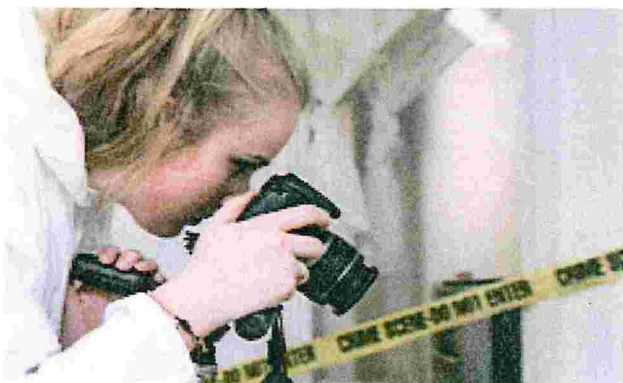
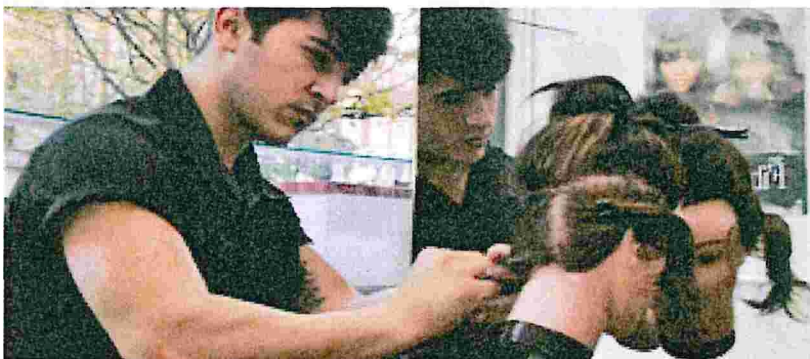
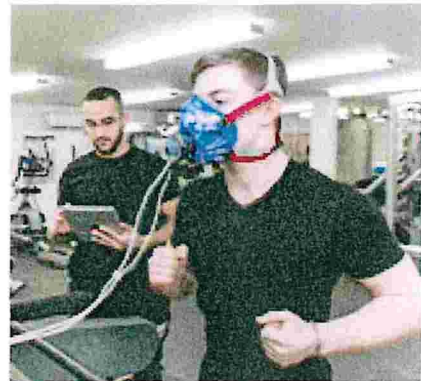


FINANCIAL STATEMENTS JULY 2015



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CITY AND ISLINGTON COLLEGE

Report and Financial Statements
Year Ended 31 July 2015

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OUR ACHIEVEMENTS

The College's range of courses and apprenticeships enables learners to acquire the qualifications and skills they need in order to have a fulfilling and prosperous career. The College provides an environment for students to meet new people and make friends, while participation in courses improves learners' self-confidence and outcomes. With over 1,300 students progressing on to University every year and success rates being some of the best within the further education sector, the College is proud to be the leading college within London. The College's achievements speak for themselves and are due to the hard work and commitment of staff and students.

Ofsted Inspection

When City and Islington College was last inspected by Ofsted in 2008, it was judged to be outstanding in every area. The College is the only FE College in London to be judged as 'Outstanding' in every single measure.

Students

City and Islington College's students achieved outstanding results on the majority of courses last year. The College has a diverse student cohort with over 80% of all students from a black or minority ethnic (BME) background. Level 3 students predominate within the College representing 70% of the full time cohort for all ages.

The College prides itself on listening and acting upon students' views. The College has a managed learning environment on its ICT network which allows students to access all of the information they need to succeed and experience everything the College has on offer. The College carries out regular student surveys which provide guidance for management around improving the learner experience. The 2014/15 student satisfaction survey results were outstanding:

- **93%** of students were satisfied with the College
- **97%** of students said they feel safe at the College
- **92%** of students said they would recommend the course to a friend

Student Awards

Each year the College celebrates the achievements of students who have shown wholehearted commitment to their studies, not simply through academic achievement, although many of the winners have achieved excellent results, but through their special efforts and in some cases by overcoming considerable obstacles to achieve success.

2014/15 has been no exception and the stories of that 'something extra' students have put in are reflected in the case studies below:

Anabel Pepecucu Saelo, 27, has achieved a place to study a degree at the London College of Fashion after progressing from working in McDonald's to getting her art work reviewed in the media this year.

Anabel grew up in Equatorial Guinea. In 2013 she came to the UK after developing a love for art volunteering at her local church. Looking for a college to study with the ambition of developing her skills she enrolled at City and Islington. When Anabel started the course she felt that she did not have as much knowledge as others in her class, however she was recently graded with an overall distinction for her course.

Hosanna Makanda came to the UK from war-torn Congo and spoke no English. Two years later she is celebrating receiving a prestigious individual award from a national bank, which also coincides with her receiving offers to study Law at Birmingham and Leeds universities. Hosanna initially enrolled on an ESOL (English for Speakers of Other Languages) course at the College's Centre for Lifelong Learning and progressed to studying AS Levels in English Language and Literature, Sociology, History and French.

QAA Review

City and Islington College in 2013/14 became the first further education college in London to undergo the new Review of College Higher Education by the Quality Assurance Agency (QAA). The College received full assurance on all of the QAA criteria and has secured QAA assured status.

Investors In People

City and Islington College has Investors in People (Gold) status.

British Council Accreditation

City and Islington College is accredited by the British Council to teach English as a Foreign Language. The College is also a government Tier 4 Highly Trusted Sponsor for international students.

OPERATING AND FINANCIAL REVIEW

Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2015.

Legal Status

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

The College was formed from a merger of four separate post-16 institutions by the London Borough of Islington Local Education Authority at incorporation on 30 September 1992 and became operational from 1 April 1993.

Statement of Compliance with Charity Commission Guidance and the 'Public Benefit Test'

As an exempt charity, the College has regard to the Charity Commission's guidance on public benefit and satisfies the 'public interest' test, as summarised and demonstrated below. The public interest underpins all aspects of City and Islington College's mission and activities as a Further Education Institution.

The 'advancement of education', identified as a key charitable criterion in the Charities Act 2006, underpins the College's mission as a Further Education provider delivering education and training to over 13,000 students across a full range of subject areas and levels.

MISSION / VISION / VALUES

The College has developed a three year Strategic Plan for the three year period to July 2017 which sets out the mission, vision and values as:

Mission

Exceptional education and training for every student

Vision

To be London's leading college

Values

Excellence

Students and staff are dedicated to great learning; learning that is consistently high quality, relevant and focused on outcomes. The College is set up to deliver to the needs of both students and employers.

Ambition

The College sees ambition as part of its DNA and continually looks for ways to grow and develop what it does for the benefit of students. The College aims to support all students to develop and achieve their ambitions. Staff have high aspirations for every student and for themselves and are encouraged to be bold and creative in their work.

Collaboration

Students and staff work together to help every student achieve success. The College works closely with employers and other partners; drawing in outside expertise to help secure better outcomes for students.

Opportunity

Everyone is given the best possible opportunities to learn and be successful. Each student and every member of staff is treated as an individual and with respect.

