The College of
Haringey, Enfield
and North East London

FINANCIAL STATEMENTS AND ANNUAL REPORT 1 AUGUST 2016 – 31 JULY 2017

THE COLLEGE OF HARINGEY, ENFIELD AND NORTH EAST LONDON

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 2016/17:

Mr A Forbes, Principal and Chief Executive (Accounting officer)

Mr S Cross, Vice Principal Finance and Resources

Mr K Hintz, Vice Principal Curriculum and Learner Experience

Ms N Shoffman, Head of Governance

Ms J Chapman, Director of Employability and Employer Engagement

Ms J Grant, Director of Finance and Contract Compliance

Mr R Hindley, Director of Curriculum

Ms M Summers, Director of Curriculum

Ms J Rusling, Director of Management Information Systems

Mr G Mitchell, Director of Human Resources

Ms R Seddon, Director of Quality and Learner Support (left March 2017)

Board of Governors

A full list of Governors is given on page 20 of these financial statements

Ms N Shoffman acted as Head of Governance to the Corporation throughout the period.

Professional Advisers

Financial Statements auditors and reporting accountants:
RSM UK Audit LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

Internal auditors:
Mazars
Tower Bridge House
St Katharine's Way
London
E1W 1DD

THE COLLEGE OF HARINGEY, ENFIELD AND NORTH EAST LONDON

Key Management Personnel, Board of Governors and Professional Advisers

Bankers:
Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Solicitors:
Mills & Reeve LLP
78-84 Colmore Row
Birmingham
B3 2AB

Pricewaterhouse Coopers LLP
1 Embankment Place
London
WC2N 6RH

Property Strategy:
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30 Warwick Street
London
W1B 5NH

THE COLLEGE OF HARINGEY, ENFIELD AND NORTH EAST LONDON

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Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES

The members of the Corporation of the College of Haringey, Enfield and North East London present their report and the audited financial statements for the year ended 31 July 2017.

Legal Status

The Corporation was established on 1 August 2009 under The Further and Higher Education Act 1992 for the purpose of conducting the College of Haringey, Enfield and North East London. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Mission

Our mission is to help individuals, employers and our community to succeed by providing outstanding education and applied vocational training with a particular focus on skills for employment.

Vision

Our vision is to be the number one skills college in London for businesses and communities, offering a huge range of courses to help people on to skilled jobs, apprenticeships or university.

Aims

We will put the learner at the centre of what we do.

We will set high expectations of our learners, to increase aspiration and focus on success.

We will prepare our learners for progression into jobs that meet local and national needs working with employers, our partners and our communities.

We will treat our learners as our customers and deliver excellent levels of service in every interaction that we have.

We will listen to and respond to the views of learners, parents and carers, employers, stakeholders and staff to improve participation, involvement and performance.

We will plan and deliver our courses and training to meet the needs and interests of learners, employers and our local and national community.

We will deliver industry standard vocational programmes in industry standard facilities.

We will promote best practice in teaching, learning, training and assessment that embraces e-learning and digital technology.

We will seek out opportunities for partnership, acquisitions and business opportunities that benefit our stakeholders, community and employers.

We will encourage innovation, creativity and enterprise.

We will develop an organisational culture based on flexible, highly professional, expert staff that thrive on challenge and meeting the needs of their industries.

Operating and Financial Review

We will swiftly and relentlessly address areas for improvement and enable our staff to respond to changes required through professional training and development.

We will uphold high standards of professional and ethical conduct and rigorous performance management.

We will promote a culture where colleagues are valued, developed and supported and promote good role models for learners. Staff skills and expertise will be continuously developed and updated to ensure they are leading edge for their sector.

We will embed equality and diversity in all spheres of our activity.

We will ensure a safe and healthy environment for learners and staff with a focus on the sustainability of the College.

We will proactively engage in developing new markets to diversify the College's income streams and strengthen its financial stability.

We will maintain the financial sustainability and viability of the College, delivering good value for money, to ensure the College can continue to fulfil its mission in the future.

Public Benefit

The College of Haringey, Enfield and North East London is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 20.

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

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

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

Implementation of strategic plan

In July 2015 the College adopted a strategic development plan for the period 1 August 2015 to 31 July 2018. This strategic plan focuses on growth learners including apprentices; quality of the curriculum and financial health. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year and outcomes reported through the College's self-assessment report and financial statements. The College's continuing strategic objectives are to:

- Grow 14-16 Key stage 4 provision to 200 learners per annum,
- Grow 16-18 full time learner numbers,

- Raise the qualification outcomes for English and mathematics,
- Maintain classroom and employer based adult skills training at £2 million +,
- Increase delivery of Higher Education programmes,
- Increase the delivery of apprenticeships,
- Maintain employer satisfaction at over 90%,
- Grow traineeship learners,
- Maintain 'Good' financial health.

The College is on target for achieving these objectives.

The College's specific priorities for 2016/17 and achievement of those priorities is addressed below:

- **Grow 14-16 and 16-18 learner recruitment** – the College delivered to 195 (2015/16: 205) 14-16 learners and 1,978 (2015/16: 1,984) 16-18 learners

- **Improve attendance rates to 88%, achieve overall achievement rate of above 85%, retention rate of 95% and Apprenticeship achievement rate of 75%.**

  The final outcomes for 2016/17 are as follows:

	2016-17	2015-16
Attendance	86.9%	87.5%
Achievement	87.4%	86.8%
Retention	95.0%	94.9%
Apprenticeship achievement	71.3%	72.5%

- **Achieve stakeholder satisfaction ratings of above 90%** - the College's employer satisfaction rating for 2016-17 was 95.2% and it ranked best college in London, 30th out of 207 colleges nationally.

- **Increase delivery of apprenticeships to 1,000 starts per annum** – there were 1,247 new apprentices supported by the College during 2016/17 of which 870 (69%) were delivered internally.

- **Increase delivery of Higher Education programmes by 3 per annum** – there was a small decline in numbers, 176 Higher Education learners enrolled in 2016/17 (187 in 2015/16).

- **Maintain "Good" Financial Health as defined by the Education Skills Funding Agency** - the College achieved "Outstanding" financial health status for 2016/17.

Operating and Financial Review

Performance Indicators

The College is committed to observing the importance of sector measures and indicators and use the FE Choices learner and employer's surveys. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency. The Finance Record produces a financial health grading. The current rating of Outstanding is considered an acceptable outcome.

The key performance indicators used by the College during the year and the final outcomes were:

Financial Position

	Plan	Actual
Surplus	£34k	£404k
Current ratio	1.52:1	1.59:1
Cash	£15m	£15.5m

Staff turnover and absence rates

	2016/17	2015/16
Staff turnover	13.12%	12.83%
Rolling absence rate	3.77%	3.75%
Rolling days lost per employee	7.75 days	8.57 days

Learner numbers and funding

	Contract	Actual
16-18 learners	2,133	1,978
16-18 Apprenticeship funding	£1,327k	£1,283k
19+ Apprenticeship funding	£2,329k	£2,347k
Adult Skills Budget (non-apprenticeships)	£11,927k	£12,307k

Efficiency key performance indicators

	Plan	Actual
Class size – all enrolments	15.4	14.2
Staff utilisation	93.5%	95.7%

Attendance, achievement and retention rates

	Plan	Actual
Attendance rate	88.0%	86.9%
Achievement rate (including functional skills)	85.0%	87.4%
Retention rate	95.0%	95.0%

Financial Objectives

The College set itself the following financial objectives:

- Maintain a sound financial base to enable the College to meet the financial performance criteria needed to maintain a ESFA financial health category of "Good" to "Outstanding";
- Achieve an operating surplus before allowing for FRS102 pension adjustments;
- Protect itself from unforeseen adverse changes in its income by maintaining adequate cash reserves;

