Ruskin College
Oxford

Annual Report and Financial Statements

for the year ended 31 July 2019

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

Charity Registration Number
309701

Key Management Personnel are defined as members of the College Senior Management Team and are represented in 2018-19 by:

Paul Di Felice (Principal)
Ashok Patel (Interim Finance Director)
Mark Griggs (Finance Manager)
Vinisha Patel (Student Services Manager)
Rena Rani (Assistant Principal)
Nicola Oshea (Commercial and Marketing Manager)

Advisers

Financial statement auditors and reporting accountants	RSM UK Audit LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1BP
Internal auditors	No appointment for 18-19
Bankers	The Co-operative Bank Legacy Portfolio Management 5th Floor, 1 Balloon Street Manchester M60 4EP co-operativebank.co.uk
Solicitors	Penningtons Manches LLP 9400 Garsington Road Oxford Business Park Oxford OX4 2HN Eversheds Sutherland LLP One Wood Street London EC2V 7WS Irwin Mitchell LLP Imperial House 31 Temple Street Birmingham B2 5BD

Auditors

The performance of RSM UK Audit LLP as financial statements auditors was considered at the meeting of the Audit Committee on 8th November 2019.

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Foreword – A note from the Principal, Paul Di Felice

The College is currently OFSTED rated "good" and has been in this successful position for many years. This is obviously a very good position to be in and is a key strength, and has been critical in supporting the College through a difficult funding and financial environment and the last 12 months have been significantly difficult operating conditions for the College. Due to the significant issues resulting from a funding methodology clarification initiated by the ESFA, the retrospective funding adjustment results in a significant deteriorating financial position, including the overall solvency position.

The College has been in formal ESFA and FEC intervention for a number of years and whilst some improvement to the financial and solvency positions was achieved up to 2018/19, a difficult ESFA funding audit and failure to recruit and deliver sufficient learner numbers has resulted in new Strategic and Prospects Appraisal (SPA) which took place during the autumn term 2020 and concluded that a merger would be the best potential outcome for the College. As a result, the governing executive has agreed to start discussions with Activate Learning with a view to merge.

The College is now working closely with Activate Learning to secure a successful merger by August 2021.

Nature, objectives and strategies

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

Legal status

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

Mission

The College's mission, as approved by its Governing Executive is:
To provide educational opportunities to adults who are excluded and disadvantaged, and to transform the individuals concerned along with the communities, groups and societies from which they come.

Public Benefit Statement

Ruskin College is a registered charity and is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The members of the Governing Executive, who are trustees of the charity, are disclosed on page 19.

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

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

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

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

Ruskin College Strategic Objectives

A previous strategic plan was agreed by the Governing Executive in November 2016. Having due regard for the current circumstances, where the College financial and solvency positions has deteriorated significantly, the key strategic objectives are:

- To complete the delivery to current cohort of learners
- To maximise outcomes for learners
- To deliver a successful merger, to secure the position for future years

Context of 2018/19

In 2018/19 the College has remained in financial intervention from both the ESFA and the FEC. As noted, progress had been made, although the funding clawback and then restructure of the College staffing resources set a series of profound challenges for the College and its leadership team. The College's financial position has deteriorated to "inadequate" in July 2019. The Senior Leadership Team could not deliver significant organisational change that was required in terms of cost reductions in 2018/19, the on-going union disputes, the delay in the ESFA funding audit conclusion and the Covid-19 situations all contributed to the delay in responding to the response required. The College deficit stood at £1.86m, mainly as a result of a reduction in HE recruitment and ESFA funding clawback. The intention is to complete a merger by August 2021, which could better secure future objectives.

Financial objectives

The College's financial objectives was:

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

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

Financial performance indicators

These financial performance indicators were agreed during the year.