STRATEGIC PLAN 2014/17

The Strategic Plan for the period 2014-2017 has been developed across three strategic aims:

- High quality provision and excellence for all
- Growth, responsiveness and change
- Efficiency, effectiveness and sustainability

Alongside the development of the Strategic Plan, an operational plan has been developed to support and embed the emerging vision for 2014-2017. The target is for the College to have achieved the following ambitious and aspirational targets by 2017:

- All provision will meet or exceed national benchmarks for quality and performance and the College will be in the top quartile of the provider group
- Employers will be fully engaged in all vocational provision
- Level 4 provision will grow by 20%
- Income will grow by 10%
- The College will continue to generate a healthy annual operating surplus
- The College will have achieved the Investors in People (IIP) Gold accreditation
- The College will have National College status.

The Plan is underpinned by annual operational targets that have been set by the Governing Body. Its key components for 2014/15 included:

- A curriculum review with the focus on the lines of sight to work
- Identification of new provision streams through innovation and incubator models to create specialisms
- Continuing to embed quality and develop the College's workforce
- Reviewing curriculum delivery models including the use of digital and e-learning
- Continuing to use management information to support decision making,

- monitoring performance and maximising impact for learners
- Appraising and investigating new ways of working including wider partnerships and collaborations

PERFORMANCE AGAINST FUNDING TARGETS – 2014/15

Agency funding is classified as being either classroom based or workplace provision. A

review of 2014/15 performance undertaken in September 2015 shows that the College recruited 4,497 (105%) 16-18 year olds against the EFA (Education Funding Agency) allocation of 4,295 for classroom based learning; this strong recruitment does not equate to increased income in-year, rather it informs the lagged learner methodology which resulted in an increase in the 2015/16 EFA allocation.

All workplace provision (including 16-18 apprentices), adult classroom based provision and the adult skills budget was funded by the SFA (Skills Funding Agency) within the Department of Business, Innovation and Skills.

SFA funding is based on learning aims and credit values rather than headcount; at the year end, the College recruited 6,681 SFA-funded learners related to classroom based activity against which represents an SFA funding position versus allocation indicates of 94.8%; the variance to allocation is attributed to a shortfall in delivery of ESOL Mandation (i.e. provision referred from the local authority), Adult classroom-based provision, and Adult Apprenticeships. Classroom-based and other (non-apprenticeship) workplace provision delivered 97.1% of the College target. Regarding the 24+ Loans Facility, for which the College received an allocation of £2.7m; the College budgeted for 65% uptake of Loans and recruited 433 learners who were financed by the Student Loans Company in 2014/15. These learners generated £1.3m of Loans income, which equates to 89.7% of internal targets and 50% of the full Loans Facility allocation.

Overall, the College achieved 98.1% of combined EFA and SFA allocations (excluding the 24+ Loans financing element) – 100% of the EFA allocation and 94.8% of SFA allocation.

FINANCIAL POSITION

Financial Results

The College reports an operating deficit of £0.8m compared to £0.3m surplus in 2013/14. During 2014/15 the College incurred £1.5m in restructuring costs (2013/14: £1.2m).

The College continues to have a strong balance sheet. The SFA financial health framework places the College in Category 'Outstanding' – strong financial health. The Corporation agrees with that classification.

During the year the net asset position decreased from £74.9m (2013/14) to £73.9m (2014/15) excluding the pension liability of £17.2m.

Fixed asset additions in the year were £5.4m for building improvements, equipment and ICT.

The College's accumulated general reserves decreased from £42.6m in 2013/14 to £40.8m in 2014/15; the change was due to general revenue reserves decreasing by £0.5m and the pension reserve liability increasing by £1.3m.

The College has significant reliance on the SFA and the EFA for its principal funding, largely from recurrent grants. In 2014/15 the SFA and EFA provided 82% of the College's total income, compared to 86% in the previous year.

Treasury policies and objectives

Treasury management includes the management of the College's cash balances on money markets and capital markets; 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 to support this and to ensure returns are maximised and risk appropriately assessed.

The College has adequate cash reserves to meet its normal operating and investment needs for the year ahead and does not require access to borrowing facilities. The College will ensure that it retains its investments in a suitable form so that it can honour its payment obligations as and when they fall due.

Cash flows

The operating cash inflow for the year ended 2014/15 was £1.4m, a decrease of £1.6m compared to the previous year.

Liquidity

College cash investments decreased from £16.3m (2013/14) to £12.4m (2014/15). The College invests reserves and cash balances to support the strategic aims of the organisation and to maintain infrastructure requirements to support high quality teaching and learning.

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%. During the accounting period 1 August 2014 to 31 July 2015, the College paid 96% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

In 2014/15 the College delivered activity that earned £36.9m in funding from the EFA and SFA (2013/14 -£38.1m) for over 13,000 learners.

Student Achievement

There has been a steady improvement in 16-18 and 19+ success rates since 2011/12 with the overall college rate moving from 77.3% to 81.6%.

Curriculum Developments

City and Islington College is London's leading college, with over 13,000 full-time and part-time students of all ages, from teenagers to senior citizens. It offers over 1,500 courses and about 450 qualifications in many settings: in college, at work and in the community. This includes the provision of EFA, SFA and Higher Education (HE) courses.

The College has a national reputation for curriculum innovation and change. It has introduced new courses in many areas of the curriculum in order to meet the needs of its students better. A particular strength is in making students ready for the next stage of their lives either through internal progression within the College, into work or Higher Education.

During 2014/15 the College had close to 500 higher education students, mostly indirectly funded through its higher education partners. The College did have a proportion of directly funding students, from Hefce (Higher Education Funding Council England) for which the Student Number Control (SNC) allocation was 88 for 2014/15, which is the same as for the 2013/14 allocation.

Performance against 2014/15 operational plan

The College set a strategy and development plan for the period 2014-2017. The plan for 2014/15 completes the first year of the development plan and included 21 operational targets.

Performance against targets are summarised below:

- Met - 8
- Partially met - 11
- Not met - 2

The following sections summarise progress made against the three strategic aims during 2014/15:

High quality provision and excellence for all

Of particular focus this year has been the implementation of a teaching, learning and assessment strategy which has focussed on the improvement of the learning experience for students and has piloted a developmental approach to lesson observations. An Ofsted Learner Survey identified that 90% of students agreed or strongly agreed that their lessons were well taught and 87% of graded lesson observations were good or better as compared to 81 % in the previous year.

Improvement in value added which measures the improvement in student performance, has been a real focus this year, and within the College's vocational curriculum offer, ALPs (a system for measuring value added) has been used for Level 3 BTEC provision in tandem with ProMonitor (a performance-tracking system). This has had a positive impact on setting students inspirational targets. All staff have been trained to use ProMonitor and there is good use of different features such as progress grades being systematically matched against target grades. BKSB live (software) has been used for initial and diagnostic assessments across the vocational centres, where there has been a 100% participation of the software in the first part of the student experience at the College.