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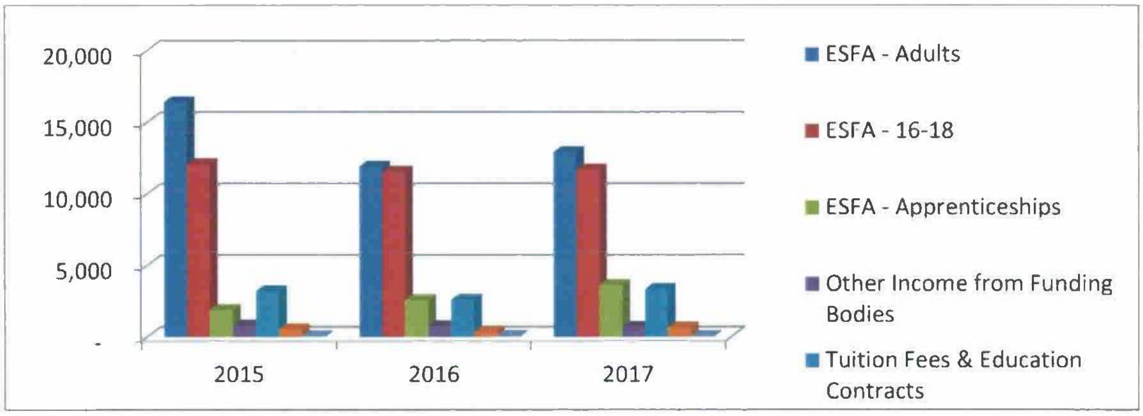
- Maintain a minimum of 25 cash days at all times;
- Maintain a ratio of current assets to current liabilities of at least 1.2:1;
- Positive cash inflow from operating activities;
- Maintain a general reserve of more than £15 million.

All of the above objectives have been achieved.

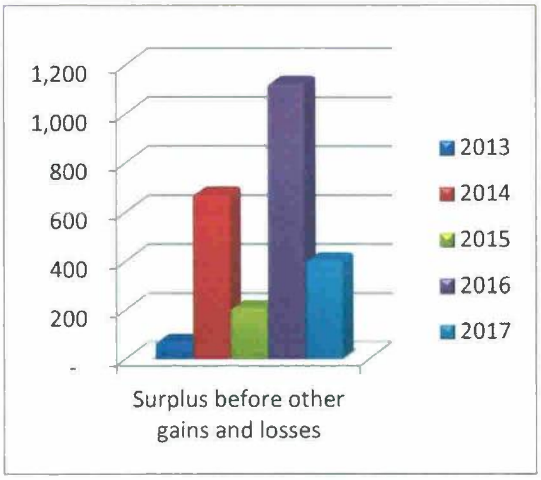
Major sources of income

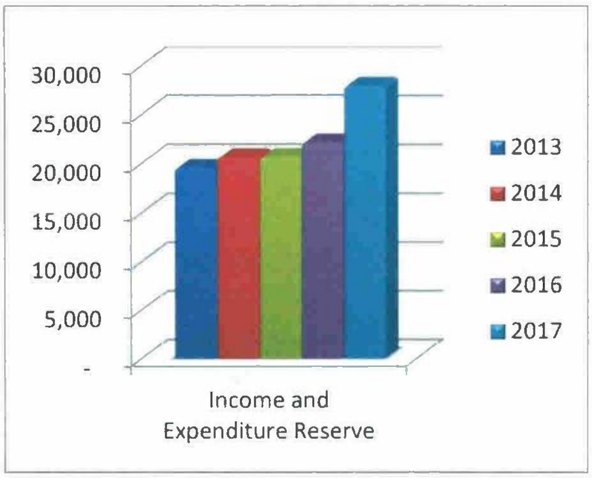
The major source of income is the Education and Skills Funding Agency funding of £28 million, which, including income from other funding bodies, accounted for 88% of the total income in the year. There has been an increase of 91% from ESFA - Apprenticeship funding and a decrease of 21% in funding from ESFA – Adults in the last 3 years. Overall, income from the main funding bodies has declined by only 7%. All sources of income for the last 3 years are shown below.

Income Analysis



Financial Health





The College holds Education and Skills Funding Agency Category 'Outstanding' financial health status for the year. The operational surplus before restructuring costs for the year was

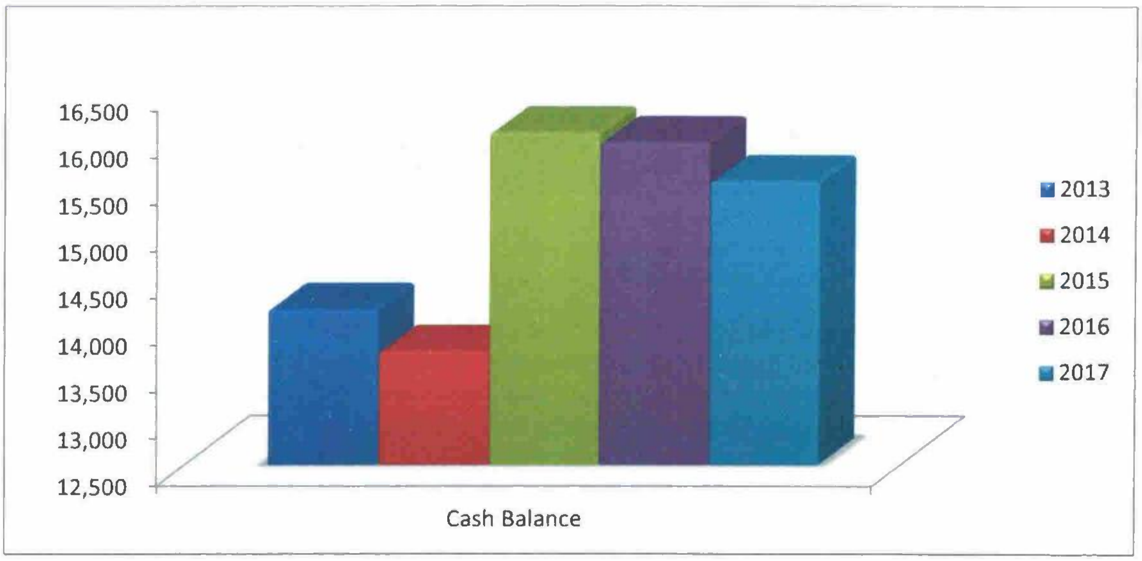
Operating and Financial Review

£536,000 (2015/16: £1.3 million) and after restructuring costs the College produced an operating surplus of £404,000 (2015/16: £1.1 million) on turnover of £33.1 million (2015/16: £29.9 million).

The College's financial objective has been to achieve a sustained operating surplus; the College has maintained this objective.

The accumulated income and expenditure reserve at 31 July 2017 stands at £28.0 million and is contributing to funding the capital programme.

Cash and Liquidity



Cash

The College's cash position remains robust with cash balances standing at £15.5 million as at July 2017 (£15.9 million as at 31 July 2016). The College's financial objective is to maintain a minimum cash balance of £4 million in the event of losing some of the Education and Skills Funding Agency funding in any one year. The remaining cash balances of £11.5 million is earmarked for the potential VAT liability of £5.3 million and future developments.

The major issues affecting cash flow during the year were:

- Generation of £3m surplus before charging depreciation; and
- Capital expenditure of £2.4 million.

Liquidity

This is measured by the ratio of current assets to current liabilities. The College's financial objective is to have a minimum net current asset ratio of 1.2:1. At the 31 July 2017 the ratio was 1.59:1 (31 July 2016, 1.50:1).

