strategic level, USP College have acquired ITEC with the understanding of the importance of developing a successful apprenticeship delivery model. Apprenticeships are core to the USP strategic plan, as a vehicle for supporting young people and adults into careers and to ensure that the training needs of local businesses are being supported. ITEC have a track record of securing strong outcomes and a good local reputation, but now need investment and the financial strength that being part of a larger organisation can bring through shared support services.

### **Cash flows and liquidity**

The cash position of the group is reported at £1,663k (2017/18 £2,772k). During the year, a loan of £1.5m was approved in March 2019 and subsequently drawn down in July 2019. This loan was to assist with the capital expenditure towards building improvements, IT and FF&E. This is secured loan with a legal charge over the freehold property at the Seevic Campus. The interest rate margin on this loan is 2.25% above the 3 month LIBOR floating base rate. This is in addition to the existing loans already in place; re-financing loan of £2.9m received in August 2017 and a revolving credit facility of £1m that was approved in August 2017 and drawn down in July 2018.

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

### **Reserves Policy**

The College has no formal reserves policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities.

As at the balance sheet date total reserves of the group £11.351m (2018: £12.491m) were held which included Income and Expenditure reserves of £6.904m (2018: £7.950m) and Revaluation Reserves of £4.447m (2018: £4.541m).

It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

## **Current and Future Development and Performance**

### **Financial Health**

The financial health score for 2018/19 has been confirmed by the EFSA as Good with the forecast underlying score for 2019/20 being Good. The financial health score has been based on the submission made by USP College of its three-year financial plan.

The USP College bankers continue to provide a supportive role to the College which is further demonstrated by the approval of a loan for £1.5m during 2018/19 for capital investment.



## **Members' Report (continued)**

### **Current and Future Development and Performance (continued)**

#### **Student numbers**

In 2018/19, the College has delivered activity that has produced £17,188k in funding body main allocation funding (2017/18 – £18,375k). The College had 3,708 funded and nil non-funded 16-18 students.

In order to mitigate the risk to student recruitment, the College has introduced stronger progression routes to retain current students and has focused on building positive relationships with external organisations including local schools. In addition, the College continues to make improvements to both marketing and quality.

#### **Student achievements**

Students continue to prosper at the College. Achievement rates for 16-18 year olds (94% of the provision) remains over 4% points above National average rates.

Vocational students achieved between 0.2 and 0.5 (value added) of a grade higher than expected. English and Maths achievements and pass rates were above the national average rates. Achievement gaps between groups of students is good and further diminished with positive and sustained destinations for a most levels three students.

#### **Curriculum developments**

The College has undergone a curriculum enhancement review and all curriculum areas have mapped the skills needed for relevant careers, related to all courses delivered. From internship to degrees, all courses have a clear line of sight to employment. Courses that the College has not delivered well historically have been cut.

The Curriculum offer has been further reformed to ensure courses that we have not delivered successfully have been cut and all offers have a clear route to employment; including A-levels. Further developments of learning companies has seen a huge increase in student working on live briefs and this year, all level three students are achieving a significant proportion of their criteria by working on a client project.

The College career focused learning strategy has seen the implementation of student continuous professional development days and feedback and quality monitoring has highlighted the specific, career related skills students have developed.

The College has invested in two immersive learning rooms which uses state of the art technology to allow teachers to deliver lessons to two groups simultaneously in different classrooms. This has allowed classes at each campus with low numbers to be taught rather than cut because of non-financial viability. This has also allowed more groups of students' access to our best teachers.

In 2019/20 the College will continue to focus on delivering its Strategic Plan that promotes Career Focused Learning and will include the implementation of student continuous professional development days to help guide our students to their career aspirations

At USP College our mission is to connect young people to great career pathways, through exciting work and learning opportunities. We have researched the job opportunities in the UK and have a good understanding of regional career options in Essex. We have combined this knowledge, with our expertise in training, working with Employers to shape professional education into the form of career pathways using the latest SELEP Skills Strategy.

## Members' Report (continued)

### Current and Future Development and Performance (continued)

Our Career Focused Learning philosophy centres around 5 career paths as follows, linked to our strategic aims:

- 1 Creative & Digital
- 2 Health Care & Medical
- 3 Early Years, Childcare & Education
- 4 Financial & Professional Services
- 5 Life & Sport Sciences

USP College is committed to maintaining a Career Portal, with our staff trained to support students find career information, investigate the skills required to be successful, work with employers and provide progression routes that include qualifications and university opportunities.

Our new career package will focus on students acquiring the skills required to enter into a chosen career or industry. Career packages will be built on national and regional career opportunities in our region and across the UK. The key components and principles of our career packages include:

- An academic or professional (vocational) cluster of qualifications and skills designed with career as the start and end point of its design;
- A direct route to higher study and employment with multiple entry points for students to follow, giving them clear progression towards career goals. All packages will be within our chosen sectors of specialism
- All USP packages will be based specifically on aspirational careers or professions as opposed to jobs
- USP career packages will be catering for professions requiring a range of professional and academic skills.
- All USP students will engage in a substantial CPD programme designed to support one of our specialist sector areas and fully compliment qualification based studies.
- Boards of employers will validate our curriculum offer and support the College to deliver additional training for specific careers
- Our immersive teaching spaces will be developed to provide a wide network of teachers from around the country who can deliver to USP students remotely.

We want to ensure our students recognise the importance of developing their skills throughout their lifetime, with the expectation that our 'gig economy' will lead to most young people having 5 or more career changes in their lifetime.

All curriculum provision includes the opportunity for English and Maths Development through the College's "It's all about M&E strategy" and opportunities for Work Experience and Placements through a dedicated support team. Further enhancement to the student journey is the innovation of the College Learning Companies (e.g. Live Creative) that provides rich and meaningful client briefs for local and national businesses.

It is imperative to note that all students have access to this curriculum offer at USP College for this academic year.

## **Members' Report (continued)**

### **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 2018 to 31 July 2019, the College paid 81 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

### **Group companies**

The College has one subsidiary company, ITEC Learning Technologies Limited (ITEC) which was acquired in January 2019. Therefore, the consolidated accounts are made up of seven months of trading to July 2019 in relation to ITEC.

The principal activity of ITEC is the provision of delivering apprenticeship. This strongly supports the USP strategic plan, in particular regarding meeting the needs of employers and supporting local people through progression routes into apprenticeships and employment.

Any surpluses generated by ITEC is transferred to the College under deed of covenant. In the current year, ITEC has generated a loss, therefore no transfer has been made.

### **Future prospects**

As with last year, the financial plan for the College has made some assumptions for further savings and efficiencies to be made post-merger. In addition, with the acquisition of ITEC, a review of its financial performance and budgeting has been carried out with expected profits to be gifted to USP College. This will form part of the on-going budget review of USP College and has been reflected in a new three-year financial plan submitted to the ESFA in July 2019. The intention still remains to continuously identify additional income where appropriate and further cost savings as the College aims to rationalise key systems and processes.

The College expects, as a result of these efficiency measures, to increase its contribution and reduce its dependency on the funding bodies.

### **Resources**

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

Tangible resources include principal College Campuses for:

- Seevic Campus, Benfleet – freehold
- Palmers Campus, Grays – long leasehold on the Buildings only

### **Financial**

The College group has £11.351m of net assets (including £9.859m pension liability) and long term debt of £4.778m. Tangible resources include the two College Campuses in Benfleet and Grays.