	Outturn 17-18 restated	Target 18-19	Actual 18-19
Deficit generated (after exceptional items)	(£1,945k)	Break-even	(£2,068k)
Covenant ratio	(6.9)	3.85	(7.8)
Current ratio	0.10	1.0	0.10
Debt/Income ratio	73%	49%	74%
Cash days in hand	47	40	51
Staff costs (excluding exceptional items) as % of turnover (excludes bursary income)	68%	54%	71%
Financial Health	Inadequate	Good	Inadequate

The figures for both 2018-19 and restated 17-18 year includes funding clawback amounts of £1.5m and £1.9m respectively and comprises of both 'core' funding and bursary grants.
The College recognises the importance of sector measures and indicators and these are monitored by the College's Finance Committee on a termly basis and through the ESFA. The College uses the FE Hub data available on the GOV.UK website which looks at measures such as achievement rates. The College is required to complete the annual Finance Record for the ESFA. The College had an "Inadequate" financial health grade in 2016/17, and the restated position for 2017/18 and the current position for 2018/19 also give an "Inadequate" financial health grade.

Financial position

The College achieved an operating deficit of £1,857k (2018: £1,633k deficit restated). This is after allowing for restructuring costs of £110k (2018: £46k). The College had successfully recovered from some significant solvency and financial problems during 2017-18 and was expecting to consolidate that recovery during the current financial year. Due to a number of factors, the College was unable to keep the momentum built in the previous year through to the current year. The key issues being; a significant fall in learner numbers in HE, a small fall in ESFA funded learners, a significant clawback of ESFA funding due to a change in methodology agreed and significant additional costs associated to a number of disputes and appeals associated to staff restructuring. These critical issues have significantly and adversely impacted on the overall financial and solvency position of the College and the outlook is challenging. The operating deficit achieved was after adjusting for the over-provision of pension liabilities associated to both USS and OSPS pensions, exceptional donations received and a full provision for the ESFA funding clawback. If these adjustments had not been made, the College would have delivered an operating deficit of £557k. The following table provides an explanation:

	2019 £	2018 £
Operating (deficit)/surplus	**-£1,857,497**	**-£1,632,788**
Exceptional Adjustment - Pension funds	-£43,327	-£236,867
Funding clawback – core & bursary	£1,510,888	£1,854,644
Exceptional Item – Donations	-£167,133	-£75,699
Operating deficit before pension and exceptional items	**-£557,069**	**-£90,710**

The funding clawback was initiated following an audit of claims during the financial year and a further review of bursary funding for the College. The collective clawback for the year was calculated to be £1,510,888 and as a result a retrospective adjustment to funding for the previous two financial years was calculated to be £1.98million and £1.85million for the respective years 2016/17 and 2017/18. The College is not in a position to challenge this because of the lack of resources available and expertise in determining the funding policy change adopted for a residential College.

Furthermore, as a result of the funding clawback and restatement of the financial positions for the two previous years, the College is in technical breach of the bank covenants and has therefore reclassified both the bank loans and the funding clawbacks as creditors due within one year. These elements have an accumulated creditor value of £7.7million. The College has made a prior year adjustment to correct these errors.

The College reviewed its financial strategy during 2017/18 and further in 2018/19, but it is evident that no credible financial recovery of the College is possible without a merger. Following a Strategic Prospects Appraisal (SPA) led by the Further Education Council (FEC), it has recommended a merger which could better secure the future of the College. The College is currently in discussion with Activate Learning with a view to merger with an effective date of 1st August 2021. The challenge will be to deliver a sustainable financial model around meeting those debt levels and work cannot be completed on this until both creditors determine how their respective debts are to be settled. In the absence of clarity on this matter, the College will continue to target to deliver an operating break-even position for 2021/22, but will find it impossible to deliver this in 2020/21, where a deficit is the likely outcome.

The College has significant reliance on the education sector funding bodies for its principle' funding source, largely through recurrent grants. In 2018/19 the ESFA provided 37% of the College's total income.
The College is further challenged by the Covid-19 issues in ensuring that student and staff safety is paramount during this period. The costs associated to maintaining high standards in this regard are escalating, especially in terms of facilities management, on-line teaching and providing cover teaching during absences etc. The College is also not able to secure additional income from short courses and other estates hire e.g. summer school activity. The College has however been able to work with the NHS to provide accommodation for 'key' workers supporting the Covid pandemic.

Taxation

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

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College has separate treasury management procedures in place in its Financial Regulations. Short-term borrowing for temporary revenue purposes is authorised by the Principal after consultation with the Finance Director. Such arrangements are restricted by limits in the Financial Memorandum with the ESFA. All other borrowing requires the authorisation of the Governing Executive and will comply with the requirements of the Financial Memorandum of the ESFA.