The College continues to meet the challenge of delivering to the requirements of the Study Programme (a compulsory measure introduced last year for all 16-19 year old students designed to stretch students to reach a higher level of attainment than previously); in some areas of the College this remains an area for improvement. In relation to English and Maths, all students who do not have a GCSE grade of A-C are enrolled onto an appropriate course. Work experience and work-related activity has also increased across the vocational centres: a significant number of vocational courses offer work placements.

Innovation, responsiveness and growth

Overall growth and income diversification remains the most challenging of the three core objectives. In 2014/15 the core funding from the SFA / EFA declined by £1.2m, HE declined by £0.3m and European Social Fund (ESF) income declined by £0.4m. This was partly offset by growth in L3 Loan income of £0.2m.

Work is being undertaken to develop and grow the College offer. The College's Higher Education portfolio is being augmented by a BSc top-up year for three foundation degrees at the Centre for Applied Science, two Higher National courses at the Centre for Business, Arts and Technology and one at the Centre for Health, Social and Child Care. The employer engagement team has delivered two European Social Funding (ESF) contracts – Skills support for the workforce as part of the London Capital College consortium as well as a bespoke Local Response Fund programme for local SMEs and college staff. The College has also increased its apprentices by 150%.

Efficiency and Effectiveness

Most targets set under efficiency & effectiveness were met or partially met in 2014/15. These included:

- Maintenance of the payroll ratio at or around 65%;
- Embedding reporting tools including the use of ProMonitor to assist in the delivery of student services such as advice, guidance and welfare sessions;
- The increased use of learning technologies including the roll out of a blended learning project with the delivery of Access to HE courses
- 57 voluntary redundancies;

ACCOMMODATION

The College is proud of its five Centres. The combination of dedicated learning centres, leading edge technology, classrooms of the future and cafe areas make them a great place to study. In the 1990s the College was spread across thirteen different sites and three London boroughs, and some of the buildings dated back to the 19th Century. Today the College is based entirely in Islington, in five modern and fit for purpose centres.

The five College Centres are:

- Centre for Applied Sciences (GAS)
- Centre for Business, Arts and Technology (CBAT)
- Centre for Health, Social and Child Care (CHSCC)
- Centre for Lifelong Learning (CLL)
- City and Islington Sixth Form College (SFC)

Each Centre is focused on running particular courses and qualifications and each has its own community of students, teachers and support staff. The College buildings have been designed to the highest standards to reflect the quality of the work and the success of its students – and have been featured in a number of awards.

Against a backdrop of significant changes in the sector, the College has recognised the need for flexibility to ensure it can adapt to:

- Changes in funding and policy
- Changes in the political and economic environment
- Technological advancement

- Changes in the learner numbers by cohort groups
- Changes in curriculum requirements (skills based/academic based)
- Learner delivery (location, length, time, type of course).

Consequently the College has developed an accommodation plan to respond to the above changes and also support its strategic aims by:

- Improving quality through the upgrade of the estate and provision of student facilities
- Supporting incremental growth and curriculum development particularly across HE and Science Technology Engineering and Maths (STEM);
- Investing in the two sites at the Angel which started in 2013/14. The project contains six general class rooms, two seminar spaces, a new meeting room, sports equipment, gym and changing rooms, an engineering workshop, technicians prep room and office. A rooftop all-weather sports pitch replaces the one previously shared with the local boxing club. The project completed in two phases. Phase one in October 2013 and Phase two in December 2014.

The Capital programme in year also resulted in the creation of a new student radio facility at CBAT, new staff areas at CBAT and improvements in the Sixth Form Hall and Library. The projects at CBAT were completed in October 2014 and January 2015 respectively and enabled new student centred broadcast capability and more spaces for collaborative learning. The project at the Sixth Form was completed in October 2014 and increased the availability of informal study spaces for students.

SUSTAINABILITY

The College is committed to excellence in design and to respecting the environment - using architectural designs to create new buildings from old and using environmentally friendly materials. The College has in place a policy framework to cover sustainability from the point of view of the estate, the curriculum and the community.

STAFFING

The College is pleased to report that the average number of days sickness per employee was 6.8 per annum, and turnover was 20.4%. These figures are below the national average for the sector. 81 % of staff rate the College as a good employer and 78% say they are proud to work at CIC. These statistics are a testament to the commitment and dedication of staff to deliver outstanding learning opportunities for the students.

65% of salaried staff have completed Prevent training. An online mandatory training module is currently being introduced and it is expected that all staff will complete Prevent training in 2016.

RISK MANAGEMENT

The College has a well-established and embedded system of internal controls, including financial, operational and risk management which is designed to protect the

College's assets and reputation.

The Risk Management Group of the College, comprising of members of the SMT (Senior Management Team), ensures that there is a clear focus on identifying, mitigating, monitoring and reporting risks at a strategic and operational level. Risks are identified and built up at a Centre / department level that inform the overall College risk register. 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.

The Audit Committee provides a level of oversight of the risk management process to provide assurance to the Corporation over the effectiveness of the risk management process. Risk at the College is reviewed across a number of categories including:

- Learner Related
- Accommodation
- Funding
- Income Diversification
- HR and Pay Costs
- Facilities
- Financial Services
- ICT
- Reputation

Risks in the register are prioritised using a consistent scoring system and are also linked to the aims of the 2014/17 strategic plan. The most significant current risk to the College and to the Further Education sector as a whole relates to the significant reduction in SFA funding first announced in the October 2010 Comprehensive Spending Review (CSR) which reduced the overall budget of the Department for Business Innovation and Skills by 25% over a four year period. This reduction in funding has continued in 2014/15, and is set to continue until 2020. This has, and will continue to have, a significant impact on the level of funding received by the College from the SFA.

The following items have been identified as the key risks to the College:

- Impact of new and changing government priorities:
 - o Continued reduction in the core allocation from the SFA. In addition to cuts in 2014/15, there has been a 24% reduction for 2015/16, compounded by a late additional reduction in July 2015, the impact of which on the College amounted to £830k.
 - o Education reforms for 16-18 year olds including an emphasis on Maths and English attainment and the inclusion of Study Programmes [consistency with elsewhere] on all vocational courses. This affects success rates and the cost of delivery, for no additional income.
 - o The introduction of loans for students aged 24 or above, on level 3 courses, which may be extended to other age groups and levels of learning. Experience so far is that take up of loans are not as we would like.

- Maintaining adequate funding for pension liabilities:
 - o The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 17. The budget for 2015/16 includes a provision for the FRS17 pension charge reflecting the continual volatility in the markets and valuation of the pension fund.