### **People**

The College employs 349 people (expressed as full time equivalents), of whom 147 are teaching staff.

## **Members' Report (continued)**

### **Reputation**

The College has a good reputation locally and nationally but seeks to make further improvements at both its Campuses to match goal of being an outstanding college. Maintaining a quality brand is essential for the College's success at attracting students and external relationships and this will be aided as the College promotes its new strategic plan linked to Career Focused Learning.

### **Principal Risks and Uncertainties**

The College has developed strategies for managing risk that now embed risk management in all that it does. Risk management software and processes have been implemented to protect college assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls are explained in the Statement on Corporate Governance.

The College has undertaken further work and training during the year to develop and embed the system of internal control, including financial, operational and risk management designed to protect the College's assets and reputation. During 2019/20 effective departmental risks will be reported alongside the core college headline risks. Departmental risks will be reviewed and updated on a quarterly basis with an annual risk report presented to the Risk and Audit Committee.

Based on the strategic plan, management undertake a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, management will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed at least annually by the Risk and Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

- Risk that student recruitment targets are not achieved for classroom based delivery & HE
- The college is unable to secure necessary funds to deliver its property strategy
- Governance arrangements are not clearly defined
- College unable to attract/retain Governors with appropriate skills
- Insufficient levels of funding effecting the going concern status of the College
- Risk that student recruitment targets are not achieved for Apprenticeships
- Risk of breaching bank loan covenants effecting the going concern status of the College
- Inadequate systems and procedures relating to Health & Safety
- Inadequate safeguarding / prevent awareness policies and procedures
- Risk that subsidiary company continues to be loss making and unable to continue trading

## **Members' Report (continued)**

### **Principal Risks and Uncertainties (continued)**

#### **Government funding**

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2018/19, 80% of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding

- Possible reduction to 16-18 year olds funding following poor prior year recruitment
- Apprenticeships reforms and recruitment
- Devolution of the adult education budget
- Apprenticeships Levy effect on the marketplace
- The recruitment and retaining of key staff who can innovate and support key college areas, including English and Maths

This risk is mitigated in a number of ways:

- Update of the new College Strategic Plan linked to Career Focused Learning
- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Regular dialogue with funding bodies
- Detailed monitoring of curriculum delivery, including strong self-assessment, key management training and robust lesson observations
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Income diversity and focused grant funding
- Positive change to the local area demographic
- Collaboration with other partner colleges and working closely with other external partners
- Growing commercial opportunities and Apprenticeships through our new subsidiary company

#### **Tuition Fee Policy**

Ministers have confirmed that the fee assumptions remain at 50%. In line with the majority of other colleges, USP College will seek to increase tuition fees in accordance with the fee assumptions. The risk for the College is that demand falls off as fees increase. This will impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

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

#### **Maintain adequate funding of pension liabilities**

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

## **Members' Report (continued)**

### **Principal Risks and Uncertainties (continued)**

This risk is mitigated by an agreed deficit recovery plan with the Essex Pension Fund.

#### **Failure to maintain the financial viability of the college**

The College's current financial health grade is classified as Good as described above. This is largely the consequence of reasonable earnings before interest, tax depreciation and amortisation and reporting net surplus after excluding pension liability adjustments and the acquisition of Palmers College. Notwithstanding that, the continuing challenge of the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience.

This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies and improved finance systems
- Finance & Resources Committee task and finish group
- SMT finance focused meetings

### **Stakeholder Relationships**

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

- Students;
- Staff;
- Governors
- Education sector funding bodies;
- FE Commissioner
- Local employers (with specific links);
- Local authorities;
- Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies.

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

### **Equality**

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value the differences in race, gender, sexual orientation, disability, religion or belief and age within our College. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy is published on the College's Intranet site.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact Assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

## **Members' Report (continued)**

### **Equality (continued)**

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues.

The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

### **Disability statement**

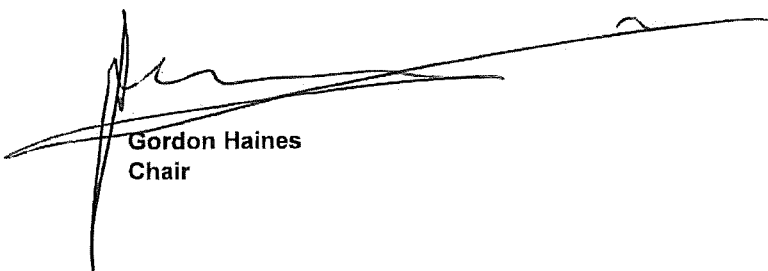
The College seeks to achieve the objectives set down in the Equality Act 2010:

- a) As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2008/09, and the results of this formed the basis of funding capital projects aimed at improving access.
- b) The College has appointed an Access Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
- d) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- f) Specialist programmes are described in College prospectuses and achievements and destinations are recorded and published in the standard College format.
- g) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

### **Disclosure of information to auditor**

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditor is 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 auditor is aware of that information.

Approved by order of the members of the Corporation on 17 December 2019 and signed on its behalf by:



**Gordon Haines**  
**Chair**

## Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2018 to 31 July 2019 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code.

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2019. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which Seevic College formally adopted in December 2015. USP College, as the now merged College of Seevic College and Palmer's College, agreed to continue adopting the Code.

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



## Statement of Corporate Governance and Internal Control (continued)

### The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below.

	Date of Appointment	Term of office ends	Date of resignation	Status of appointment	Committees served	Attendance
Paul Bennett	31/05/2015 Reappointed 01/05/2018	31/05/2018 31/07/2022	31/07/2019	Ordinary Member	Risk and Audit Corporation	7 out of 8
Carol Skewes	14/07/2010 Reappointed 11/03/2014 01/05/2018	29/07/2018 31/07/2019	31/12/2018	Ordinary Member	Corporation	2 out of 4
Alex Dobinson	11/03/2014 Reappointed 01/05/2018	14/03/2018 31/07/2022		Ordinary Member	Quality (Chair) Corporation	9 out of 9
Shri Footing	25/09/2014 Reappointed 25/09/18	24/09/2018 31/07/2019	31/07/2019	Ordinary Member	Quality Corporation	6 out of 8
Phillip Lennon	28/01/2016 Reappointed 30/01/2018 25/09/2018	27/01/2018 30/01/2019 31/01/2022		Ordinary Member	Finance and Resources (Chair) Remuneration (Chair) Corporation (Vice Chair)	9 out of 9
Daniel Pearson	01/05/2016			Principal	Corporation Search and Governance Finance and Resources Quality	11 out of 15
Graeme Loveland	01/08/2017	31/07/2021		Ordinary Member	Corporation (Vice Chair) Remuneration Risk and Audit (Chair)	6 out of 9
Gordon Haines	07/11/2017	06/11/2021		Ordinary Member	Chair of Corporation Search and Governance (Chair) Remuneration Finance and Resources	12 out of 12
Roger Key	01/08/2017 Reappointed 16/07/2019	01/08/2019 31/07/2023		Ordinary Member	Corporation Risk and Audit	6 out of 8
Ian Hockey	18/12/2018	31/12/2022		Ordinary Member	Corporation Quality	5 out of 6
Ralph Henderson	18/12/2018	31/12/2022		Ordinary Member	Corporation Quality Finance and Resources	7 out of 7
Andy Williams	01/10/2019	30/09/2023		Ordinary Member	Corporation Risk and Audit	