Liquidity

The current ratio gives an indication of a college's ability to meet its short-term debt (within one year) using cash and money owed to the College. The current ratio after reclassifying the bank loan and clawback payments due to the ESFA, results in a ratio of 0.1 (before reclassification of fixed assets) which means that the College does not have the liquidity to meet its short-term obligations, without the support of its main funder, the ESFA and the bank. The College recognises that this level of working capital is difficult to operate with and is seeking to obtain assurances from the ESFA and bank in order to maintain College provision. The College had to deal with a significant cost burden associated with reputational and other damaging issues as well as a loss of HE learners, together with a significant funding clawback associated to the financial years 2016/17 to 2018/19. The College recognises the need for further urgent improvement to ensure it avoids liquidity problems in the future.

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

Cash flow is being monitored carefully on a daily basis and given support, planned financial outturn positions over the next few months to ensure that liquidity levels remain sufficient to meet the merger conditions.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2018 to 31 July 2019, the College met this target, based on approved transactions.

College Curriculum, Quality and Performance

Performance and Outcomes

During 2018/19 the College maintained its already outstanding achievement rate by attaining 99% overall achievement for the ESFA curriculum. This is a significant achievement as the College sought to stabilise itself after a year of whole organisational change and embedding new processes and teams. In 2018/19 the College successfully delivered its Adult Education budget.
In 2018/19 the growth of the Access to HE Diploma programme continued with student numbers stabilising at 36 as compared to 15 in the starting point year of 2015/16, student retention stood at 100% and achievement at 94% which is significantly above benchmark for the sector. In the priority areas of maths and English achievement remains more than 90%.

For the first time the College undertook a subcontracted relationship with Abingdon and Witney College. This worked extremely well and accessed up to £80k in funding.

Quality and Curriculum

The College continues to build upon its OFSTED Short Inspection grade of 'Good' and the College remains 'exemplary for widening participation'. The ESFA learner survey placed the College in the top six in the country at 91% satisfaction. In terms of curriculum development, a whole College review of further education was completed and produced a revitalised offer including apprenticeships, health and social care, wellbeing, counselling and personal development. In terms of higher education there has been a complete assessment of the areas of improvement in terms of quality and these will be addressed in 2019/20. There were a number of areas of improvement that have been addressed through new quality and leadership roles.

Future Curriculum Developments

For 2019/20 the College will focus upon the development of the following programmes:

- Apprenticeships: finalise the development and production of a trade union officer qualification. The delivery of internal apprenticeships to upskill current staff and support workforce development. This area of work will need to be resourced.
- The development of a Level 4 training qualification for trade union officials.
- A further review of higher education to consider the development of a new portfolio of programmes for 2020/21

- The development of a whole College learning, teaching and assessment strategy for 2020-23.

Student numbers

The College enrolled 4,417 ESFA-funded students during the year and 185 students funded by HE tuition fees and other sources. The number of students enrolled on long courses was 215. A student cohort analysis table is shown on page 14.

Student achievements

Student achievement is measured by the percentages of those achieving the qualification of those who enrolled on it. As noted the overall achievement rate for the ESFA funded programmes stands at 99%. The individual student achievement is illustrated by the list of student prizes below that recognise outstanding academic attainment, personal commitment, distanced travelled and scholarship.

Student prizes for 2018/19	
Carole Fraser Prize-awarded to a Social Work student for the best piece of work in the subject.	No award this year
Henry Smith Prize-to be awarded on the basis of: a) An appraisal of the quality of the applicant's work in economics, and b) An essay on some aspect of economic development or international economics	No award this year
John and Vi Hughes Prize-awarded to the student for the best essay in a) English Studies: Creative Writing and Critical Practice b) Economics	Ross Caris Pratt BA Hons Social and Political Studies
Lyn Allen Prize-Law: a) Distance travelled b) Outstanding achievement.	Vanessa Wilson Certificate in Higher Education In Law
Margaret Marsh Memorial Prize-awarded to: a) A woman student and b) A student from overseas who has contributed most to College life.	Joe Brown BA Hons in Community Development and Youth Work
Bill Sargent Book Award – awarded to: Essay prize	No award this year

Business Development

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

Resources

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

Financial – the College has net assets of £4.8million. This includes tangible fixed assets of £12.9million, provision for bad debts of £167k and pension liabilities of £397k.