Mitigation

City and Islington College has developed strategies designed to mitigate these risks including:

- Modelling the impact of funding changes and developing an offer aligned to the funding envelope and the mission of the organisation
- Ensuring the College is rigorous in delivering high quality education and training
- Focusing on maintaining key relationships with the various funding bodies and partners
- Improving its diversification of income ratios through development of a Business to Business (B2B) strategy, an International Strategy and an HE strategy
- Exploring bidding opportunities and enhancing bidding capabilities in the College
- Reviewing the efficiency and effectiveness of the College's operating activities

STAKEHOLDER RELATIONSHIPS

The College recognises that collaborative working with stakeholders is key to achieving its vision and securing the best possible outcomes for students. The College looks to explore how different partnership models might improve its effectiveness. The College actively seeks to:

- Explore new models of operation
- Partner to improve curriculum delivery
- Stay locally connected

The College actively engages with a wide range of stakeholders to support the delivery of its mission of exceptional education and training for every student. These include:

- Students
- Education sector funding bodies
- Staff
- Local employers
- The London Borough of Islington
- Neighbouring Boroughs
- Government Offices / Regional Development Agencies / Local Enterprise Partnerships (LEPs)
- The local community
- Other FE institutions
- HE institutions

- Schools
- Subcontractors
- Suppliers
- Trade unions
- Professional bodies
- Students Loans Company

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

Announcement on Collaboration with Westminster Kingsway College

On 16 July 2015, the College announced its intention to explore the potential of further collaboration with Westminster Kingsway College, which both colleges consider to be an exciting proposition. Formal consultation documents were produced in early October, with responses invited by 6 November.

The colleges believe that the collaboration has the potential to

- Bring about direct benefits to students
- Create new opportunities for staff
- Deliver on the skills needs of the capital
- Enhance existing, and create new partnerships with employers
- Offer leadership and support to the FE sector
- Maximise the resources available to support learners

At the December corporation meetings of the respective colleges, the decision will be made whether to proceed with a full merger, which would take place on 1 August 2016.

Staff and Student Involvement

Staff representatives are elected by College staff to serve as members of the Corporation. All staff have access to the minutes of the meetings of the Corporation and its committees apart from any section of minutes exceptionally defined as confidential by the Corporation or its committees. Information is also made available to both students and staff through the College Intranet, and a monthly college-wide newsletter.

Students are represented on the Curriculum and Quality Committee and the Corporation.

Equality and Diversity

City and Islington College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief, age and socio-economic status. We strive to remove barriers which place staff and students at a disadvantage and we deal actively with any form of discrimination.

The College's commitment to equality and diversity is reflected in its successful

promotion of equality through the curriculum, through additional activities and employment practices as well as the wide celebration of diversity in daily life as commended by Ofsted.;

The College's Equality and Diversity Policy is published on the College's Intranet site, along with an Annual Equality Report and Equality Objectives which help to ensure compliance with the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

Disability Statement

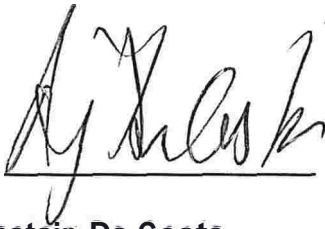
City and Islington College is a 'Positive about Disabled' employer and has committed to the five objectives of the two ticks standard. This includes a guaranteed interview to any disabled applicant who meets the essential criteria for the post and where an existing employee becomes disabled, to make every effort to ensure that they remain in employment in the College. City and Islington College has made a significant investment in the appointment of both specialist lecturers to support students with learning difficulties and/or disabilities and business support staff who provide counselling and welfare services. 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. The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The College has also implemented an Equality & Diversity training programme which is mandatory for all staff to complete. The College is also a Stonewall Diversity Champion.

The approach to equality and diversity is implemented and monitored on a planned basis through the Senior Management Team and the Corporation.

Disclosure of information to Auditors

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

Approved by order of the members of the Corporation on 9 December 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Alastair Da Costa', written over a horizontal line.

**Alastair Da Costa
Chair**

Professional Advisers as at 31 July 2015

Financial Statements and Regularity Auditors:

Buzzacott LLP
130 Wood Street
London
EC2V6DC

Internal auditors:

KPMG
12th Floor
15 Canada Square
Canary Wharf
E14 5GL

Solicitors:

Eversheds LLP
Bridgewater Place
Water lane
Leeds
LS11 5DR

Bankers:

Barclays Bank plc
Broadgate Business Centre
155 Bishopsgate
London
EC2M 3XA

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.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. having due regard to the UK Corporate Governance Code 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 conducts itself with reference to the AoC English Code of Governance.

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.

The Corporation

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

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served (attendance)	Attendance at Corporation
Alastair Da Costa	19.10.11	4 years		External	<ul style="list-style-type: none"> Chair: Corporation (100%) Finance & Resources (100%) Remuneration (100%) Vice Chair: Corporation Chair: Search & Governance (100%) Chair: Remuneration (100%) 	100%
Kate O'Rourke	08.02.96 Re-appointed 08.02.00 08.02.04 12.03.08	4 years		External	<ul style="list-style-type: none"> Audit (67%) Curriculum & Quality (100%) Search & Governance (100%) 	60%
David Forrester	21.10.09 16.10.13	4 years		External	<ul style="list-style-type: none"> Curriculum & Quality (75%) Search & Governance (100%) 	100%
Leisha Fullick	21.10.09 16.10.13	4 years		External	<ul style="list-style-type: none"> Curriculum & Quality (100%) Search & Governance (100%) 	100%
Lela Kogbara	26.05.05 Re-appointed 20.05.09	4 years		External	<ul style="list-style-type: none"> Chair: Audit (100%) 	100%
Elizabeth Reid	20.10.10	4 years	15/10/14	External	<ul style="list-style-type: none"> Finance & Resources (0%) 	100%
Anthony Tomei	04.12.13	4 years		External	<ul style="list-style-type: none"> Finance & Resources (80%) 	100%
Fiona Thompson	20.05.09 15.05.13	4 years		External	<ul style="list-style-type: none"> Chair: Finance & Resources (100%) 	80%
Richard Watts	20.10.10	4 years		External	<ul style="list-style-type: none"> Chair: Curriculum & Quality (100%) Remuneration (100%) 	40%
David Gilbertson	19.10.11	4 years		External	<ul style="list-style-type: none"> Chair: Curriculum & Quality (100%) Remuneration (100%) 	80%

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served (attendance)	Attendance at Corporation
Kay Willis	15.10.14	4 years		External	• Finance and Resources (80%)	80%
Amelia Sussman	11.03.15	4 years		External	• Finance and Resources (100%)	67%
Sarah Jones	11.03.15	4 years		External	• Curriculum and Quality (100%)	67%
Sean Kennedy	11.03.15	4 years		External	• Audit (100%)	67%
Winston Scotland	17.10.13	4 years		Elected (Academic Staff)	• Curriculum & Quality (100%)	100%
Mal Reding	04.12.13	4 years	01.07.15	Elected (Whole College Staff)	• Audit (67%)	100%
Mehria Fazli	02.07.14	1 (academic) year	11.03.15	Student	• Curriculum & Quality (33%)	67%
Daniel Nikolia	11.03.15	1 (academic) year		Student	• Curriculum & Quality (100%)	67%
Daniyal Aslam	20.05.15	1 (academic) year		Student	• Curriculum & Quality (0%)	100%
Sir Frank McIloughlin CBE	05.07.02	ex-officio		Principal	• Finance & Resources (80%) • Search & Governance (67%)	100%

Graham Drummond acts as Clerk to the Corporation.