## Statement of Corporate Governance and Internal Control (continued)

### The Corporation (continued)

Jacob Smith	01/10/2019	30/09/2023		Ordinary Member	Corporation Risk and Audit	
John Baker	01/10/2019	30/09/2023		Ordinary Member	Corporation Finance and Resources	
Ritchie Naylor	01/08/2017	31/07/2019	25/09/2018	Staff Member	Corporation	0 out of 0
Julie Snelling	17/07/2018	31/07/2022		Staff Member	Corporation Quality	7 out of 8
David O'Donovan	26/03/2019	31/07/2023		Staff Member	Corporation Quality	2 out of 3
Daryl Cortez	01/08/2017 Reappointed 17/07/2018	31/07/2019 30/04/2019	30/04/2019	Student Member	Corporation Quality	5 out of 6
Elisha Deller	17/07/2018	30/04/2019	30/04/2019	Student Member	Corporation Quality	4 out of 6
Emily Riseborough	01/08/2019	31/07/2020		Student Member	Corporation Quality	
Ruta Dubinskaite	01/08/2019	31/07/2020		Student Member	Corporation Quality	
Mrs Sue Glover was Clerk to the Corporation throughout 2018/19.						

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation met each term during 2018/19.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Risk and Audit, Quality, Finance and Resources, Search and Governance and Remuneration.

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

USP College  
Runnymede Chase  
Benfleet  
Essex  
SS7 1TW

## **Statement of Corporate Governance and Internal Control (continued)**

### **The Corporation (continued)**

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

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Corporation for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Corporation meetings. Briefings are provided on an ad hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

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

### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, consisting of three members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

### **Corporation performance**

The Governing Body plays a key role in challenging the senior management to ensure that the College aims are achieved. The Governors are particularly focused on a holistic approach to Governance and timely and accurate reporting ensures that Governors are able to challenge effectively. Through this approach, the Corporation has been able to take assurance that governance was robust and appropriately structured to support delivery of the strategic plan and continued improvements to the College.

The Corporation reviewed its performance for 2018/19 in September as part of the annual self-assessment review taking into consideration its self-assessment. The members of Corporation will also consider their individual performance through 1 to 1 meetings with the Chair during the autumn term. Further assurance is gained from both external parties (Ofsted and FE Commissioner visits) and the College Key Performance Indicators, which are reported to the Corporation. These indicators cover all aspects of the College's operations including teaching and learning, student outcomes, satisfaction and leadership and management. The KPIs form a sound basis from which managers and Governors can judge performance and progress. The targets in the strategic plan are based on the most accurate comprehensive data from within and outside the sector (where appropriate) and targets are set to be both challenging and achievable.

### **Remuneration Committee**

Throughout the year ending 31 July 2019, the College's Remuneration Committee comprised three members of the Corporation. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer and other key management personnel.

## **Statement of Corporate Governance and Internal Control (continued)**

### **The Corporation (continued)**

The College endeavours to conduct its business in full accordance with the guidance to colleges from the Association of Colleges Senior Post Holders Remuneration Code. This code was adopted by the Corporation in July 2019. The annual statement relating to the remuneration of Senior Post Holders can be found on the College website.

Details of remuneration for the year ended 31 July 2019 are set out in note 5 to the financial statements.

### **Risk and Audit Committee**

The Risk and Audit Committee comprises three members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Risk and Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

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

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

The Risk and Audit Committee also advises the Corporation on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well

### **Internal control**

#### *Scope of responsibility*

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between USP College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

#### *The purpose of the system of internal control*

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

## Statement of Corporate Governance and Internal Control (continued)

### The Corporation (continued)

The system of internal control has been in place in USP College for the year ended 31 July 2019 and up to the date of approval of the annual report and accounts.

#### *Capacity to handle risk*

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

#### *The risk and control framework*

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation
- regular reviews by the Corporation 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.

USP College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis.

#### *The risk and control framework (continued)*

The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Risk and Audit Committee.

At least annually, the Head of Internal Audit (HIA) provides the Corporation with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

#### *Review of effectiveness*

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

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

## Statement of Corporate Governance and Internal Control (continued)

### The Corporation (continued)

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 Risk and Audit Committee, which oversees the work of the internal auditor and other sources of assurance and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Risk and Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Risk and Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Risk and Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2019 meeting, the Corporation will carry out the annual assessment for the year ended 31 July 2019 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2019.

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

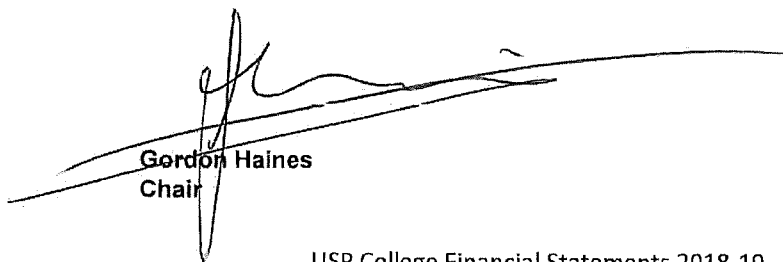
### Going concern

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


This conclusion is supported by a number of factors including:

- Financial projections for the next two years which demonstrate that the College remains in good financial health throughout the period
- Approximately 80% of income for the next twelve months is contracted under the lagged funding methodology and therefore not subject to claw back
- Adequate cash reserves
- Positive cash flows generated from continuing operations
- No onerous capital expenditure requirements
- Regular monitoring and review of the College budget and financial position

Approved by order of the members of the Corporation on 17 December 2019 and signed on its behalf by:



**Gordon Haines**  
Chair



**Daniel Pearson**  
Accounting Officer

## **Statement of Regularity, Propriety and Compliance with Funding body terms and conditions of funding**

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

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the 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 ESFA.



**Daniel Pearson**  
**Accounting Officer**

**17 December 2019**



**Gordon Haines**  
**Chair of Governors**

**17 December 2019**

## Statement of Responsibilities of the Members of the Corporation

The members of the Corporation are required to present audited financial statements for each financial year.

The law applicable to charities in England and the terms and conditions of the Funding Agreement between the Education and Skills Funding Agency and the Corporation of the College, requires the Corporation 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 the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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.

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 Corporation is responsible for keeping proper accounting records which are sufficient to show and explain the Colleges transactions and disclose with reasonable accuracy, at any time, the financial position of the College, and enable it to ensure that the financial statements are prepared in accordance with the relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and other relevant accounting standards. It is responsible for taking steps in order 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 Corporation of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that 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 Funding Agreement with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time.

Approved by order of the members of the Corporation on 17 December 2019 and signed on its behalf by:



Gordon Haines  
Chair



## Independent auditor's report to the Corporation of USP College

### Opinion

We have audited the financial statements of USP College for the year ended 31 July 2019 which comprise the statement of comprehensive income and expenditure, the balance sheet, the statement of changes in reserves, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2019 and of the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### Basis for opinion

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

### Conclusions relating to going concern

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

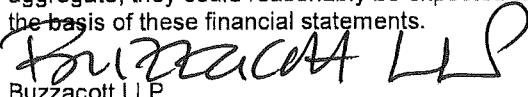
- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue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

### Responsibilities of the Corporation of USP College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 24, the Corporation 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 Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### 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.