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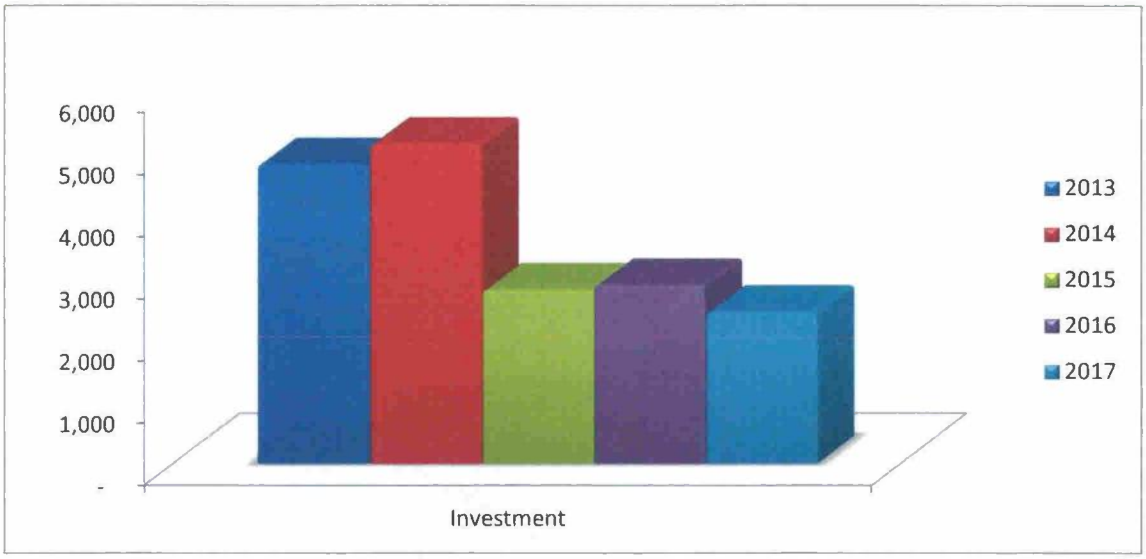
Investments

The investment in the physical infrastructure of the College is set out in the table below.

Investment in Fixed Assets



The table shows significant investment in its physical infrastructure that the College has made in recent years. This, together with associated data in this report, demonstrates that the College has been able to undertake substantial investment in its buildings without detriment to a robust standard of financial health and solvency.

FINANCIAL POSITION

Financial Results

The College generated a surplus before other gains and losses in the year of £404,000 (2015/16: £1,127,000), with total comprehensive income of £5,428,000, (2015/16: (£318,000)).

The College has accumulated income and expenditure reserves of £27,957,000 (2015/16 £22,183,000) and cash balances of £15,533,000 (2015/16 £15,945,000). The College wishes to continue to accumulate unrestricted reserves and cash balances in order to create a contingency fund; to continue to fund the property strategy and cover a potential VAT liability of £5.3 million (including interest).

Tangible fixed asset additions during the year amounted to £2,442,000. This was split between £991,000 for PC replacement and IT equipment, of which £563,000 related to PC and tablets, and £1.5 million on the buildings. The building infrastructure costs included £126,000 on heating and lighting fixtures to improve the College's energy efficiency; £74,000 for toilet refurbishment; £228,000 for upgrading classrooms and £105,000 to reconfigure the reception area at the Tottenham Centre.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2016/17 the further education funding bodies provided 88% of the College's total income.

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The College has the following subsidiary and joint venture during the year, which have not been consolidated because they are not material to the College's financial statements.

Wholly owned subsidiary:
Apprenticeships First Limited (a company limited by guarantee) - an apprenticeship training agency providing employment for apprentices.

Joint Venture:
Tottenham Green Enterprise Centre Limited – provision of facilities for start-up businesses.

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. This policy was reviewed by the College Governors in July 2017.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Reserves policy

The College has no formal Reserves Policy, but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core activities. The College currently holds no restricted reserves. As at the balance sheet date, the Income and Expenditure account reserve stands at £27.9 million (2016: £22.2 million). It is the Corporation's intention to increase reserves over the life of the Strategic Plan, by the generation of annual operating surpluses.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Learner Numbers

In 2016/17 the College has delivered activity that has produced £27,649,000 in funding body main allocation funding (2015/16 - £25,932,000).

The learner numbers are classified as per the funding streams which are Adult Learner Responsive; 16-18 Learner Responsive; 16-18 Apprenticeships and the Adult Apprenticeships. The actual learner numbers for each funding stream are shown below.

FUNDING STREAM	2016/17	2015/16
Adult Learner Responsive	8,645	8,412
16-18 Learner Responsive	1,978	1,984
16-18 Apprenticeships	369	185
Adult Apprenticeships	1,516	1,258
Total	**12,508**	**11,839**

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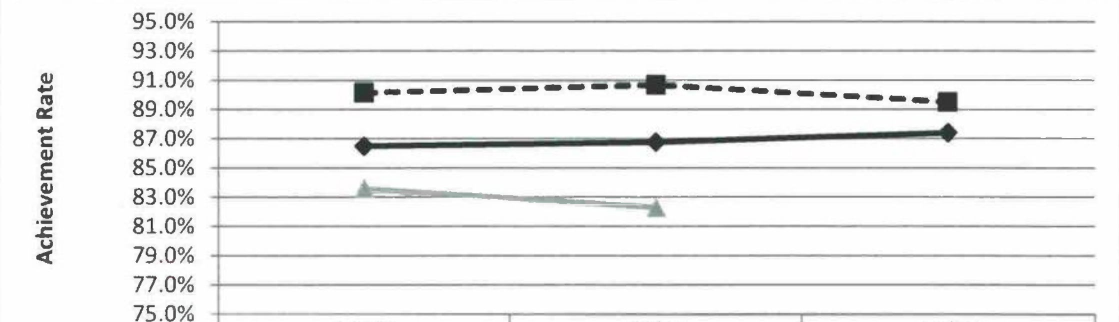
Learner Achievements

Learners continue to prosper at the College. Overall achievement rates in 2016/17 improved from 86.8% to 87.4% (with functional skills). These figures remain well above the National average for all and similar Colleges (2015/16 GFEC Average – 82.3% with functional skills).

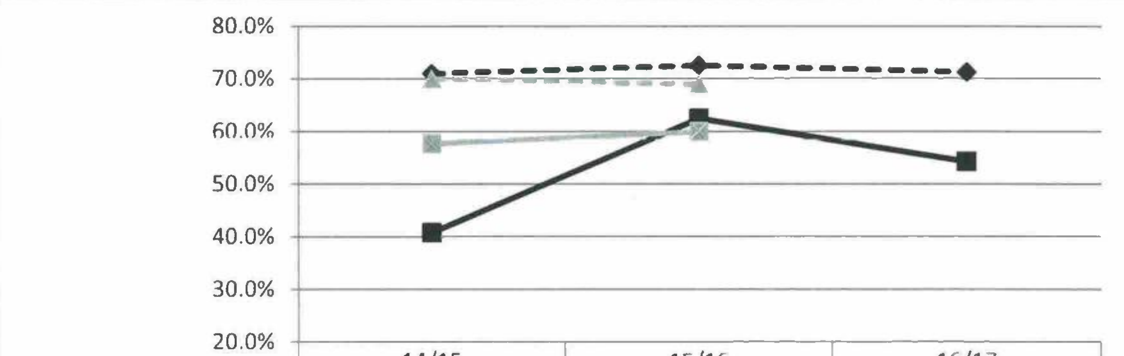
All Age 3 year Classroom Based
Headline Achievement Rates with/without Functional Skills



	14/15	15/16	16/17
Inc. FS	86.5%	86.8%	87.4%
Exc. FS	90.1%	90.7%	89.5%
GFEC Av.	83.6%	82.3%	

In Apprenticeship provision, overall framework and Apprenticeship Standard achievement rates are broadly in-line with 2016/17 and above national rates at 71.3% (GFEC 68.9%). Timely achievement rates have dropped by 8% percentage points to 54.3% and are now below the provider national averages (GFEC 60.0%). The introduction of Apprenticeship Standards along with significant internal expansion of Apprenticeships and the introduction of the new Apprenticeship Levy has affected the Colleges ability to sustain the rate of improvement.

All Age 3 year Headline Apprenticeship Achievement Rates



	14/15	15/16	16/17
CONEL Overall	71.0%	72.5%	71.3%
CONEL Timely	40.8%	62.5%	54.3%
GFEC Av. Overall	70.0%	68.9%	
GFEC Av. Timely	57.7%	60.0%	

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Curriculum Developments

In 2016/17 the College expanded its provision in Apprenticeships substantially with significant growth in Construction and Health and care sectors along with more modest growth in many other areas including Engineering. The curriculum offer was extended further in Engineering at the Enfield Centre and the introduction of co-located sub-contractor Soundskool extended the music offer substantially for young people. Large volumes of Job Centre learners continued at the Tottenham Centre with short skills development training aligned to available job vacancies remaining the key focus of this training. The College continued to offer high quality technical vocational training to adults and young people with a strong focus on employment. The College was ranked number 1 for student satisfaction in England in 2016/17, which demonstrates our commitment to aligning the college provision with the expectations of learners.