As of the 31st July the Corporation had one vacancy; its membership is set out on the pages above. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation meets five 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 full Corporation. These committees are: Finance and Resources, Curriculum and Quality, Remuneration, Search and Governance and Audit. All meet regularly. The agenda and full minutes, other than confidential items, of the Corporation are available from the Clerk to the Corporation at:

City and Islington College
The Marlborough Building
383 Holloway Road
London N7 0RN

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

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

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

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

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

Appointments to the Corporation

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

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

Remuneration Committee

Throughout the year ending 31 July 2015, the College's Remuneration Committee comprised of the Chair and two other members of the Corporation. The Committee's responsibilities are to determine the remuneration and benefits of the Principal and other senior post-holders and report its findings to the Board.

Details of remuneration for the year ended 31 July 2015 are set out in notes 7 and 8 to the financial statements.

Audit Committee

The Audit Committee comprises of four members of the Corporation and a co-opted member (excluding the Principal and the 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 audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

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

Internal Control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between City and Islington College and the EFA and SFA. 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 financial control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the 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 City and Islington College for the year ended 31 July 2015 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2015 and up to the date of approval of the annual report and accounts. The Corporation regularly reviews the process.

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 and it includes:

- Comprehensive budgeting and forecasting 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 include:
 - Actual performance against budget
 - Reforecasts at a College and department level
 - Tracking of risks and opportunities
 - KPIs and benchmarking against other general FE Colleges
 - Three year plans
- Approval and monitoring of capital budgets
- The adoption of formal project management disciplines where appropriate

City and Islington College has an internal audit service, which operates in accordance with the requirements of the *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 Corporation, on the recommendation of the Audit Committee, endorses the analysis of risks and the internal audit plans. At least annually, the head of internal audit (HIA) provides the Corporation with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

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

The Audit Committee, which oversees the work of the internal auditor and other sources of assurance has advised the Principal on the implications of the result of his review of the effectiveness of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system 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. At its meeting on 9 December 2015, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2015.


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

Going concern

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

Approved by order of the members of the Corporation on 9 December 2015 and signed


Alastair Da Costa
Chair

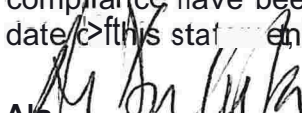

Sir Frank McLoughlin CBE
Principal

Statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

The Corporation has considered its responsibility to notify the Skills Funding Agency of material irregularity, impropriety and non-compliance with Skills Funding Agency terms and conditions of funding, under the financial memorandum in place between the College and the Skills Funding Agency. As part of our consideration we have 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 Skills Funding Agency's 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 the date of this statement these will be notified to the Skills Funding Agency.


Claire Da Costa
Chair
October 2015


Frank McLoughlin CBE
Principal
October 2015

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum agreed between the Skills Funding Agency, Islington Local Authority and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2007 *Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *Accounts Direction for 2014/15 Financial Statements* issued jointly by the SFA and the EFA, 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 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 an Operating and Financial Review, 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 City and Islington College website is the responsibility of the College's senior management team; 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 purpose 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 Skills Funding Agency and the Education Funding Agency are used only in accordance with the Financial Memorandum with the Skills Funding Agency and Education 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 the economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the Skills Funding Agency and Education Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 9 December 2015 and signed on its behalf by:



Alastair Da Costa
Chair



Sir Frank McLoughlin CBE
Principal

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF CITY AND ISLINGTON COLLEGE

We have audited the financial statements of City and Islington College for the year ended 31 July 2015 set out on pages 31 to 55. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting statements (UK Generally Accepted Accounting Practice).

This report is made solely to the Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Corporation of City and Islington College and Auditor

As explained more fully in the Statement of Responsibilities of the members of the Corporation set out on page 25, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporation; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Operating and Financial Review to identify material inconsistencies with the audited financial statements and to identify any information that is materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2015 and of the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the revised Joint Audit Code of Practice issued jointly by the Skills Funding Agency and the Education Funding Agency requires us to report to you if, in our opinion:

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



Buzzacott LLP

Date 18 December 2015

Chartered Accountants and Registered Auditors

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF CITY AND ISLINGTON COLLEGE AND THE SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 13 May 2014 and further to the requirements of the funding agreement with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by City and Islington College during the period 1 August 2014 to 31 July 2015 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. 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 Funding Agency has other assurance arrangements in place.

This report is made solely to the corporation of City and Islington College and 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 City and Islington College and 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 City and Islington College and Skills Funding Agency for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of City and Islington College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. 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 2014 to 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of self-assessment questionnaire including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP
Chartered Accountants



Date

CITY AND ISLINGTON COLLEGE

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 £000's	2014 £000's
INCOME			
Funding body grants	2	37,606	39,312
Tuition fees and education contracts	3	5,621	5,728
Other income	4	1,841	1,975
Investment income	5	112	291
Total Income		<u>45,180</u>	<u>47,306</u>
EXPENDITURE			
Staff costs	7	29,175	29,973
Exceptional restructuring costs	7	1,511	1,200
Other operating expenses	9	11,345	12,043
Depreciation	11	3,780	3,419
Interest and other finance costs	10	164	393
Total Expenditure		<u>45,975</u>	<u>47,028</u>
(Deficit)/Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax		(795)	278
Gain on disposal of assets		5	17
(Deficit)/Surplus on continuing operations retained within general reserves		<u>(790)</u>	<u>295</u>

The income and expenditure account is in respect of continuing activities.

CITY AND ISLINGTON COLLEGE

STATEMENT OF HISTORICAL COST SURPLUSES
FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 £000's	2014 £000's
(Deficit)/Surplus on continuing operations (after taxation)		(790)	295
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	16	60	60
Historical cost (deficit)/surplus for the year (after taxation)		<u>(730)</u>	<u>355</u>

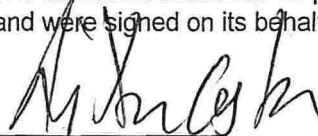
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2015

		2015 £000's	2014 £000's
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and disposals of assets and tax		(790)	295
Actuarial (loss) in respect of pension scheme	20	(1,094)	(4,059)
Total recognised (loss) since last report		<u>(1,884)</u>	<u>(3,764)</u>
Reconciliation:			
Opening reserves		47,212	50,976
Total recognised (loss) for the year		(1,884)	(3,764)
Closing reserves		<u>45,328</u>	<u>47,212</u>

CITY AND ISLINGTON COLLEGE
BALANCE SHEET
FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 £000's	2014 £000's
Fixed assets			
Tangible Assets	11	<u>64,230</u>	<u>62,582</u>
Current assets			
Debtors	12	3,032	2,474
Investments - short term deposits	19	12,417	16,331
Cash at bank and in hand	19	<u>(14)</u>	<u>10</u>
		15,435	18,815
Less: Creditors - amounts falling due within one year	13	<u>(5,718)</u>	<u>(6,466)</u>
Net current assets		<u>9,717</u>	<u>12,349</u>
Total assets less current liabilities		73,947	74,931
Less: Provision for liabilities	14	<u>(54)</u>	<u>(54)</u>
Net assets excluding pension liability		<u>73,893</u>	<u>74,877</u>
Net pension liability	20	<u>(17,223)</u>	<u>(15,888)</u>
NET ASSETS INCLUDING PENSION LIABILITY		<u>56,670</u>	<u>58,989</u>
Deferred capital grants	15	<u>11,342</u>	<u>11,777</u>
Reserves			
Income and expenditure account excluding pension reserve	17	58,034	58,523
Pension reserve	20	<u>(17,223)</u>	<u>(15,888)</u>
Income and expenditure account including pension reserve	17	<u>40,811</u>	<u>42,635</u>
Revaluation reserve	16	<u>4,517</u>	<u>4,577</u>
Total reserves		<u>45,328</u>	<u>47,212</u>
TOTAL FUNDS		<u>56,670</u>	<u>58,989</u>