People – the College employs 56 people (expressed as full-time equivalents) of whom 33 are teaching staff.

Reputation – the College has suffered reputational damage in 2018/19 due to a long running dispute with University Colleges Union. This has affected recruitment onto HE programmes, although FE recruitment continues to improve.

Principle Strategic Risks Addressed by the College

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

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

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

Risk management process

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

Key Risk in relation to Government funding

The College continues to receive student funding through the ESFA. In 2018/19 the College received £1,104,436 from the ESFA. It is likely that the level of public funding for adult education will continue to be challenging and whilst the College will not be part of the initial phase of local commissioning and will retain direct funding, the College continues to review income positions and explore new opportunities. The risk is mitigated in a number of ways:

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

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

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

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

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

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

Stakeholder relationships

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

- students
- staff
- ESFA & OFS
- TUC, GFTU and affiliate trade unions
- HEIs including Exeter College, Newman University, Oxford Brookes University, and the Open University
- employers
- Local Authorities
- Government offices
- Local communities

- FE Colleges including Activate Learning, Warwickshire Colleges Group, Abingdon and Witney College, the Specialist Designated Institutions including the residential colleges.
- Professional bodies
- Voluntary and public-sector partners
- Suppliers

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

Trade Union Facility Time

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

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

Percentage of time	Number of employees
0%	0%
1-50%	0%
51-99%	0%
100%	0%

Total cost of facility time	Nil
Total pay bill	Nil
Percentage of total bill spent on facility time	Nil
Time spent on paid trade union activities as a percentage of total paid facility time	Nil

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

Equality and Diversity

Ruskin College has a tradition of offering high quality education to mature students, many of whom have experienced social or economic disadvantages. The College is committed to the maintenance and extension of equality of opportunity and to treating all staff and students with respect and dignity. In terms of ethnicity and disability there is a high level of inclusion with 22% of students from an ethnic minority background and 19% of students declaring a disability or learning difficulty. The achievement rates for the College are above sector benchmarks. A student cohort analysis for 2018/19 shows the following data on age, gender, ethnicity and disability compared with 2016-18.

Student Cohort Overview 2016-19 by Age, Gender, Ethnicity and Disability

	Academic Year	Enrolled	Average Age	Male %	Female %	Ethnic Minority %	Disability/ Learning Difficulty %
CertHE	2016/17	46	31	55	45	32	52
	2017/18	16	29	56	44	25	19
	2018/19	7	25	14	86	43	14
Pre-Access, Preparing for Further Study	2016/17	45	39	42	58	31	37
	2017/18	26	36	12	88	58	62
	2018/19	11	30	18	82	45	27
Access to HE Diplomas	2016/17	41	32	15	85	24	23
	2017/18	41	31	27	73	29	46
	2018/19	42	28	38	62	43	38
Short Courses (inc CSC Maths & English)	2016/17	356	42	50	50	38	46
	2017/18	314	42	33	67	38	37
	2018/19	303	43	40	60	32	36
Union Short Courses	2016/17	2706	45	78	22	21	16
	2017/18	2951	46	76	24	18	16
	2018/19	3625	46	76	24	16	17
Sub- Contract	2016/17	n/a	n/a	n/a	n/a	n/a	n/a
	2017/18	n/a	n/a	n/a	n/a	n/a	n/a
	2018/19	n/a	n/a	n/a	n/a	n/a	n/a
Maths (inc CSC)	2016/17	87	37	34	66	48	46
	2017/18	55	33	22	78	44	36
	2018/19	33	35	33	67	45	42
English (inc CSC)	2016/17	204	38	27	73	73	29
	2017/18	100	36	23	77	67	17
	2018/19	42	35	24	76	54	21
Total ESFA Funded Learners (excluding sub-contract)	2016/17	3369	44	69	31	22	42
	2017/18	3186	46	72	28	21	18
	2018/19	4051	46	72	28	18	19
HE Student	2016/17	208	35	35	65	26	46
	2017/18	214	35	41	59	33	31
	2018/19	161	34	31	67	31	35
Total Long Course Student (FE&HE)	2016/17	249	37	34	66	25	44
	2017/18	255	34	35	65	34	34
	2018/19	265	34	26	74	37	33

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

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

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

Safeguarding and Prevent Duty

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

Health and Safety

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

Disability statement

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

As part of its Capital Project the College implemented a range of improvements aimed at students with mobility disabilities. The College has appointed a Disability Administrator, who provides information, advice and arranges support where necessary for students with disabilities.