  
Buzzacott LLP  
130 Wood Street  
London

Date: 18 December 2019

## **Reporting accountant's assurance report on regularity**

**To:** The Corporation of USP College and Secretary of State for Education acting through the Department for Education ("the Department")

In accordance with the terms of our engagement letter dated 6<sup>th</sup> June 2019 and further to the requirements of funding agreement with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by USP College during the period 1<sup>st</sup> August 2018 to 31 July 2019 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

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

The Corporation of USP College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1<sup>st</sup> August 2018 to 31 July 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

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

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

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

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

## Reporting accountant's assurance report on regularity (continued)

### Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1<sup>st</sup> August 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed:

*Buzzacott LLP*

Buzzacott LLP  
130 Wood Street  
London

Date: *28 December 2019*

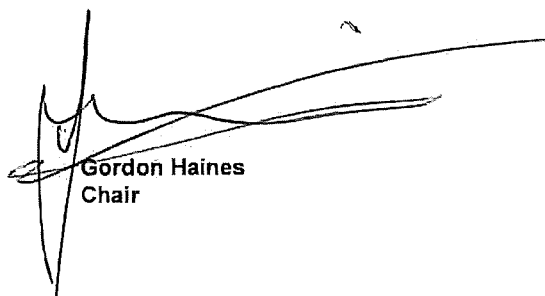
**Unified Seevic Palmers College**  
**Consolidated Statement of Comprehensive Income and Expenditure**

	Notes	Year ended 31 July 2019		Year ended 31 July 2018	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
<b>INCOME</b>					
Funding body grants	2	18,241	18,050	19,194	19,194
Tuition fees and education contracts	3	2,582	2,575	1,837	1,837
Other income	4	1,675	1,617	2,023	2,023
<b>Total income</b>		<b>22,498</b>	<b>22,242</b>	<b>23,054</b>	<b>23,054</b>
<b>EXPENDITURE</b>					
Staff costs	5	15,359	15,144	16,292	16,292
Restructuring costs	5	134	134	679	679
Other operating expenses	6	6,263	6,120	5,874	5,874
Interest and other finance costs	7a	356	356	379	379
Depreciation	8	1,335	1,331	1,567	1,567
<b>Total expenditure</b>		<b>23,447</b>	<b>23,085</b>	<b>24,791</b>	<b>24,791</b>
<b>Deficit before other exceptional Items</b>	7b	<b>(949)</b>	<b>(843)</b>	<b>(1,737)</b>	<b>(1,737)</b>
Exceptional income	2	-	-	244	244
Gain on assets and liabilities acquired	18	95	-	3,311	3,311
<b>(Loss) / Gain for the year</b>		<b>(854)</b>	<b>(843)</b>	<b>1,818</b>	<b>1,818</b>
Actuarial (Loss)/Gain in respect of pensions schemes	17	(287)	(287)	3,650	3,650
<b>Total Comprehensive (Expenditure) / Income for the year</b>		<b>(1,141)</b>	<b>(1,130)</b>	<b>5,468</b>	<b>5,468</b>

**Unified Seevic Palmers College  
Balance sheets as at 31 July**

	Notes	Group	College	Group	College
		2019	2019	2018	2018
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible fixed assets	8	31,699	31,699	30,884	30,884
		<b>31,699</b>	<b>31,699</b>	<b>30,884</b>	<b>30,884</b>
<b>Current assets</b>					
Stocks		6	6	8	8
Trade and other receivables	9	1,198	1,177	725	725
Cash and cash equivalents	14	1,663	1,658	2,772	2,772
		<b>2,867</b>	<b>2,841</b>	<b>3,505</b>	<b>3,505</b>
Less: Creditors – amounts falling due within one year	10	(2,694)	(2,658)	(3,250)	(3,250)
<b>Net current assets</b>		<b>173</b>	<b>183</b>	<b>255</b>	<b>255</b>
<b>Total assets less current liabilities</b>		<b>31,872</b>	<b>31,882</b>	<b>31,139</b>	<b>31,139</b>
Less: Creditors – amounts falling due after more than one year	11	(10,662)	(10,662)	(10,026)	(10,026)
<b>Provisions</b>					
Defined benefit obligations	13	(9,859)	(9,859)	(8,622)	(8,622)
<b>Total net assets</b>		<b>11,351</b>	<b>11,361</b>	<b>12,491</b>	<b>12,491</b>
<b>Unrestricted reserves</b>					
Income and expenditure account		6,904	6,914	7,950	7,950
Revaluation reserve		4,447	4,447	4,541	4,541
<b>Total unrestricted reserves</b>		<b>11,351</b>	<b>11,361</b>	<b>12,491</b>	<b>12,491</b>

The financial statements on pages 28 to 51 were approved and authorised for issue by the Corporation on 17 December 2019 and were signed on its behalf on that date by:



**Gordon Haines**  
Chair



**Daniel Pearson**  
Accounting Officer

**Unified Seevic Palmers College**  
**Consolidated and College Statement of Changes in Reserves**

	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
<b>Group</b>			
<b>Balance at 31st July 2017</b>	<b>2,387</b>	<b>4,636</b>	<b>7,023</b>
Surplus from the income and expenditure account	1,818	-	1,818
Other comprehensive income	3,650	-	3,650
Transfers between revaluation and income and expenditure reserves	95	(95)	-
<b>Total comprehensive income for the year</b>	<b>5,563</b>	<b>(95)</b>	<b>5,468</b>
<b>Balance at 31st July 2018</b>	<b>7,950</b>	<b>4,541</b>	<b>12,491</b>
Deficit from the income and expenditure account	(854)	-	(854)
Other comprehensive expenditure	(287)	-	(287)
Transfers between revaluation and income and expenditure reserves	94	(94)	-
<b>Total comprehensive income for the year</b>	<b>(1,047)</b>	<b>(94)</b>	<b>(1,141)</b>
<b>Balance at 31st July 2019</b>	<b>6,904</b>	<b>4,447</b>	<b>11,351</b>
<b>College</b>			
<b>Balance at 31st July 2017</b>	<b>2,387</b>	<b>4,636</b>	<b>7,023</b>
Surplus from the income and expenditure account	1,818	-	1,818
Other comprehensive income	3,650	-	3,650
Transfers between revaluation and income and expenditure reserves	95	(95)	-
<b>Total comprehensive income for the year</b>	<b>5,563</b>	<b>(95)</b>	<b>5,468</b>
<b>Balance at 31st July 2018</b>	<b>7,950</b>	<b>4,541</b>	<b>12,491</b>
Deficit from the income and expenditure account	(843)	-	(843)
Other comprehensive expenditure	(287)	-	(287)
Transfers between revaluation and income and expenditure reserves	94	(94)	-
<b>Total comprehensive income for the year</b>	<b>(1,036)</b>	<b>(94)</b>	<b>(1,130)</b>
<b>Balance at 31st July 2019</b>	<b>6,914</b>	<b>4,447</b>	<b>11,361</b>