The financial statements on pages 31 to 55 were approved by the Corporation on 9 December 2015 and were signed on its behalf on that date by:


Alastair Da Costa
Chair


Sir Frank McLoughlin CBE
Principal

CITY AND ISLINGTON COLLEGE

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 £000's	2014 £000's
Cash inflow from operating activities	18	<u>1,357</u>	<u>2,912</u>
Returns on investments and servicing of finance: Interest received	5	112	291
Net cash inflow from returns on investments and servicing of finance		<u>112</u>	<u>291</u>
Capital expenditure and financial investment	6	(5,407)	(5,535)
Cash (outflow) before use of liquid resources and financing		(3,938)	(2,332)
Management of liquid resources: Increase in short-term deposits	19	<u>3,914</u>	<u>2,332</u>
(Decrease) in cash in the period		<u>(24)</u>	<u>-</u>
Reconciliation of net cash flow to movement in net funds			
(Decrease) in cash in the period		(24)	-
(Decrease) in liquid resources	19	(3,914)	(2,332)
Movement in net funds in the period		(3,938)	(2,332)
Net funds at 1 August 2014		16,341	18,673
Net funds at 31 July 2015	19	<u>12,403</u>	<u>16,341</u>

Notes to the Financial Statements

Statement of Accounting Policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency and the Education Funding Agency in 2014/15.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Recognition of income

The recurrent grant from the funding bodies is that receivable as informed by the results of the funding audit undertaken.

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element 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 at the end of November following the year end. Employer responsive grant income is recognised based on a year end reconciliation of income claimed and actual delivery. 16-18 learner responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the funding or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors. The costs of any fees waived by the College are included as expenditure.

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes

Post retirement benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded and contracted out of the State Pensions.

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 payrolls. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 20, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from the employee service in the period is charged to the operating surplus or deficit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in the pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Enhanced Pensions

The College pays the actual cost of any enhanced ongoing pension to a former member of staff annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at a valuation made by a firm of chartered surveyors in 1997 on the basis of depreciated replacement cost. Additions to land and buildings since the date of valuation are stated at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life of 40 to 50 years. Leasehold land and buildings are amortised over the period of the lease.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2015. They are not depreciated until they are brought into use.

Equipment, furniture, fixtures and fittings

Equipment, furniture, fixtures and fittings inherited from the Local Education Authority are included in the balance sheet at valuation. All other equipment, furniture, fixtures and fittings are capitalised at cost. All equipment, furniture, fixtures and fittings are depreciated over ten years using a straight-line basis.

Expenditure incurred on the acquisition of assets other than land and buildings is recorded in the balance sheet where the acquisition cost per item is £1,000 or more. Items that have an individual value of below £1,000 may be capitalised if the item forms part of a group of items with a cumulative value above £1,000.

Where equipment, furniture, fixtures and fittings are acquired with the aid of specific grants, they are capitalised at cost and depreciated in accordance with the above policy. The related grant is credited to a deferred capital grant account and released to the income and expenditure account over a period, consistent with the depreciation policy.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the term of the lease. The College has no obligations under finance leases.

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 Chapter 3 Part 11 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 receives no similar exemption in respect of Value Added Tax. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT.

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks and building societies.

Provisions

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.

Agency arrangements

Where the College disburses funds on behalf of the Funding bodies and has no beneficial interest in the funds, the receipt and subsequent disbursement of the funds are excluded from the income and expenditure of the College where the FRS 5 test for the recognition of an asset is not met i.e. where the College does not have control over the future economic benefits.

The College acts as an agent in the collection and payment of Learner Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 24 except for the 5% of grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Learner Support Fund applications and payments.

CITY AND ISLINGTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

2 FUNDING BODY GRANTS

	2015 £000's	2014 £000's
Skills Funding Agency / EFA:		
Recurrent grant	36,437	37,809
Apprenticeships	423	243
European Social Fund (ESF)	333	763
Release of deferred capital grants (note 15)	413	497
Total	<u>37,606</u>	<u>39,312</u>

3 TUITION FEES AND EDUCATION CONTRACTS

	2015 £000's	2014 £000's
FE loans	1,350	1,164
Tuition fees	1,709	1,704
Education contracts	2,562	2,860
Total	<u>5,621</u>	<u>5,728</u>

Included within the above amounts are tuition fees funded by bursaries of £130k (2013/14 £111 k).

CITY AND ISLINGTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

4 OTHER INCOME

	Notes	2015 £000's	2014 £000's
Creche		405	420
Local authority income		235	436
Other income		1,201	1,119
Total		1,841	1,975

5 INVESTMENT INCOME

	2015 £000's	2014 £000's
Interest Receivable	112	291
Total	112	291

6 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2015 £000's	2014 £000's
Purchase of tangible fixed assets	11 (5,428)	(5,552)
Sale of tangible fixed assets	5	17
Deferred Capital grants received	15 16	-
Net cashflow outflow from capital expenditure and financial investment	(5,407)	(5,535)

CITY AND ISLINGTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

7 STAFF COSTS

The average number of persons (including senior post-holders) employed by the College during the year, described as full-time equivalents, was:

	2015 No.	2014 No.
Teaching staff	487	515
Non teaching staff	185	173
Total	672	688
Staff costs for the above persons		
	2015 £000's	2014 £000's
Wages and salaries	22,439	23,961
Social security costs	1,926	2,044
Other pension costs/credit (including FRS17 adjustments of a charge of £59,000) (2014 credit of £317,000)	3,300	2,760
Payroll sub-total	27,665	28,765
Contracted out staffing services	1,510	1,208
	29,175	29,973
Exceptional restructuring costs	1,511	1,200
Total	30,686	31,173

The number of senior post-holders and other staff who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

Net cashflow outflow from capital expenditure	Senior post-holders		Other Staff	
	2015 No.	2014 No.	2015 No.	2014 No.
£60,001 to £70,000			3	6
£70,001 to £80,000			5	5
£80,001 to £90,000			3	1
£90,001 to £100,000				
£120,001 to £130,000				
£170,001 to £180,000				
	3	3	11	12

CITY AND ISLINGTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

8 SENIOR POST - HOLDERS' EMOLUMENTS

Senior postholders are defined as the Principal and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

	2015	2014
Senior post-holders including the Principal was	<u>3</u>	<u>3</u>

Senior post-holders emoluments are made up as follows:

	2015 £000's	2014 £000's
Salaries	405	383
Pension contributions	55	39
Total Emoluments	<u>460</u>	<u>422</u>

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

	2015 £000's	2014 £000's
Salaries	<u>178</u>	<u>174</u>
Pension contributions / Premiums	<u>23</u>	<u>23</u>

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Local Government Pension Scheme and the Teachers' Pension Scheme and are paid at the same rate as for other employees.