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

Disclosure of information to auditors

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

By order of the Governing Executive on 1 April 2021 and signed on its behalf by:

Doug Nicholls (Chair of the Governing Executive)

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
ii. in full accordance with the guidance to colleges from the Association of Colleges in The English Colleges' Foundation Code of Governance ("the Foundation Code"); and
iii. having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector

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

In the opinion of the Governing Executive, the College complies with all the provisions of the Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2019.

The Governing Executive recognises that, as a body entrusted with both public and private funds, it has a duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the code of good governance for English College's issued by the Association of Colleges in March 2015, which it formally adopted in March 2018.

The Governing Executive

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

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

The Board is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters, personnel related matters such as health and safety and environmental issues. The Governing Executive meets at least four times a year. Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad hoc basis.

Statement of Corporate Governance and Internal Control

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

Minutes of all meetings, except those deemed to be confidential by the Governing Executive, are available on the College website or from the Clerk to the Governors at:
Ruskin College
Dunstan Road
Old Headington
Oxford OX3 9BZ

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

All Governors can take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Board, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Governing Executive as a whole. Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad hoc basis.

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

Appointments to the Governing Executive

Any new appointments to the Board are a matter for the consideration of the full Governing Executive and are made on the basis of recommendations by the Search Committee, which is responsible for the selection and nomination of any new ordinary member. The Governing Executive is responsible for ensuring that appropriate training is provided as required. Any new appointments to the Governing Executive are appointed for a term of office ordinarily lasting three years (1 year for staff and students). John Kirk acted as Interim Clerk for the period to 22 November 2020 and Lana Jackman was appointed on 21 November 2020 and currently acts as the Clerk to the

Statement of Corporate Governance and Internal Control

Governing Executive. The members who served on the Governing Executive during the period were as follows:

Appointments to the Governing Executive

Name	Term of Office	Status of Appointment	Other Committees served
Peter Pendle	From 10.3.19 to 15.9.20	Ordinary member	Audit
Neil Crew	Up to 10.5.19	Ordinary member	Finance
Alison Stoecker	From 5.7.19	Ordinary member	Quality
Paul Di Felice	Up to 10.5.19	Principal	Finance; Search & Remuneration
Peter Dwyer	Up to 10.5.19	Staff	Audit
Kevin Flanagan	3 Years	Ordinary member	Audit, Search & Remuneration
Ed Hart	Up to 8.3.19	Staff	Audit (until Autumn 17)
Anne Hock	Up to 10.5.19	Ordinary member	Chair of Finance
Theresa Hoenig	From Oct 2017 to 3.7.20	Ordinary member	Quality
Paul Inman	To 5.5.20	Ordinary member	Search & Remuneration, Finance
Ijeoma Omombala	From 5.7.19	Ordinary member	
Doug Nicholls	3 Years	Ordinary member	Chair from 29. 6. 18
Mike Parker	Up to 12.7.19	Ordinary member	Search & Remuneration, Audit
Pearl Ryall	Up to 10.3.19	Ordinary member	Quality
Oshor Williams	From 5.7.19	Ordinary member	Quality
Lindsay Cane	From 5.7.19	Ordinary member	
Sally Mercer	From 5.7.19 to 5.7.20	Staff	
Dave Procter	From 30.11.20	Staff	
Jim Mowatt	From 22.11.19	Ordinary member	
Vincent Douglas Brown	From 17.2.21	Ordinary member	

Audit Committee

The Audit Committee comprises up to seven members (excluding the Principal) and is quorate at 3. The Committee operates in accordance with written terms of reference approved by the Governing Executive.

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

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

Finance Committee

The Finance Committee operates in accordance with written terms of reference approved by the Governing Executive.
The Finance Committee meets four times a year and takes a strategic overview of the finance of the College, including the oversight of financial forecasts and budgets, the College's investment policy, cash management and borrowing policies, banking arrangements and insurance arrangements.