**Unified Seevic Palmers College  
Consolidated Statement of Cash Flows**

	Notes	2019 £'000	2018 £'000
<b>Cash inflow from operating activities</b>			
(Deficit)/surplus for the year		(1,141)	5,468
<b>Adjustment for non cash items</b>			
Gain on acquisition		(85)	(3,311)
Depreciation & amortisation	8	1,335	1,567
Decrease in stocks		2	(3)
Increase in debtors		(452)	(228)
Decrease in creditors due within one year		(592)	(2,154)
Increase in creditors due after one year		636	(467)
Pensions costs less contributions payable		(1,237)	(2,421)
<b>Adjustment for investing or financing activities</b>			
Interest payable		129	87
		<u>(1,405)</u>	<u>(1,462)</u>
<b>Net cash flow from operating activities</b>			
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	8	(815)	(880)
Non Capital Grants Received		163	-
		<u>(652)</u>	<u>(880)</u>
<b>Cash flows from financing activities</b>			
Interest paid	7	(129)	(87)
Repayments of amounts borrowings		(404)	(2,240)
Proceeds of new borrowings		1,500	3,900
Repayments of obligations under finance leases		(19)	25
Cash on acquisition Palmers College		-	1,397
		<u>948</u>	<u>2,995</u>
<b>(Decrease) / increase cash and cash equivalents in the year</b>		<u>(1,109)</u>	<u>653</u>
Cash and cash equivalents at beginning of the year	14	<u>2,772</u>	<u>2,119</u>
Cash and cash equivalents at end of the year	14	<u>1,663</u>	<u>2,772</u>

## Unified Seevic Palmers College

### Notes to the Account

#### For the Year ended 31 July 2019

#### 1. Statement of accounting policies and estimation techniques

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

##### General Information

USP College is a corporation under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is Runnymede Chase, Benfleet, Essex SS7 1TW. The nature of the College's operations is set out in the Members' report.

##### Basis of accounting

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2018 to 2019* and in accordance with Financial Reporting Standard 102 – "*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

The financial statements are presented in sterling which is also the functional currency of the College. Monetary amounts in these financial statements are rounded to the nearest £1,000 except where otherwise stated.

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

##### Basis of consolidation

The consolidated financial statements include the College and its subsidiary, ITEC Learning Technologies Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated Statement of Comprehensive Income from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities.

##### Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members Report.

The financial position of the College, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College had £4.8m of loans outstanding with bankers on terms negotiated in 2017 secured by a floating charge on the College estate. The outstanding loan amount is made up of the balance owing on a re-financing loan (following the merger) for £2.9m along with an additional revolving credit facility of £1m obtained in 2017 and £1.5m obtained during 2019. This revolving credit facility obtained in 2017/18 was to support the College post-merger and the additional obtained during 2018/19 was to support college capital works. This revolving credit facility will be converted into a loan during 2019/20.

The College's forecasts and financial projections indicate that it will be able to operate within this new facility and associated covenants for at least the next two years.

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.



## **Unified Seevic Palmers College**

### **Notes to the Accounts (continued)**

#### **Accounting Policies**

##### **Recognition of income**

###### **Revenue grant funding**

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from OFS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income and Expenditure.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors 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.

###### **Capital grant funding**

Government capital grants are capitalised, held as deferred income and recognised in the Statement of Comprehensive income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-government capital grants are recognised in the Statement of Comprehensive Income and Expenditure when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to the Statement of Comprehensive income as conditions are met.

###### **Fee Income and education contracts**

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

###### **Investment Income**

All income from short-term deposits is credited to the Statement of Comprehensive Income and Expenditure in the period in which it is earned on a receivable basis.

###### **Agency arrangements**

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transactions.

###### **Retirement benefits**

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

## Unified Seevic Palmers College

### Notes to the Accounts (continued)

#### (Accounting Policies continued)

##### Accounting for Retirement benefits (continued)

###### *Teachers' Pension Scheme (TPS)*

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

###### *Essex Local Government Pension Fund (LGPS)*

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability is also recognised in the Statement of Comprehensive Income and Expenditure and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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

##### Short term Employment benefits

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

##### Termination payments

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense, when the College is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

###### *Land and buildings*

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- Land & Buildings – 25 - 50 years
- Demountable buildings – 20 years
- Buildings Only – 10 years
- Leasehold – over life of lease

## **Unified Seevic Palmers College**

### **Notes to the Accounts (continued)**

#### **(Accounting Policies continued)**

#### **Non-current Assets - Tangible fixed assets (continued)**

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

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

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

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

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

#### *Assets under construction*

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

#### *Subsequent expenditure on existing fixed assets*

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

#### *Equipment*

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- Computer Equipment 3 - 4 years
- Software – 2 years
- Other Equipment – 10 years
- Fixtures and Fittings & Motor Vehicles – 5 - 8 years

#### **Borrowing costs**

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

#### **Leased assets**

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

## Unified Seevic Palmers College

### Notes to the Accounts (continued)

#### (Accounting Policies continued)

#### Non-current Assets - Tangible fixed assets (continued)

##### Inventories

Inventories are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective items.

##### Cash and cash equivalents

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

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

#### Financial Instruments

##### Financial liabilities and assets

Financial liabilities and assets are classified according to the substance of the financial instruments contractual obligations, rather than the financial instruments legal form.

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

##### Taxation

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

The College is not registered in respect of Value Added Tax and consequently it is unable to recover VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

#### Judgements in applying accounting policies and key sources of 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. In preparing these financial statements, management have made the following judgements:

- **Tangible fixed assets**

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

## Unified Seevic Palmers College

### Notes to the Accounts (continued)

#### 1. Statement of accounting policies and estimation techniques (continued)

##### Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

- ***Fair Value of Palmers' Campus***

The College has assessed the fair value of the lease interest acquired in combination with Palmers College on 1 August 2017 at £11,271k, using assumptions and indicative valuation ranges for the property as derived from a formal valuation performed by an external, professional General Practice Valuer, prepared on a Depreciated Replacement Cost ("DRC") basis and in accordance with the RICS Valuation – Professional Standards issued in January 2014. The key assumptions are around the current replacement cost for an equivalent modern asset, the depreciation adjustments and special assumptions embedded in the valuation to reflect the specialised nature of the asset.

- ***Local Government Pension Scheme***

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**Unified Seevic Palmers College**  
**Notes to the Accounts (continued)**

**2 Funding council grants**

	Year ended 31 July		Year ended 31 July	
	2019	2019	2018	2018
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency - Adult	208	208	642	642
Education and Skills Funding Agency – 16 -18	16,443	16,443	17,733	17,733
Education and Skills Funding Agency - apprenticeships	537	375	0	0
Office for Students	20	20	13	13
<b>Specific Grants</b>				
Employer Incentive	39	10	25	25
Workplacement Funding	188	188	63	63
Education and Skills Funding Agency	335	335	309	309
Release of government capital grants	471	471	653	653
<b>Total</b>	<b>18,241</b>	<b>18,050</b>	<b>19,438</b>	<b>19,438</b>

The 2018 Education and Skills Funding Agency includes the release of income of £244k shown as exceptional income within the Statement of Comprehensive Income and Expenditure following confirmation from the ESFA that these funds would not be clawed back.