The members of the Corporation other than the Principal and staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

CITY AND ISLINGTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

9 OTHER OPERATING EXPENSES

	2015	2014
	£000's	£000's
Teaching costs	6,389	7,179
Non teaching costs	2,034	1,999
Premises costs	2,922	2,865
Total	11,345	12,043
Other operating expenses include:	2015	2014
	£000's	£000's
Auditors' remuneration:		
- Financial statements audit	34	34
- Internal audit	44	74
- Other services by the financial statements auditors	13	22
Hire of plant and machinery - operating leases	40	10
Hire of other assets - operating leases	121	193

10 INTEREST AND OTHER FINANCE COSTS

	2015	2014
	£000's	£000's
Pension finance costs (note 20)	164	393

CITY AND ISLINGTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

11 TANGIBLE FIXED ASSETS

	Land and buildings		Equipment	Total
	Freehold	Long leasehold		
	£000's	£000's	£000's	£000's
Cost or valuation				
At 1 August 2014	50,473	26,344	21,507	98,324
Additions	2,292	-	3,136	5,428
Disposals	-	-	(183)	(183)
At 31 July 2015	<u>52,765</u>	<u>26,344</u>	<u>24,460</u>	<u>103,569</u>
Depreciation				
At 1 August 2014	15,773	5,114	14,855	35,742
Charge for year	1,568	453	1,759	3,780
Elimination in respect of disposals	-	-	(183)	(183)
At 31 July 2015	<u>17,341</u>	<u>5,567</u>	<u>16,431</u>	<u>39,339</u>
Net book value				
At 31 July 2015	35,424	20,777	8,029	64,230
Net book value				
At 31 July 2014	<u>34,700</u>	<u>21,230</u>	<u>6,652</u>	<u>62,582</u>

The assets shown under long leasehold have lease terms of 121 and 124 years expiring in 2124.

CITY AND ISLINGTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

11 TANGIBLE FIXED ASSETS (continued)

The transitional rules set out in FRS15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly, the book values at implementation have been retained.

Land and buildings with a net book value of £4,403k have been partly financed by exchequer funds, through for example the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum, to surrender the proceeds.

The College revalued its land and buildings as at 31 July 1997. The valuation was carried out by Son and Kenyon, a firm of independent Chartered Surveyors, under RICS guidelines. The valuations, based on depreciated replacement cost, are incorporated above.

Of the total land and building net book value of £56,201 k revalued inherited assets comprise £4,403k and £51,798k is based on the actual cost of asset acquisition and construction by the college since incorporation.

Land and Buildings inherited from the local education authority have an historic cost value of £nil.

12 DEBTORS

	2015 £000's	2014 £000's
Trade debtors	1,492	354
Prepayments and accrued income	1,451	2,009
Sundry debtors	89	111
Total	3,032	2,474

CITY AND ISLINGTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £000's	2014 £000's
Trade creditors	822	821
Other creditors	443	426
Taxation and Social Security	542	630
Accruals and deferred income	3,225	4,128
Amounts owed to the SFA	686	461
Total	5,718	6,466

14 PROVISION FOR LIABILITIES AND CHARGES

	Provision £000's
At 1 August 2014	54
Expenditure in the year	
At 31 July 2015	<u>54</u>

The pension contribution provision relates to outstanding claims by the TPS in respect of employees who were deemed to have opted out of the scheme during their employment with the College. It was ruled that the College should pay the Teachers' Pension contribution, retrospectively for the identified employees from the date of assumed auto-enrolment, plus interest. The provision has been calculated with reference to the employees' pensionable pay from the deemed date of auto-enrolment. The basis of the provision includes both the employer's contribution plus interest, and employees' contribution.

15 DEFERRED CAPITAL GRANTS

	Funding body grants £000's	Other grants £000's	Total £000's
At 1 August 2014	10,683	1,094	11,777
Additions	-	16	16
Released to income and expenditure account	(413)	(38)	(451)
At 31 July 2015	<u>10,270</u>	<u>1,072</u>	<u>11,342</u>

CITY AND ISLINGTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
16 REVALUATION RESERVE

	2015 £000's	2014 £000's
At 1 August 2014	4,577	4,637
Depreciation of revalued assets	(60)	(60)
At 31 July 2015	<u>4,517</u>	<u>4,577</u>

17 MOVEMENT ON GENERAL RESERVE

	2015 £000's	2014 £000's
Income and expenditure account reserve At 1 August 2014	42,635	46,339
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	(790)	295
Depreciation of revalued assets	60	60
Actuarial (loss) in respect of pension scheme	(1,094)	(4,059)
At 31 July 2015	<u>40,811</u>	<u>42,635</u>
Balance represented by:		
Pension reserve	(17,223)	(15,888)
Income and expenditure account reserve excluding pension reserve	<u>58,034</u>	<u>58,523</u>
	<u>40,811</u>	<u>42,635</u>

CITY AND ISLINGTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

18 RECONCILIATION OF OPERATING (DEFICIT)/SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015 £000's	2014 £000's
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation, disposals of assets and tax	(790)	295
Depreciation (Note 11)	3,780	3,419
Deferred capital grants released to income (Note 15)	(451)	(559)
(Surplus)on disposal of tangible fixed assets	(5)	(17)
Interest receivable (Note 5)	(112)	(291)
FRS17 Pension costs adjustment (Note 20)	59	(317)
FRS17 Pension finance income (Notes 10)	164	393
FRS 17 Settlements or curtailments (Note 20)	18	
(Increase)/decrease in debtors	(558)	409
(Decrease) in creditors	(748)	(234)
(Decrease) / Increase in provisions		(186)
Net Cash Inflow from operating activities	<u>1,357</u>	<u>2,912</u>

19 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2014 £000's	Cashflows £000's	At 31 July 2015 £000's
Cash at bank and in hand	10	(24)	(14)
Current asset investments	16,331	(3,914)	12,417
Total	<u>16,341</u>	<u>(3,938)</u>	<u>12,403</u>

CITY AND ISLINGTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

20 PENSIONS AND SIMILAR OBLIGATIONS

The College's employees belong to two principal pension schemes: 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 the London Pension Fund Authority (LPFA). Both are defined benefit schemes.

Total pension cost for the year

	2015 £000's	2014 £000's
Teachers Pension Scheme: contributions paid	1,813	1,913
Local Government Pension Scheme:		
Contributions paid	1,428	1,164
FRS17 Charge	59	(317)
	1,487	847
Total Pension Cost for the Year	3,300	2,760

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year. Contributions amounting to £446k (2014 £413k) were payable to the schemes at 31st July and are included within creditors.