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 2016 to 31 July 2017, the College paid 73.9 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Post-balance sheet events

On 1 November 2017 the College merged its activities with those of The WKCIC Group, trading as the Capital City College Group. At that date all assets, liabilities and activities of the College of Haringey, Enfield and North East London transferred to The WKCIC Group and the College of Haringey, Enfield and North East London was dissolved. All activities are continuing within the merged College group.

Operational Plan – 2016/2017 and Future developments

The College merged on 1 November 2017 with The WKCIC Group, trading as the Capital City College Group, which itself formed from the merger in August 2016 between City & Islington and Westminster Kingsway Colleges.

As a strong successful College, discussions were held throughout 2016-17 to explore merger options with neighbouring colleges on the right terms. The WKCIC Group was selected because of its strength, both in curriculum and financial terms, its commitment to a group structure which will retain the College's trading brand and delivery autonomy, the complementary nature of its specialisms and its strong links with employers. At over £100m turnover, the merged college group is the third largest in England, and this will give it real influence in shaping the landscape of Further Education moving forwards. The challenge will be to integrate the common services of the Group and ensure the quality of delivery and financial performance are maintained.

The launch of the Apprenticeships Levy in May 2017 has brought both significant opportunities and threats. The considerable expansion of apprenticeships during 2016-17 has been stalled while large levy-paying employers take time to develop their training procurement models and small employers adjust to the prospect of paying an element of their training costs. Moreover, the government's approach to awarding contracts for non-levy provision has created considerable uncertainty for providers. Nevertheless, there are huge opportunities to grow provision for levy payers with the right offer, and a considerable investment has been made by the College and the other parts of the Group in this area.

Operating and Financial Review

The Government remains committed to devolving adult classroom funding to regional government, in our case the London Development Agency. The Mayor of London is concerned, that following the Brexit vote, there will be fewer skilled workers from the European Union in London, and has been demanding an early devolution of funding in order to help maintain skill levels in the capital. Devolution is likely to take place in 2019-20.

The Group needs to position itself in order to thrive under the new arrangements. It has identified STEM (Science, Technology, Engineering and Maths) provision as critical to its future positioning, and is looking to bid for an Institute of Technology, recently announced by the Government. It is continuing work on renewing the Tottenham Centre, which will soon move on to detailed design, bidding for funding and planning application.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives. The College is constantly seeking to optimise its efficiency gains in procurement and non-teaching costs in order to maximise the resource available for learning.

Financial

The College has £49.5 million (2015/16 £44.1 million) of net assets (including a £10.8 million (2015/16: £15.4 million) pension liability) and long term debt of £617,000 relating to the loan on the Kingfisher Building and a new loan for energy efficiency works.

People

The College employs 369 (2015/16: 337) people (expressed as full time equivalents), of whom 203 (2015/16: 194) are teaching staff.

Reputation

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

The College was last inspected by Ofsted in March 2014 and was deemed to be Good in all aspects of provision with Outstanding Leadership and Management.

The College reaccredited the Matrix Standard for Advice and Guidance in 2016/17.

The College also finished the year by topping the FE ranking for the whole of England for the 2016/17 learner survey with 94.6% learner satisfaction. The latest survey was undertaken in April 2017 and was based on views relating to training in the 2016/17 academic year. The external "LOOP" learner survey and benchmarking report also shows the College ranked number 1 for Teaching Quality out of 11 providers in London.

PRINCIPAL RISKS AND UNCERTAINTIES:

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group 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 each meeting of the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

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

1. Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2016-17, 88% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

- Introduction of the Apprenticeship levy from May 2017 and the College's ability to compete with other colleges and training providers.
- Devolution of adult classroom funding to regional government, the London Development Agency.
- Competition from local schools, sixth form colleges and other providers for the recruitment of 16-18 learners.
- The requirement for learners aged 19 and above to fund their own advanced learning either through fees or student loans.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training.
- Ensuring the College continues to focus on those priority areas, particularly apprenticeships, which will continue to benefit from growth in public funding.
- Considerable focus and investment is placed on maintaining and managing key relationships with various funding bodies.
- Investing in the College's STEM provision to secure future funding
- Cutting costs and improving delivery efficiency, particularly class sizes and staff utilisation.
- Growing commercial and other sources of income.

Operating and Financial Review

2. Tuition fee policy

There was no fee increase in 2016-17. The risk for the College is that excessive fees will discourage fee paying learners from enrolling on courses. 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 learners.
- Close monitoring of the demand for courses as prices change.

3. Maintain adequate funding of pension liabilities

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

This risk is mitigated by an agreed deficit recovery plan with the London Borough of Haringey.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, The College of Haringey, Enfield and North East London has many stakeholders. These include:

- Learners;
- Education sector funding bodies;
- FE Commissioner;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Local Enterprise Partnerships (LEPs);
- Local Schools;
- The local community;
- Other FE institutions;
- Trade unions;
- Private training providers;
- Professional bodies.

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

Single Equality Scheme Statement

We believe that all that form the community of the College have a right to be valued equally and to have equality of opportunity. The College is firmly committed to equalising opportunities for all who form the College community. We have agreed shared values that include equality and diversity, fairness and consistency, respect for others, fostering a participative and supportive culture and listening to each other's opinions and ideas. The delivery of and promotion of equal opportunities underpins the College Quality Improvement Plan.

The College's Single Equality Scheme is published on the College's Internet site.

Operating and Financial Review

Legislative Requirements

The Scheme will ensure that the College meets all its legal requirements in accordance with the following Acts including any future amendments or updates:

- Equality Act 2010
- Children and Families Act 2014

The Equality Act 2010 protects people from discrimination on the basis of 'protected characteristics' (these used to be called 'grounds').The relevant characteristics for services and public functions are:

- Age
- Disability
- Gender reassignment/identity
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion or belief/non belief
- Sex
- Sexual orientation.

The Children and Families Act 2014 and in particular, Part 3,Section 41 of the Act as it relates to children and young people with special educational needs (SEN) and disabled children and young people. The legislation lays out the requirement for Further Education providers to have regard for the *Special educational needs and disability code of practice: 0 to 25*. The code lays out the statutory guidance for organisations who work to.

There are 4 statutory duties on post- 16 institutions emerging from section 7 of the guidance;

- A duty to co-operate with the local authority on arrangements for children and young people with SEN;

- A duty to admit a young person if the institution is named in an Educational Health Care (EHC) plan;

- A duty to have due regard to the Code of Practice;

- A duty to use their best endeavours to secure the special educational provision that the young person needs;

The College takes its responsibilities very seriously in regard to SEN learners and has a substantial SEN High Needs learner cohort each year. The College will always endeavour to make reasonable adjustments although these are limited by financial viability or where they would impinge on the efficient education of other learners.

Operating and Financial Review

Good Practice in Staffing Issues

In order to ensure that current and prospective staff are treated equitably, justly, fairly and without unfair discrimination. We will:

- Operate a recruitment process which is based on equality of opportunity for all;
- Advertise all vacancies in the appropriate medium as determined by Human Resources and having regard to the staff profile and its imbalances in terms of age, disability, gender and ethnicity;
- Ensure a consistent approach on the interpretation of staff documentation (e.g. contracts of employment) and implementation of policies and procedures across the College;
- Monitor and review, through our quality assurance processes, that equal opportunities during employment are adhered to;
- Treat all staff equally with dignity and respect, valuing the contribution of each member of staff;
- Monitor the composition of staff and job applicants across the College and in each school/service by gender, ethnic origin, age and disability and address identified imbalances and under representation;
- Monitor our staffing against all the protected characteristics through the implementation of an enhanced Human Resources system;
- Ensure there is no direct nor indirect discrimination in all aspects of the employment relationship, including recruitment, pay, working conditions, training, promotion, dismissal, references and pensions with regards to sexual orientation and religion or belief.

Disability statement

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

- The College provides facilities for a vast number of high needs learners. Learners are integrated within supported learning provision and mainstream provision.
- In Supported Learning the College offers full-time and part-time courses at both Centres providing learning in small groups for abilities between Pre-Entry and Entry Level 3.
- Part time adult provision covers a range of vocational subjects combined with functional skills at Entry Level 1-3.
- The College has an assistive technology specialist, who maintains and promotes the use 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.