**3 Tuition fees and education contracts**

	Year ended 31 July		Year ended 31 July	
	2019	2019	2018	2018
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	107	100	33	33
Fees for FE loan supported courses	156	156	121	121
Fees for HE loan supported courses	1,570	1,570	766	766
<b>Total tuition fees</b>	<b>1,833</b>	<b>1,826</b>	<b>920</b>	<b>920</b>
Education contracts	749	749	917	917
<b>Total</b>	<b>2,582</b>	<b>2,575</b>	<b>1,837</b>	<b>1,837</b>

**4 Other income**

	Year ended 31 July		Year ended 31 July	
	2019	2019	2018	2018
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	481	481	606	606
Other income generating activities	692	634	0	0
Miscellaneous income	283	283	1,386	1,386
Non-Government Capital Grant	219	219	31	31
<b>Total</b>	<b>1,675</b>	<b>1,617</b>	<b>2,023</b>	<b>2,023</b>

William Palmer College Educational Trust granted the college £150k of Non Government Capital Grants towards the key capital projects at the Palmers Campus.

Unified Sevic Palmers College  
Notes to the Accounts (continued)

5 Staff costs and key management personnel remuneration

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

	2019 Group No.	2019 College No.	2018 Group No.	2018 College No.
Teaching staff	147	147	181	181
Non teaching staff	202	192	194	194
	<u>349</u>	<u>339</u>	<u>375</u>	<u>375</u>

Staff costs for the above persons

	2019 Group £'000	2019 College £'000	2018 Group £'000	2018 College £'000
Wages and salaries	11,204	11,062	11,512	11,512
Social security costs	1,033	1,020	1,044	1,044
Other pension costs	2,339	2,331	2,790	2,790
<b>Payroll sub total</b>	<u>14,576</u>	<u>14,413</u>	<u>15,346</u>	<u>15,346</u>
Contracted out staffing services	783	731	946	946
	<u>15,359</u>	<u>15,144</u>	<u>16,292</u>	<u>16,292</u>
Restructuring costs: Contractual	134	134	579	579
Non contractual	0	0	100	100
	<u>15,493</u>	<u>15,278</u>	<u>16,971</u>	<u>16,971</u>

A general pay award of 2% was made in 2018/19 (2017/18 1.5%). This was applied to all staff with the exception of managers and Senior Management Team.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Team which comprises the Principal & CEO, the Chief Operating Officer, Vice Principal Partnerships Funding & Business Planning, Deputy Principal Quality and Curriculum, Vice Principal Student and Corporate Operations. Staff costs include compensation paid to key management personnel for loss of office which include the Vice Principal Curriculum up to July 2019 and Directors of Human Resources up to Aug 2018 and October 2018.

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

	2019 No.	2018 No.
The number of key management personnel including the Accounting Officer was:	8	9

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

	Senior post-holders		Other staff	
	2019 No.	2018 No.	2019 No.	2018 No.
£60,000 to £65,000	1	3	-	-
£65,001 to £70,000	2	2	-	-
£70,001 to £75,000	2	1	-	-
£85,001 to £90,000	2	2	-	-
£140,001 to £145,000	-	1	-	-
£145,001 to £150,000	1	-	-	-
	<u>8</u>	<u>9</u>	<u>-</u>	<u>-</u>

**Unified Seevic Palmers College  
Notes to the Accounts (continued)**

**5 Staff costs - Group and College**

Key management personnel compensation is made up as follows:

	2019 £'000	2018 £'000
Salaries - gross of salary sacrifice and waived emoluments	547	667
Employers National Insurance	70	84
Benefits in kind	18	9
	<u>635</u>	<u>760</u>
Pension contributions	63	94
<b>Total emoluments</b>	<u><u>698</u></u>	<u><u>854</u></u>

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

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

	2019 £'000	2018 £'000
Salaries	143	138
Benefits in kind	8	7
	<u>151</u>	<u>145</u>
Pension contributions	8	19
<b>Total</b>	<u><u>159</u></u>	<u><u>164</u></u>

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles in future.

The remuneration package of the Principal and CEO is subject to annual review by the Remuneration Committee of the governing body which uses benchmarking information to provide objective guidance.

The Principal and CEO reports to the Chair of Governing Council, who undertakes an annual review of performance against the college's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple	
Principal and CEO's basic salary as a multiple of the median of all staff	6.9
Principal and CEO's total remuneration as a multiple of the median of all staff	6.9

Two former key management personnel were paid for loss of office.

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

	2019 £	2018 £
Compensation paid to the former key management personnel - contractual	<u><u>60</u></u>	<u><u>10</u></u>

The Accounting Officer and the staff governors only receive remuneration in respect of services they provide undertaking their roles of principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the College in respect of their roles as governors.



**Unified Seevic Palmers College**  
**Notes to the Accounts (continued)**

**6 Other operating expenses**

	Year ended 31 July		Year ended 31 July	
	2019	2019	2018	2018
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	2,266	2,236	1,775	1,775
Non teaching costs	2,237	2,160	2,009	2,009
Premises costs	1,760	1,724	1,721	1,721
Merger Costs	0	0	369	369
<b>Total</b>	<b>6,263</b>	<b>6,120</b>	<b>5,874</b>	<b>5,874</b>

**Other operating expenses include:**

	2019	2018
	£'000	£'000
Auditor's remuneration:		
2018-19 Financial Statement - USP College	28	-
2018-19 Financial Statement - ITEC Learning Technologies	2	-
2017-18 Financial statements audit	20	39
Internal audit	23	26
Hire of assets under operating leases - Land & Buildings	68	50
Hire of assets under operating leases - Equipment (Note 16)	225	268

**7a Interest payable**

	2019		2018	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
On bank loans, overdrafts and other loans:	129	129	87	87
Net interest on defined pension liability (note 17)	227	227	292	292
<b>Total</b>	<b>356</b>	<b>356</b>	<b>379</b>	<b>379</b>

**7b Deficit on continuing operations for the period**

	2019	2018
	£'000	£'000
Surplus on continuing operations for the year made up as:		
College's deficit for the period	(843)	(1,737)
Subsidiary company's performance	(106)	-
<b>Total</b>	<b>(949)</b>	<b>(1,737)</b>

Unified Seevic Palmers College  
Notes to the Accounts (continued)

8 Tangible fixed assets (Group)

	Land and buildings		Equipment	Assets in the course of construction	Total
	Freehold	Long Leasehold			
	£'000	£'000			
<b>Cost or valuation</b>			£'000	£'000	£'000
At 1 August 2018	25,157	16,472	8,539	283	50,451
Additions	176	322	1,096	552	2,146
Asset Transfer	-	283	-	(283)	-
Disposals	-	-	(106)	-	(106)
<b>At 31 July 2019</b>	<b>25,333</b>	<b>17,077</b>	<b>9,529</b>	<b>552</b>	<b>52,491</b>
<b>Depreciation</b>					
At 1 August 2018	7,822	4,812	6,929	-	19,563
Charge for the year	550	332	453	-	1,335
Elimination in respect of disposals	-	-	(106)	-	(106)
<b>At 31 July 2018</b>	<b>8,372</b>	<b>5,144</b>	<b>7,276</b>	<b>-</b>	<b>20,792</b>
<b>Net book value at 31 July 2019</b>	<b>16,961</b>	<b>11,933</b>	<b>2,253</b>	<b>552</b>	<b>31,699</b>
Net book value at 31 July 2018	17,335	11,660	1,606	283	30,884