Teachers' Pension Scheme

The Teacher's 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.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in the regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

20 PENSIONS AND SIMILAR OBLIGATIONS

Valuation of the Teacher's pension scheme

The latest actuarial review of the TPS was carried out as at 31st 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:

- employer contribution rates were set at 16.4% of pensionable pay
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion,
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS will be implemented in September 2015.

A full copy of the valuation report and supporting document 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>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,813K (2014: £1,913K).

CITY AND ISLINGTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

20 PENSIONS AND SIMILAR OBLIGATIONS

Teacher's Pension Scheme (continued)

FRS17

Under the definitions set out in Financial Reporting Standard 17 (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by London Pension Fund Authority. The total contribution made for the year ended 31 July 2015 was £1,888k (2014 - £1,573k) of which employer's contributions totalled £1,437k (2014 - £1,173k) and employees' contributions totalled £451 k (2014 - £400k). The agreed contribution rates for future years are 15% for employers and between 5.5% and 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 2013 updated to 31 July 2015 by a qualified independent actuary.

	At 31 July 2015	At 31 July 2014
Retail Price increases	3.5%	3.5%
Consumer Price increase	2.6%	2.7%
Rate of increase in salaries	4.4%	4.5%
Rate of increase for pensions in payment	2.6%	2.7%
Discount Rate for scheme liabilities	3.8%	4.2%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2015	At 31 July 2014
Retiring today / current pensioners		
Males	21.9	21.8
Females	25.1	25.0
Retiring in 20 years / future pensioners		
Males	24.3	24.2
Females	27.4	27.3

CITY AND ISLINGTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

20 PENSIONS AND SIMILAR OBLIGATIONS

Local Government Pension Scheme (continued)

The College's share of the assets and liabilities in the scheme were:

	Value at 31 July 2015	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014
	£000's	%	£000's
Equities	13,905	44%	13,030
Target return portfolio	6,109	29%	8,482
Alternative assets	4,547	6%	1,811
Infrastructure	1,688	3%	990
Commodities	141	1%	316
Property	987	3%	813
Cash	4,059	14%	4,106
Other Bonds	n/a	n/a	n/a
Total Market Value of assets	31,436	100%	29,548
Present value of scheme liabilities			
- Funded	(48,541)		(45,317)
- Unfunded	(118)		(119)
Deficit in the scheme	(17,223)		(15,888)

No long-term expected rate of return at 31 July 2015 has been provided, as for accounting periods beginning on or after 1 January 2015, the expected return and interest cost will be replaced with a single net interest cost. This will effectively set the expected return at a level equal to the discount rate of 3.8%

Analysis of the amount charged to income and expenditure account

	2015 £000's	2014 £000's
Employer Service cost (net of employee contributions)	1,496	856
Total operating charge	1,496	856

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	1,728	1,527
Interest on pension scheme liabilities	(1,892)	(1,920)
Pension finance costs	(164)	(393)

Amount recognised in the statement of total recognised gains and losses (STRGL)

	2015 £000's	2014 £000's
Actuarial losses/gains on pension scheme assets	(427)	(683)
Actuarial losses/gains on pension scheme liabilities	(667)	(3,376)
Actuarial (loss)	(1,094)	(4,059)

Movement in deficit during year

	2015 £000's	2014 £000's
Deficit in scheme at 1 August	(15,888)	(11,753)
Movement in year:		
Employer service cost (net of employee contributions)	(1,496)	(856)
Employer Contributions	1,428	1,164
Contributions in respect of Unfunded Benefits	9	9
Net interest	(164)	(393)
Settlements or curtailments	(18)	-
Actuarial gain or loss	(1,094)	(4,059)
Deficit in scheme at 31 July	(17,223)	(15,888)

CITY AND ISLINGTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

20 PENSIONS AND SIMILAR OBLIGATIONS

Local Government Pension Scheme (continued)

Asset and Liability

	2015 £000's	2014 £000's
Reconciliation of Liabilities		
Liabilities at start of period	45,436	39,855
Service cost	1,496	856
Interest cost	1,892	1,920
Employee contributions	451	400
Actuarial (gain)/loss	667	3,376
Benefits paid	(1,301)	(971)
Losses on curtailments	18	-
Liabilities at end of period	<u>48,659</u>	<u>45,436</u>
Funded Liabilities	48,541	45,317
Unfunded Liabilities	<u>118</u>	<u>119</u>
	<u>48,659</u>	<u>45,436</u>

	2015 £000's	2014 £000's
Reconciliation of Assets		
Assets at start of period	29,548	28,102
Expected return on assets	1,728	1,527
Actuarial gain/ (loss)	(427)	(683)
Employer contributions	1,437	1,173
Employee contributions	451	400
Benefits paid	(1,301)	(971)
Assets at end of period	<u>31,436</u>	<u>29,548</u>

The estimated value of employer contributions for the year ended 31 July 2016 is £2,649k.

CITY AND ISLINGTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

20 PENSIONS AND SIMILAR OBLIGATIONS

Local Government Pension Scheme (continued)

History of experience gains and losses

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Difference between the expected and actual return on assets:	(427)	(1,052)	3,193	(1,142)	(457)
Experience gains / (losses) on scheme liabilities:	(1)	3,787	(4)	(5)	5,765
Total amount recognised in STRGL	(1,094)	(4,059)	4,052	(4,897)	2,506

21 CAPITAL COMMITMENTS

	2015 £000's	2014 £000's
Commitments authorised but not contracted at 31 July	<u>127</u>	<u>416</u>

22 FINANCIAL COMMITMENTS

At 31 July the College had annual commitments under non-cancellable operating leases as follows:

	2015 £000's	2014 £000's
Land and buildings		
Expiring within one year	<u>131</u>	<u>108</u>
Expiring within two and five years inclusive	<u>150</u>	<u>4</u>

CITY AND ISLINGTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

23 RELATED PARTY TRANSACTIONS

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

The total expenses paid to or on behalf of the Governors during the year was £647; 18 governors (2014: £357; 16 governors). This represents travel and subsistence expenses and other out of pockets expenses incurred in attending Governors meetings. No Governor has received any remuneration or waived payments from the College during the year (2014:none).

Transactions with the funding bodies and HEFCE are detailed in note 2.

24 AMOUNTS DISBURSED AS AGENT

LEARNER SUPPORT FUNDS

	2015 £000's	2014 £000's
Funding body grants - Hardship Support	1,822	2,152
Funding body grants - Childcare	614	565
	<u>2,436</u>	<u>2,717</u>
Included in Income and Expenditure account		(67)
Disbursed to students	(2,314)	(2,333)
Administration costs	(122)	(140)
Balance overspent at 31 July	<u> </u>	<u>177</u>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure account. The income and expenditure consolidated in the College's financial statements relates to the purchase of some equipment from the access fund and the payment of accommodation by the College on the students' behalf.

25 POST BALANCE SHEET EVENT

On 16 July 2015, the College announced its intention to explore the potential of further collaboration with Westminster Kingsway College, which both colleges consider to be an exciting proposition. Further consultation documents were produced in early October, with responses invited by 6 November. The colleges' respective corporations are expected