Operating and Financial Review

- 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.

- The College has a team of specialist lecturers to support students with learning difficulties and/or disabilities within the School of Supported Learning. There are learning support assistants and Communication Support Workers for hearing impaired learners who provide Literacy, Numeracy, Language and Dyslexia support to learners in class, or on an individual basis.

- 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.

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

- 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.

- As part of its accommodation strategy the College commissioned DisabledGo to conduct a full audit on access arrangements and the results of this will form part of the funding for future capital projects.

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 WKCIC Group Corporation on 13 December 2017 and signed on its behalf by:

Mr Keith Brown – Governor

Members of the Corporation of

The College of Haringey, Enfield and North East London

The Governors who served on the Board during the year 2016-17 and to date of dissolution of this report were as follows:

	Date of appointment	Term of office	Date of resignation	Status of membership	Committees served	Attendance %
Mr K Brown	Re-appointed 10 May 2016 6 Jul 2017	To 31 July 2018		External	Chair of Corporation; Chair of Search & Governance, Chair of Remuneration	100
Ms S Ebanja	15 Dec 2015	4 Years		External	Vice Chair of Corporation	57
Ms A Connell- Smith	6 Feb 2015	4 Years		External	Search & Governance	71
Ms P Dhillon	17 Mar 2015	4 Years		External	Search & Governance	29
Mr D Goddard	Re-appointed 11 July 2016 6 Jul 2017	To 31 July 2018		External	Search & Governance	86
Cllr J Goldberg	16 Jun 2016	4 Years	6 July 2017	External		29
Mr S Horne	14 May 2014	4 Years		External		71
Rev N Obunge	15 Dec 2012 15 Dec 2016	4 Years		External		57
Cllr V Pite	15 Dec 2015	4 Years		External		29
Mr M Polledri	16 Oct 2012 15 Oct 2016	4 Years		External	Vice Chair of Remuneration	57
Lord D Triesman	15 Mar 2016	4 Years		External		57
Ms H Wilson	Re-appointed 10 May 2016	4 Years		External	Vice Chair of Audit	86
Mr D Wyatt	17 Mar 2015	4 Years		External	Chair of Audit	86
Mr A Forbes	20 April 2015	N/A		Principal		100
Mr M Zuurmond	20 Oct 2016	4 Years		External	Audit	83
Mr C Kastrup	Re-appointed 17 Mar 2015	2 Years	16 Mar 2017	Staff		100
Ms J Sutton	20 Nov 2014	2 Years	19 Nov 2016	Staff		0
Mr A Robinson	21 Nov 2016	2 Years		Staff		80
Ms J Wignall	1 Sep 2016	1 Year	31 Aug 2017	Student		67
Ms L Webber	1 Sep 2016	1 Year	31 Aug 2017	Student		83
Mr A Rowe	1 Sep 2017	1 Year	31 Aug 2018	Student		
Mr R Yankah	1 Sep 2017	1 Year	31 Aug 2018	Student		
Co-Opted / Independent Members						
Mr R Pickford	Audit – resigned 31 October 2017					75
Mr S Wright	Remuneration – resigned 14 April 2017					100
Emeritus Governors						
Mr F Ellis - Stood down 31 July 2017						N/A
Mr S Mehmet – Stood down 31 October 2017						N/A

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2016 to 31st July 2017 and up to the date of dissolution of the Corporation.

The College endeavours to conduct its business:

I. in accordance with the seven principles identifies 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 2016 insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the Corporation has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Members of the Corporation, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2017. 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 it formally adopted in December 2015.

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

The Corporation

The composition of the Corporation is set out on page 20. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

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

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 Search and Governance, Audit, and Remuneration. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website (at conel.ac.uk) or from the Head of Governance at:

The College of Haringey, Enfield and North East London
Tottenham Centre
High Road
Tottenham
London
N15 4RU

Statement of Corporate Governance and Internal Control

The Head of Governance maintains a register of financial and personal interests of 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 Head of Governance, who is responsible to the Corporation for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Head of Governance are matters for the Corporation as a whole.

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

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

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

Appointments to the Corporation / Search and Governance Committee

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search & Governance Committee comprised of four members, 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 Corporation carried out a self assessment of its own performance for the year ended 31 July 2017 and graded itself as "Good" on the Ofsted scale.

The Corporation met seven times last year, with one full day set aside for strategic planning. Governor attendance at Corporation meetings at 68% overall was slightly below the target of 70%. Governor attendance at Committee meetings more than exceeded targets in all cases.

Following the refresh of 40% of the Board over the past two years, the Corporation comprises the appropriate balance of skills and experience required to fulfil and carry out its duties, roles and responsibilities effectively.

The College regularly consults with learners at a Centre level, as well as at a curriculum and school-based level. Governors are invited to attend the Centre level consultation (forums). Results of the consultations are publicised to Governors, staff and students. A governor link scheme is in place to afford external Governors other opportunities to engage with learners. Each governor has been assigned to a curriculum or support area within the College and invited to attend naturally occurring events to gain a better understanding of the staff and student experience. The feedback from Governors, Staff and learners has been positive.

Statement of Corporate Governance and Internal Control

Remuneration Committee

Throughout the year ending 31 July 2017, the College's Remuneration Committee comprised two members and a Co-opted member (resigned 14 April 2017). The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the year ended 31 July 2017 are set out in note 6 to the financial statements.

Audit Committee

Throughout the year ending 31 July 2017, the Audit Committee comprised three members of the Corporation and a Co-opted member (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

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

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure that such recommendations have been implemented.

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

Internal Control

Scope of responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable, 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 achievements of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between The College of Haringey, Enfield and North East London 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 on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College of Haringey, Enfield and North East London for the year ended 31 July 2017 and up to the date of dissolution of the Corporation.

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 on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2017 and up to the date of dissolution of the Corporation. 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.

The College has an internal audit service, which operates in accordance with the requirements of the Education and Skills Funding Agency'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 analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum annually, the Head of Internal Audit (HIA) provides the 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 and regularity auditors and the appointed funding auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and 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 Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

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

Going Concern

On 1 November 2017, the College merged its activities with those of The WKCIC Group. At that date all assets, liabilities and activities of the College of Haringey, Enfield and North East London transferred to The WKCIC Group and the College of Haringey, Enfield and North East London was dissolved. As such, the financial statements are not being prepared on a going concern basis.

The activities of the College will continue under The WKCIC Group and therefore there is no change in the fair value of the assets and liabilities as disclosed in the financial statements of the College of Haringey, Enfield and North East London for the year ended 31 July 2017 nor have there been any reclassifications of long term liabilities.

Approved by the order of the members of The WKCIC Group Corporation on 13 December 2017 and signed on its behalf by:

Mr Keith Brown - Governor	**Mr Andy Wilson – Accounting Officer**
13 December 2017	**13 December 2017**

Corporation's statement on the College's regularity, propriety and compliance with the Skills Funding Agency's terms and conditions of funding

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the College's Financial Memorandum. As part of its consideration the Corporation has had due regard to the requirements of the Financial Memorandum.

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 Financial Memorandum.

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

Mr Keith Brown - Governor	**Mr Andy Wilson – Accounting Officer**
13 December 2017	**13 December 2017**

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.

Within the terms and conditions of the College's Financial Memorandum with the Education and Skills Funding Agency, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice - Accounting for Further and Higher Education and with the College Accounts Direction for 2016 to 2017 issued by the Education and Skills Funding Agency, and which give a true and fair view of the state of affairs of the College and the results for that year.

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 also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard 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 expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the Education and Skills Funding Agency are used only in accordance with the Financial Memorandum with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the Education and Skills Funding Agency are not put at risk.

Approved by order of the members of The WKCIC Group Corporation on 13 December 2017 and signed on its behalf by:

Mr Keith Brown - Governor

Independent Auditor's Report to the Corporation of The WKCIC Group on Behalf of The College of Haringey, Enfield and North East London.