Tangible fixed assets (College)

	Land and buildings		Equipment	Assets in the course of construction	Total
	Freehold	Long Leasehold			
	£'000	£'000			
<b>Cost or valuation</b>			£'000	£'000	£'000
At 1 August 2018	25,157	16,472	8,535	283	50,447
Additions	176	322	1,096	552	2,146
Asset Transfer	-	283	-	(283)	-
Disposals	-	-	(106)	-	(106)
<b>At 31 July 2019</b>	<b>25,333</b>	<b>17,077</b>	<b>9,525</b>	<b>552</b>	<b>52,487</b>
<b>Depreciation</b>					
At 1 August 2018	7,822	4,812	6,929	-	19,563
Charge for the year	550	332	449	-	1,331
Elimination in respect of disposals	-	-	(106)	-	(106)
<b>At 31 July 2018</b>	<b>8,372</b>	<b>5,144</b>	<b>7,272</b>	<b>-</b>	<b>20,788</b>
<b>Net book value at 31 July 2019</b>	<b>16,961</b>	<b>11,933</b>	<b>2,253</b>	<b>552</b>	<b>31,699</b>
Net book value at 31 July 2018	17,335	11,660	1,606	283	30,884

The value of land not depreciated at 31 July is £2,200k (2017: £2,200k).

Land and buildings were valued in 1994 at depreciated replacement cost by surveyors employed by Essex County Council. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent advice.

Land and buildings with a net book value of £4,428k at 31 July 2019 (2018: £4,532k) have been funded from local education authority sources through for example, the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the financial memorandum with the council, to surrender the proceeds.

If inherited land and buildings had not been valued they would have been included in the balance sheet at £nil cost, £nil aggregate depreciation and £nil net book value.

**Unified Seevic Palmers College  
Notes to the Accounts (continued)**

**9 Debtors : Trade and other receivables**

	<b>Group 2019 £'000</b>	<b>College 2019 £'000</b>	<b>Group 2018 £'000</b>	<b>College 2018 £'000</b>
Amounts falling due within one year:				
Trade debtors	513	493	158	158
Prepayments and accrued income	633	632	452	452
Amounts owed by the ESFA	52	52	115	115
<b>Total</b>	<b><u>1,198</u></b>	<b><u>1,177</u></b>	<b><u>725</u></b>	<b><u>725</u></b>

**10 Creditors: amounts falling due within one year**

	<b>Group 2019 £'000</b>	<b>College 2019 £'000</b>	<b>Group 2018 £'000</b>	<b>College 2018 £'000</b>
Bank loans and overdrafts	448	448	438	438
Obligations under finance leases	11	11	17	17
Trade creditors	801	783	228	228
Other taxation and social security	474	463	482	482
Accruals and deferred income	388	381	794	794
Holiday pay accrual	7	7	432	432
Deferred income - government capital grants	418	418	472	472
Amounts owed to ESFA	147	147	387	387
<b>Total</b>	<b><u>2,694</u></b>	<b><u>2,658</u></b>	<b><u>3,250</u></b>	<b><u>3,250</u></b>

**11 Creditors: amounts falling due after one year**

	<b>Group 2019 £'000</b>	<b>College 2019 £'000</b>	<b>Group 2018 £'000</b>	<b>College 2018 £'000</b>
Bank loans and other drawings	4,330	4,330	3,244	3,244
Obligations under finance lease	-	-	8	8
Deferred income - government capital grants	6,332	6,332	6,774	6,774
<b>Total</b>	<b><u>10,662</u></b>	<b><u>10,662</u></b>	<b><u>10,026</u></b>	<b><u>10,026</u></b>

**12 Maturity of debt**

**Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	<b>Group 2019 £'000</b>	<b>College 2019 £'000</b>	<b>Group 2018 £'000</b>	<b>College 2018 £'000</b>
In one year or less	448	448	438	438
Between one and two years	440	440	414	414
Between two and five years	3,890	3,890	2,830	2,830
<b>Total</b>	<b><u>4,778</u></b>	<b><u>4,778</u></b>	<b><u>3,682</u></b>	<b><u>3,682</u></b>

**Unified Seevic Palmers College  
Notes to the Accounts (continued)**

**(a) Bank loans and overdrafts (continued)**

A new re-financing loan of £2.9m was approved and subsequently received on 2 August 2017 following the merger of the two colleges. This is a secured loan with a legal charge over the freehold property at the Seevic Campus. The interest rate margin on this loan is 1.95% above the 3 month LIBOR floating base rate.

A revolving credit facility of £1m was approved in August 2017 and subsequently drawn down in July 2018. This is a secured loan with a legal charge over the freehold property at the Seevic Campus. The interest rate margin on this loan is 1.80% above the 3 month LIBOR floating base rate.

A revolving credit facility of £1.5m was approved in March 2019 and subsequently drawn down in July 2019. This loan was to assist with the capital expenditure at both campuses. This is secured loan with a legal charge over the freehold property at the Seevic Campus. The interest rate margin on this loan is 2.25% above the 3 month LIBOR floating base rate.

An existing interest free SALIX loan taken out by Palmer's College was subsequently taken over by USP College and has £8k currently outstanding.

**(b) Finance Lease**

Total minimum future lease payments are payable:

	2019 £'000	2018 £'000
In one year or less	10	17
Between one and two years	-	8
	<u>10</u>	<u>25</u>

**13 Provisions**

	Group and College	
	Defined benefit obligations £'000	Total £'000
At 1 August 2018	8,622	8,622
Additions in period charged to income and expenditure accounts	1,237	1,237
<b>At 31 July 2019</b>	<u><b>9,859</b></u>	<u><b>9,859</b></u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 17.

**Unified Seevic Palmers College  
Notes to the Accounts (continued)**

**14 Cash and cash equivalents**

	At 1 August 2018 £'000	Cash flows £'000	At 31 July 2019 £'000
Cash and cash equivalents	2,772	(1,109)	1,663
<b>Total</b>	<b><u>2,772</u></b>	<b><u>(1,109)</u></b>	<b><u>1,663</u></b>

**15 Capital commitments**

	Group and College	
	2019 £'000	2018 £'000
Commitments contracted for at 31 July	<u>506</u>	<u>283</u>

**16 Lease Obligations**

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

	2019 £'000	2018 £'000
<b>Other</b>		
Not later than one year	201	145
Later than one year and not later than five years	<u>82</u>	<u>160</u>
Total lease payments due	<b><u>283</u></b>	<b><u>305</u></b>

**Unified Seevic Palmers College**  
**Notes to the Accounts (continued)**

**17 Defined benefit obligations**

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Essex Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Barnett Waddingham. Both are multi-employer defined-benefit plans.

<b>Total pension cost for the year</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Teachers Pension Scheme: contributions paid	843	933
Local Government Pension Scheme:		
Contributions paid	788	862
Additional contributions	98	58
FRS 102 (28) charge	610	937
Charge to the Statement of Comprehensive Income and Expenditure	1,496	1,857
<b>Total Pension Cost for Year</b>	<b><u>2,339</u></b>	<b><u>2,790</u></b>

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

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

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £20 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website. The pension costs paid to TPS in the year amounted to £843k (2018: £933k).