Opinion

We have audited the financial statements of The College of Haringey Enfield and North East London (the 'Dissolved College') for the period ended 31 July 2017 which comprise the college statement of comprehensive income, the college balance sheet, college statement of changes in reserves, the college statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' as set out in our engagement letter dated 10 October 2017.

In our opinion the financial statements:

- give a true and fair view of the state of the Dissolved College's affairs as at 31 July 2017 and of the Dissolved College's surplus of income over expenditure for the period 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 Dissolved College and The WKCIC Group 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.

Emphasis of Matter – non going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements. As described in note 1, the College dissolved on 31 August 2017 and its activities, assets and liabilities transferred to The WKCIC Group. The financial statements for the period ended 31 July 2017 have been drawn up on a basis other than that of going concern.

No material adjustments arose as a result of ceasing to apply the going concern basis.

Other information

The Corporation are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Corporation of The WKCIC Group on Behalf of The College of Haringey, Enfield and North East London.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2016 to 2017 issued by the Department for Education requires us to report to you in respect of The College of Haringey Enfield and North East London if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

Responsibilities of the Corporation of The WKCIC Group in respect of The College of Haringey Enfield and North East London

As explained more fully in the Statement of Responsibilities of Members of the Corporation set out on page 27, 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.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent Auditor's Report to the Corporation of The WKCIC Group on Behalf of The College of Haringey, Enfield and North East London.

This report is made solely to the Corporation of The WKCIC Group in respect of The College of Haringey Enfield and North East London, as a body, in accordance with the Funding Memorandum published by the Skills Funding Agency and our engagement letter dated 10 October 2017. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required under our engagement letter dated 10 October 2017 to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

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

18 December 2017

Statement of Comprehensive Income

	Notes	2017 £'000	2016 £'000
Income			
Funding Body Grants	2	28,450	26,868
Specific Income	2	533	-
Tuition Fees and Education Contracts	3	3,356	2,615
Other Income	4	676	374
Investment Income	5	55	78
Total Income		**33,070**	**29,935**
Expenditure			
Staff Costs	6	18,960	17,027
Restructuring Costs	6	132	155
Other Operating Expenses	7	10,468	8,428
Depreciation	10	2,592	2,540
Interest and Other Finance Costs	8	514	658
Total Expenditure		**32,666**	**28,808**
Surplus before other gains and losses		**404**	**1,127**
Remeasurement of net defined benefit pension liability	21	5,024	(1,445)
Total Comprehensive Income for the year		**5,428**	**(318)**

Balance Sheet as at 31 July

	Notes	2017 £'000	Restated 2016 £'000
Fixed Assets			
Tangible fixed assets	10	63,319	63,469
		63,319	**63,469**
Current Assets			
Debtors	12	2,007	1,110
Investments	13	6,000	11,000
Cash at bank and in hand		9,533	4,945
		17,540	17,055
Current Liabilities			
Creditors–amounts falling due within one year	14	(11,028)	(11,400)
Net Current Assets		**6,512**	**5,655**
Total assets less current liabilities		**69,831**	**69,124**
Creditors– amounts falling due after more than one year	15	(7,968)	(8,134)
Provisions for Liabilities			
Defined benefit pension schemes	17	(10,765)	(15,363)
Other provisions	17	(1,608)	(1,565)
Total Net Assets		**49,490**	**44,062**
Unrestricted Reserves			
Income and Expenditure Reserve		27,957	22,183
Revaluation Reserve		21,533	21,879
Total Reserves		**49,490**	**44,062**

The financial statements on pages 31 to 56 were approved and authorised for issue by The WKCIC Group Corporation on 13 December 2017 and were signed on its behalf by:

Mr Keith Brown – Governor

Mr Andy Wilson – Accounting Officer

Statement of Changes in Reserves

	Notes	Income and Expenditure Reserve	Revaluation Reserve	Total
Balance at 31 July 2015		**20,677**	**22,227**	**42,904**
Prior Period Adjustment	22	1,468	-	1,468
Balance at 31 July 2015 restated		**22,145**	**22,227**	**44,372**
Surplus for the year		1,127	-	1,127
Other comprehensive income		(1,445)	-	(1,445)
Transfers between revaluation and income and expenditure reserves		348	(348)	-
Prior Period Adjustment	22	8	-	8
Total comprehensive income for the year		**38**	**(348)**	**(310)**
Balance at 31 July 2016 restated		**22,183**	**21,879**	**44,062**
Surplus for the year		404	-	404
Other comprehensive income	21	5,024	-	5,024
Transfers between revaluation and income and expenditure reserves		346	(346)	-
Total comprehensive income for the year		**5,774**	**(346)**	**5,428**
Balance at 31 July 2017		**27,957**	**21,533**	**49,490**

Statement of Cash Flows
For the year ended 31 July

	Notes	2017 £,000	2016 £,000
Net cash from operating activities	18	**1,997**	**2,644**
Investing activities			
Investment income		55	78
New deposits		-	(1,000)
Withdrawal from deposits		5,000	-
Purchase of fixed assets		(2,442)	(2,877)
		2,613	**(3,799)**
Financing activities			
Interest paid		(107)	(116)
New unsecured loans		206	218
Repayment of amounts borrowed		(121)	(52)
		(22)	**50**
Increase/(Decrease) in cash and cash equivalents in the year		**4,588**	**(1,105)**
Cash and cash equivalents at beginning of the year		4,945	6,050
Cash and cash equivalents at end of the year		9,533	4,945

Notes to the Financial Statements for the year from 1 August 2016 to 31 July 2017

1. Accounting Policies

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

General information

The College of Haringey, Enfield and North East London is a corporation established 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 given on page 21. The nature of the College's operations is set out in the Operating and Financial review.

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), and the College Accounts Direction for 2016 to 2017 and in accordance with Financial 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 financial statements are prepared in accordance with the historical cost convention.

The College's subsidiary and joint venture are not material to the college's financial statements and therefore no consolidation has been undertaken.

Fixed asset investment

The College's investment in its subsidiary and joint venture is limited by guarantee of a sum not exceeding £1.

Going concern

On 1 November 2017, the College merged its activities with those of The WKCIC Group. At that date all assets, liabilities and activities of the College of Haringey, Enfield and North East London transferred to The WKCIC Group and the College of Haringey, Enfield and North East London was dissolved. As such, the financial statements are not being prepared on a going concern basis.

The activities of the College will continue under The WKCIC Group and therefore there is no change in the fair value of the assets and liabilities as disclosed in the financial statements of the College of Haringey, Enfield and North East London for the year ended 31 July 2017 nor have there been any reclassifications of long term liabilities.

Recognition of income

Grants – government and non-government

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 HEFCE represents the funding allocations attributable to the current financial year and is credited when received or receivable.

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 income over the expected useful life of the asset, under the accrual method as permitted by FRS 102.

Other Income

Income from tuition fees is recognised in the period for which it is receivable and includes all fees chargeable to learners or their sponsors.

Income from the supply of services rendered is included at fair value to the extent of the completion of the contract or service concerned.

All income from short-term deposits is accrued in the period in which it is earned on a receivable basis.

Retirement benefits

Post-employment benefits to employees of the College are principally provided by Teachers' Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS) which are defined benefits plans.

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 the Government Actuary on the basis of valuations using a projected unit 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 service are rendered by employees. Differences between contributions payable in the year and contributions actually paid are shown in either accruals or prepayments.

The LGPS is a funded scheme and the assets of the scheme are held separately. The assets of the LGPS are measured using fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on 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, benefits 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 included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Short term Employment benefits

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

Enhanced Pensions

The actual cost of any enhanced on-going pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to the comprehensive income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land, that had been revalued to fair value on 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.

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate.

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

New buildings – 50 years
Refurbishments – 25 years

Freehold land is not depreciated.

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.

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, an estimate is made of the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment of revalued assets, are treated as a revaluation loss. All other impairment losses are recognised in comprehensive income.

Equipment

Non-computer equipment costing less than £2,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment, including all computer equipment, is capitalised at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is calculated, using the straight line basis to write off the cost of each asset to its estimated residual value over its useful economic life as follows:

Computer equipment	- 4 years;
Furniture and fittings	- 5 years;
Furniture and fittings taken over from Enfield College	- 10 years.

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

Leased Assets

All leases are operating leases and annual rents are charged to comprehensive income on a straight line basis over the lease term.

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 0.99% of the 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.

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

Provisions and contingent liabilities

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

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

Financial Instruments

The College has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instrument.

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Agency arrangements

The College acts as an agent in the distribution of Bursary Support Funds from funding bodies. Payments received from the Education and Skills Funding Agency and subsequent disbursements to learners are excluded from the Income and Expenditure of the College except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

2. Funding Body Grants

	2017 £'000	2016 £'000
Recurrent Grants		
ESFA - Adults	12,307	11,927
ESFA - 16-18	11,715	11,406
ESFA - Apprenticeships	3,627	2,599
Higher Education Funding Council	77	81
Local Government Grants	427	473
Specific Grants		
ESFA – Adults (release of prior year provision)	622	4
ESFA – 16-18	-	171
Releases of government Capital Grants	208	207
Total	**28,983**	**26,868**

3. Tuition Fees and Education Contracts

	2017 £'000	2016 £'000
Tuition fees	2,540	1,921
Education contracts	816	694
Total	**3,356**	**2,615**

Tuition fees funded by bursaries

Included within the above amounts are tuition fees funded by bursaries of £105k (2015/16 £183k).

4. Other Income

	2017 £'000	2016 £'000
Commercial income	226	53
Hair and Beauty sales	77	79
Lettings	255	56
Other grant income	8	47
Miscellaneous income	110	139
	676	**374**

5. Investment income

	2017 £'000	2016 £'000
Other interest receivable	55	78
Total	**55**	**78**

6. Staff Costs and Key Management Personnel Remuneration

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

	2017 No:	2016 No:
Teaching staff	203	194
Non teaching staff	166	143
	369	**337**

Staff costs for the above persons and contracted out staff:

	2017 £'000	2016 £'000
Wages and salaries	14,678	13,449
Social security costs	1,319	1,062
Other pension costs (including FRS 102 adjustments of £62,000), ((£254,000) – 2016)	2,621	2,045
Payroll sub total	**18,618**	**16,556**
Contracted out teaching staffing services	342	471
	18,960	**17,027**
Restructuring costs – contractual	94	97
– non contractual	38	58
Total staff costs	**19,092**	**17,182**

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Senior Management Team which comprises the Principal, Vice Principals and Directors, and the Head of Governance.

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

	2017 No:	2016 No:
The number of key management personnel including the Accounting Officer was:	11	14

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employer's national insurance, in the following ranges was:

	Key Management Personnel		Other staff	
	2017 No:	**2016 No:**	**2017 No:**	**2016 No:**
£40,001 to £50,000	1	2	40	35
£50,001 to £60,000	1	1	17	10
£60,001 to £70,000	-	1	-	-
£70,001 to £80,000	5	3	-	-
£90,001 to £100,000	1	-	-	-
£100,001 to £110,000	2	2	-	-
£140,001 to £150,000	-	1	-	-
£150,001 to £160,000	1	-	-	-
	11	**14**	**57**	**45**

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

	2017 £'000	**2016 £'000**
Salaries	927	901
National insurance	116	104
Pension contributions	166	163
Total	**1,209**	**1,168**

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

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid member of key management personnel) of:

	2017 £'000	2016 £'000
Salaries	151	150
National insurance	20	19
Pension contributions	25	24
Total	196	193

Governors' remuneration

The members of the Corporation other than the Accounting Officer and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. Payments to the Accounting Officer and staff members were for employment in line with their contracts.

Governors' expenses

The total expenses paid to or on behalf of the Governors during the year was £218.56; 3 governors (2016: £74.86; 3 governors). This represents travel expenses incurred in attending Governor meetings.

No Governor has received any remuneration or waived payments from the College or its subsidiary during the year (2016: None).

7. Other Operating Expenses

	2017 £'000	2016 £'000
Teaching costs	685	783
Franchise and Partnership costs	3,969	2,166
Non-teaching costs	3,372	3,200
Premises costs	2,442	2,279
Total	**10,468**	**8,428**

Surplus before taxation is stated after charging:

	2017 £'000	2016 £'000
Auditors' remuneration:		
Financial statements and regularity audit	39	42
Teachers' Pension audit	2	2
Internal audit	29	28
Operating lease costs	57	57

8. Interest Payable

	2017 £'000	2016 £'000
On bank loans, overdrafts and other loans	107	116
	107	116
Net interest on defined pension liability (note 21)	407	542
Total	**514**	**658**

9. Taxation

The College was not liable for corporation tax arising from its activities during the year.

10. Tangible Fixed Assets

	Land and Buildings Freehold £'000	Equipment £'000	Total £'000
Cost			
At 1 August 2016	81,830	10,333	92,163
Additions	1,451	991	2,442
Disposals	-	(1,864)	(1,864)
At 31 July 2017	**83,281**	**9,460**	**92,741**
Depreciation			
At 1 August 2016	20,339	8,355	28,694
Charge for the year	1,515	1,077	2,592
Elimination in respect of disposals	-	(1,864)	(1,864)
At 31 July 2017	**21,854**	**7,568**	**29,422**
Net book value at 31 July 2017	**61,427**	**1,892**	**63,319**
Net book value at 31 July 2016	61,491	1,978	63,469

If assets had not been revalued before being deemed cost on transition, they would have been included at the following historical cost:

	Land and Buildings Freehold £'000
Cost	83,269
Aggregate depreciation based on cost	21,854
Net book value based on cost	**61,415**

Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases as follows:

	2017 £'000	2016 £'000
Payments due		
Not later than one year	57	57
Later than one year and not later than five years	114	171
Total	**171**	**228**

11. Investments

	2017 £'000	2016 £'000
Investment in subsidiary undertaking	-	-
Total	**-**	**-**

The College holds 100% of Apprenticeships First Limited and 50% of Tottenham Green Enterprise Centre Limited, both of which are incorporated in England and Wales. Apprenticeships First Limited's principal activity is an Apprenticeship Training Agency which provides employment for apprentices. Tottenham Green Enterprise Centre Limited's principal business is the provision of facilities for start up businesses.

Neither the subsidiary nor the joint venture are material to the College's financial statements and therefore have not been consolidated.

12. Debtors

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Trade debtors	770	576
Amounts owed by group undertakings	53	59
Other debtors	23	22
Prepayments and accrued income	554	263
Amounts owed by the ESFA	607	190
Total	**2,007**	**1,110**

13. Current Asset Investments

	2017 £'000	2016 £'000
Short term deposits	6,000	11,000
Total	**6,000**	**11,000**

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

14. Creditors: Amounts Falling Due Within One Year

	2017 £'000	2016 £'000
Bank loans and overdrafts	39	37
Other loans	104	63
Trade payables	1,936	532
Other creditors	528	604
Other tax and social security	379	350
Other tax provision	5,312	5,234
Accruals and deferred income	1,969	3,219
Deferred income – government capital grants	208	208
Amounts owed to ESFA	553	1,153
Total	**11,028**	**11,400**

In 2001 HM Revenue & Customs ("HMRC") raised assessments on the College in respect of lease and lease back arrangements. The Governors have taken professional advice in support of both the arrangements that gave rise to the assessment and the College's current position and are contesting the assessment. Whilst the professional advice received by the Governors is that the College has a good case and that the assessment may not be payable, the Governors believe that it is appropriate that an accrual is maintained in respect of the assessment and the interest that may be payable.

15. Creditors: Amounts Falling Due more than One Year

	2017 £'000	2016 £'000
Bank loans	366	405
Other loans	251	169
Deferred income - government capital grants	7,351	7,560
Total	**7,968**	**8,134**

16. Maturity of Debt

	2017 £'000	2016 £'000
(a) Bank loans		
Bank loans are repayable as follows:		
In one year or less	39	37
Between one and two years	200	82
Between two and five years	93	217
In five years or more	73	106
	405	**442**

Bank loans at 6.9 per cent repayable by instalments falling due between 1 August 2016 and 31 July 2025 totalling £405,000.