## Unified Seevic Palmers College Notes to the Accounts (continued)

### 17 Defined benefit obligations (continued)

#### FRS 102 (28)

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

#### Local Government Pension Scheme

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ("GMP") equalisation between men and women which is required as a result of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Essex County Council Local Authority. The total contributions made for the year ended 31 July 2019 were £1,039k, of which employer's contributions totalled £788k and employees' contributions totalled £251k. The agreed contribution rates for future years are 16.3% for employers and range from 5.5% to 12.5% for employees, depending on salary.

#### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2019 by a qualified independent actuary

	At 31 July 2019	At 31 July 2018
Rate of increase in salaries	2.35%	3.35%
Future pensions increases	2.35%	2.35%
Discount rate for scheme liabilities	2.10%	2.65%
Inflation assumption (CPI)	2.35%	2.35%
Commutation of pensions to lump sums	42%	50%

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

	At 31 July 2019	At 31 July 2018
	years	years
<i>Retiring today</i>		
Males	21.30	22.30
Females	23.60	24.80
<i>Retiring in 20 years</i>		
Males	23.00	24.50
Females	25.40	27.10

**Unified Seevic Palmers College  
Notes to the Accounts (continued)**

**17 Defined benefit obligations (continued)**

**Local Government Pension Scheme (Continued)**

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

	Fair Value at 31 July 2019 £'000	Fair Value at 31 July 2018 £'000
Equities	15,837	14,587
Gifts	1,382	1,224
Other bonds	1,413	1,339
Property	2,010	2,043
Cash	733	780
Other assets	3,748	2,936
<b>Total market value of assets</b>	<b><u>25,123</u></b>	<b><u>22,909</u></b>
<b>Weighted average expected long term rate of return</b>	<b>8%</b>	<b>9%</b>
<b>Actual return on plan assets</b>	<b><u>1,782</u></b>	<b><u>2,007</u></b>

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

	2019 £'000	2018 £'000
Fair value of plan assets	25,123	22,909
Present value of plan liabilities	(34,982)	(31,531)
<b>Net pensions liability</b>	<b><u>(9,859)</u></b>	<b><u>(8,622)</u></b>

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

	2019 £'000	2018 £'000
<b>Amounts included in staff costs</b>		
Current service cost	1,498	1,652
Past service cost	13	147
<b>Total</b>	<b><u>1,511</u></b>	<b><u>1,799</u></b>
<b>Amounts included in interest and other finance</b>		
Net interest income	218	284
Administrative costs	9	8
	<b><u>227</u></b>	<b><u>292</u></b>
<b>Amounts recognised in Other Comprehensive Income</b>		
Adjustment On Prior Year	-	169
Return on Fund assets in excess of interest	1,169	1,443
Changes in financial assumptions	(1,456)	2,038
<b>Amount recognised in Other Comprehensive Income</b>	<b><u>(287)</u></b>	<b><u>3,650</u></b>



**Unified Seevic Palmers College  
Notes to the Accounts (continued)**

**17 Defined benefit obligations (continued)**

**Local Government Pension Scheme (Continued)**

**Movement in net defined benefit (liability/asset) during the year**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit liability in scheme at 1 August	(8,622)	(5,907)
Movement in year:		
Current service cost	(1,511)	(1,799)
Employer contributions	788	862
Net interest on the defined liability	(218)	(284)
Administrative charges	(9)	(8)
Liability taken on with merger of Palmers College	-	(5,136)
Actuarial gain	(287)	3,650
<b>Net defined benefit liability at 31 July</b>	<b><u>(9,859)</u></b>	<b><u>(8,622)</u></b>

**Asset and Liability Reconciliation**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>31,531</b>	<b>17,624</b>
Palmer's Transfer in at start of period	-	14,119
Current Service cost	1,498	1,652
Interest cost	831	848
Contributions by Scheme participants	251	253
Changes in financial/demographic assumptions	1,456	(2,038)
Estimated benefits paid	(598)	(1,074)
Past Service cost	13	147
<b>Defined benefit obligations at end of period</b>	<b><u>34,982</u></b>	<b><u>31,531</u></b>

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in fair value of plan assets</b>		
<b>Fair value of plan assets at start of period</b>	<b>22,909</b>	<b>11,717</b>
Palmer's Transfer in at start of period	-	9,152
Interest on plan assets	613	564
Return on plan assets	1,169	1,443
Administration expenses	(9)	(8)
Employer contributions	788	862
Contributions by Scheme participants	251	253
Estimated benefits paid	(598)	(1,074)
<b>Fair value of plan assets at end of period</b>	<b><u>25,123</u></b>	<b><u>22,909</u></b>

**Unified Seevic Palmers College  
Notes to the Accounts (continued)**

**18 Business acquisition**

**ITEC Learning Technologies Ltd**

On 1st January 2019, USP College acquired ITEC Learning Technologies Limited. Accordingly, the College considers that this is a acquisition that is in substance a gift and, as such, it is accounted for using the purchase method of accounting (in accordance with Section 34 of FRS102). Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. There was a gain on assets of £95k on acquisition.

**Balance Sheet at 31 July 2019**

	£'000	£'000
Trader and other receivables		20
Cash and cash equivalents		<u>5</u>
<b>Total current assets</b>		<b>25</b>
Creditors - amounts falling due within one year		<u>35</u>
<b>Net Current liabilities</b>		<b><u>(10)</u></b>

**Summary Income and Expenditure**

Income		256
Expenditure		
Staff Costs	(215)	
Other Operating expenses	<u>(147)</u>	
		<b>(362)</b>
Deficit for the financial year		<u><u>(106)</u></u>

**Comparative year: Palmers College**

On 1st August 2017, Seevic College merged with Palmers College. The amount recognised in the year ended 31 July 2018 was £3,311,000.

**Unified Seevic Palmers College  
Notes to the Accounts (continued)**

**19 Related party transactions**

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

The total expenses paid to or on behalf of the governors during the year was £653; 2 governors (2018: £611; 1 governor). This represents travel, subsistence and other out of pocket expenses incurred in attending governor meetings and training events in their official capacity.

No governor has received any remuneration or waived payments from the College during the year 2019. The total value of gifts given to governors amounted to £nil (2018: none).

As a consequence of its representation on the Corporation, the William Palmer College Educational Trust is a related party within the terms of Financial Reporting Standard 102 "Related Party Disclosures". The College occupies land and buildings at Chadwell Road, Grays (the Palmers Campus) under a 125 year lease held from the Trust. The Trust has charged a peppercorn rent for the College's occupancy in 2018/19. The College has paid maintenance and improvement costs connected with this site of £176k (2018: £170k) without seeking reimbursement from the Trust. However, the Trust has provided financial support for students local to Grays and has contributed £44k towards trips and prize giving for Palmers Campus. During the year, the College received £150k from William Palmer College Educational Trust towards various projects (2018: £31K).

**20 Amounts disbursed as agent**

**Learner support funds**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Funding body grants – bursary support	353	337
Funding body grants – free school meals	106	94
	<u>459</u>	<u>431</u>
Disbursed to students	(425)	(380)
Administration costs	(23)	(20)
	<u>11</u>	<u>31</u>
Balance unspent as at 31 July, included in creditors	<u>11</u>	<u>31</u>

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