	2017 £'000	2016 £'000
(b) Other loans		
Other loans are repayable as follows:		
In one year or less	104	63
Between one and two years	189	125
Between two and five years	62	44
	355	**232**

17. Provisions for liabilities

	Defined benefit obligations £'000	Enhanced pensions £'000	Total £'000
At 1 August 2016	16,928	1,476	18,404
Prior year adjustment	(1,565)	89	(1,476)
As restated	15,363	1,565	16,928
Expenditure in the period	(1,287)	(97)	(1,384)
Additions in period	(3,311)	140	(3,171)
At 31 July 2017	**10,765**	**1,608**	**12,373**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 21.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date.

The principal assumptions for this calculation are:

	2017	2016
Pension interest rate	2.70%	1.90%
Discount rate	2.70%	2.40%

18. Cash flow from operating activities

	2017 £,000	2016 £,000
Surplus for the year	404	1,127
Adjustment for non-cash items		
Depreciation	2,592	2,540
(Increase)/decrease in debtors	(897)	308
Decrease in creditors due within one year	(415)	(1,352)
Decrease in creditors due after one year	(208)	(313)
Increase in provisions	-	8
Pension costs less contributions payable	469	288
Investment income	(55)	(78)
Interest payable	107	116
Cash generated from operations	**1,997**	**2,644**

19. Financial instruments

19. Financial instruments

	2017 £'000	2016 £'000
The College has the following financial instruments:		
Financial assets		
Debt instruments measured at amortised cost	1,672	883
Financial liabilities		
Financial liabilities measured at amortised cost	5,730	6,006

20. Critical accounting judgements and estimation uncertainty

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

Critical areas of judgement
In preparing these financial statements, management have made the following judgements:

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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 2017. 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.

VAT provision

In 2001 HM Revenue & Customs ("HMRC") raised VAT assessments on the College in respect of lease and lease back arrangements. The Governors have taken professional advice in support of both the arrangements that gave rise to the assessment and the College's current position and are contesting the VAT assessment. Whilst the professional advice received by the Governors is that the College has a good case and that the assessment may not be payable, the Governors believe that it is appropriate that an accrual is maintained in respect of the assessment and the interest that may be payable. The Governors have exercised judgement in making the decision to recognise the accrual (see note 14).

21. 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 Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Haringey. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Total pension cost for the year

		2017 £'000		2016 £'000
Teachers' Pension Scheme: contributions paid		1,174		1,051
Local Government Pension Scheme:				
Contributions paid	1,289		1,143	
FRS 102 (28) charge	159		(254)	
Charge to the Statement of Comprehensive Income		1,448		889
Contributions paid	96		97	
FRS 102 (28) charge	(97)		8	
Enhanced pension charge to Statement of Comprehensive Income		(1)		105
Total Pension Cost for Year within staff costs		**2,621**		**2,045**

Contributions amounting to £296,000 (2016: £257,000) were payable to the scheme at 31st July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the London Borough of Haringey. The total contribution made for the year ended 31 July 2017 was £1,675,000 (2016: £1,579,000), of which employer's contributions totalled £1,384,000 (2016: £1,171,000) and employees' contributions totalled £291,000 (2016: £236,000). The agreed contribution rates for future years are 18.3% in 2017/18 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 2017 by a qualified independent actuary.

	At 31 July 2017	**At 31 July 2016**
Rate of increase in salaries	3.80%	3.90%
Future pension increases	2.70%	1.90%
Discount rate for scheme liabilities	2.70%	2.40%
Commutation of pensions to lump sums		
• Pre April 2008 Service	50%	50%
• Post April 2008 Service	75%	75%

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 2017 Years	At 31 July 2016 Years
Retiring today:		
Males	21.80	21.90
Females	24.10	24.10
Retiring in 20 years:		
Males	23.80	24.20
Females	26.00	26.50

The College's share of the assets in the scheme at the balance sheet were:

	Fair Value of assets 2017 £'000	2016 £'000
Equity instruments	26,014	23,436
Debt instruments	8,799	7,237
Property	2,678	3,102
Cash	765	689
Total fair value of plan assets	**38,256**	**34,464**
Actual return on plan assets	**2,473**	**3,174**

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

	2017 £'000	2016 £'000
Current service cost	1,425	992
Net interest on the net defined benefit pension liability	407	542
Past service cost	21	43
Total	**1,853**	**1,577**

	2017 £'000	2016 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	(51,392)	(44,907)
Current service cost	(1,425)	(992)
Contributions by scheme participants	(291)	(241)
Past Service cost	(21)	(43)
Interest cost	(1,239)	(1,621)
Benefits paid	1,188	1,031
Actuarial gains/(loss)	2,551	(4,619)
Defined benefit obligations at end of period	**(50,629)**	**(51,392)**
Changes in fair value of plan assets		
Fair value of plan assets at start of period	34,464	29,712
Interest income	832	1,079
Return on plan assets (excluding net interest on the net defined benefit liability)	2,473	3,174
Employer contributions	1,384	1,289
Contributions by scheme participants	291	241
Benefits paid	(1,188)	(1,031)
Fair value of plan assets at end of period	**38,256**	**34,464**

22. Prior period Adjustment

In 2016 the College recognised an enhanced pension liability of £1,476,000 based on the spreadsheets provided by the funding bodies. The valuation of the defined benefit obligation provided by the College's actuary was included at £16,928,000, which included £1,565,000 in respect of the enhanced pension liability as at 31 March 2016. The total liability was therefore overstated by £1,476,000. The same treatment applied in 2015, at which time the enhanced provision liability had a value of £1,468,000. The opening position as at 1 August 2015 and the prior year comparatives have been restated to reflect this change, with the following impact:

- The income and expenditure reserve as at 1 August 2015 has been increased by £1,468,000 to £22,145,000;
- The income and expenditure reserve as at 1 August 2016 has been increased by £1,476,000 to £22,183,000;
- The defined benefit provision as at 1 August 2016 has been reduced by £1,565,000 and the enhanced pension provision as at 1 August 2016 has been increased by £89,000;
- Total provisions as at 1 August 2016 have reduced by £1,476,000 to £16,928,000;
- The movement on provisions as recognised in the statement of comprehensive income in 2016 has increased by £8,000.

23. Related Party Transactions

Due to the nature of the College's operations and the composition of the Corporation 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 Corporation may have an interest. All transactions involving organisations in which a member of the Corporation may have an interest are conducted in accordance with the College's financial regulations and normal procurement procedures. Governors expenses have been disclosed in note 6. No transactions were identified which should be disclosed under FRS102 - Related Party Disclosures.

Mr S Cross, Vice Principal Finance and Resources, is a company director of Tottenham Green Enterprise Centre Limited. Transactions during the year amounted to £43,771.34 (2016 £4,515.46). The balance at the end year was £Nil (2016 £198.00).

Independent Reporting Accountant's Assurance Report on Regularity to the Corporation of The WKCIC Group on behalf of The College of Haringey Enfield and North East London, and Secretary of State for Business, Innovation and Skills Acting through The Education and Skills Funding Agency

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 10 October 2017 and further to the requirements of the Funding Memorandum published by the Skills Funding Agency to obtain limited assurance about whether the expenditure disbursed and income received by The College of Haringey Enfield and North East London (the 'Dissolved College') during the period 1 August 2016 to 31 July 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice 2016 to 2017 issued by the Department for Education. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which Education and Skills Funding Agency has other assurance arrangements in place.

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

Responsibilities of the corporation of The WKCIC Group in respect of The College of Haringey Enfield and North East London for regularity

The corporation of the Dissolved College was responsible, under the funding agreement and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of The WKCIC Group is responsible for preparing the Corporation's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Post-16 Audit Code of Practice 2016 to 2017.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently, a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the corporation of The WKCIC Group in respect of The College of Haringey Enfield and North East London, and the Secretary of State for Business, Innovation and Skills acting through the Skills Funding Agency in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of The WKCIC Group, in respect of The College of Haringey Enfield and North East London, and the Secretary of State for Business, Innovation and Skills acting through the Skills Funding Agency 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 The WKCIC College Group and the Secretary of State for Business, Innovation and Skills acting through the Skills Funding Agency for our work, for this report, or for the conclusion we have formed.

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