Search and Remuneration Committee

The Search and Remuneration Committee comprises up to six members, including the Chair and Principal and is quorate at 3. The Committee operates in accordance with written terms of reference.
The Search Committee meets at least once a year and as required. It advises the Council and Governing Executive on the appointment and reappointment of ordinary members of the Governing Executive, considers the results of skills audits and monitors the composition of the Governing Executive to ensure that it is fully representative of the College's students and constituencies.

Corporation performance

Over the 2018/19 academic year, the Governing Executive has put in a phenomenal amount of time and effort on behalf of the College, all of which has been aimed at securing its future success. The board supported the FEC process and supported the final outcome in September 2018 to remain independent and support a strategic direction which would secure the College's future. There was also critical support during the various disputes with staff and unions. However, the Colleges deteriorating financial and solvency positions could not be recovered sufficiently to remain independent, and a decision was taken in 2021 to seek a merger. Discussions are underway for a merger to be achieved by August 2021.

Internal control

Scope of responsibility

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

Statement of Corporate Governance and Internal Control

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Ruskin College for the year ended 31 July 2019 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Governing Executive
- regular reviews by the Governing Executive of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

The College had no internal audit service during the financial year due to not being able to meet the cost, but has had significant review and scrutiny from other bodies e.g. the FEC and ESFA has operated during the year. An Internal Audit function has been appointed for the 2019/20 financial year, but was unable to begin work due the issues faced in other areas which created management time constraints. The work, outcomes and recommendations have been shared with the Governing Executive and so too have actions plans and progress arising thereon. The analysis of risks, via the risk register has also been shared and endorsed by the Governing Executive on the recommendation of the Interim Finance Director and Principal. The executive management team has shared at regular intervals the very latest assessment of risk.

Review of effectiveness

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

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

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

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

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

In other aspects, it has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

Going concern

The Directors have prepared the financial statements on a non-going concern basis as the College has inadequate resources to continue in operational existence for the foreseeable future, defined as a period of at least 12 months from the date of signing these financial statements. This has primarily arisen due to clawback liabilities arising in the sum of £5.35m, which will have to be repaid to the ESFA, and the ongoing impact of this reduced income on forecasted operating deficits.

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

The College is currently working towards a merger with Activate Learning. The Directors expect to transfer the College's trade, assets and liabilities to the other party on merger. This includes the ongoing pension provisions in relation to the Universities Superannuation Scheme and University of Oxford Pension Scheme. The College is in continuing discussions with the pension scheme providers and Activate Learning and believe that the pension schemes will be transferred over on the merger rather than be treated as an exit event.

The College has prepared budgets and cashflow forecasts up to the forecast date of a merger and these show that the College may have insufficient cash to meet its liabilities in the period prior to any merger. The College is in continuing discussions with the ESFA on its financial position and believes that a solution to the cash shortfall prior to the merger will be found.

The Directors have concluded that they do not believe that further adjustments to the carrying values of the assets and liabilities are required as a result of the non-going concern basis of accounting.

Approved by the members of the Governing Executive on 1 April 2021 and signed on its behalf by:

Signed

Date 1. 4. 21

Doug Nicholls, Chair

Signed

Date 01.04.2021

Paul Di Felice, Accounting Officer

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

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

We confirm on behalf of the Governing Executive that after due enquiry and the outcome of the ESFA funding audit and review, we have identified material irregular and improper use of funds by the College and some material non-compliance with the terms and conditions of funding under the College's grant funding agreements and contracts with the ESFA. The College had consistently applied the same methodology over many years, so was unaware of the need to align to a different funding drawdown scenario.

We confirm that instances of material irregularity, impropriety or funding non-compliance have been discovered due to the ESFA funding audit. Once we were made aware, the College fully co-operated with the Education and Skills Funding Agency.

Approved by the members of the Governing Executive on 1 April 2021 and signed on its behalf by:

Signed

Date 1 April 2021

Doug Nicholls, Chair

Signed

Date 1 April 2021

Paul Di Felice, Accounting Officer

Statement of responsibilities of the members of the Corporation for the year ended 31 July 2019

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

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

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

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

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

The Governing Executive is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy, at any time, the financial position of the College, and enable them to ensure that the financial statements are prepared in accordance with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, Companies Act 2006 and other relevant accounting standards. They are responsible for taking steps to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Governing Executive of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Governing Executive are responsible for ensuring that funds from the Education and Skills Funding Agency are used only in accordance with the authorities that govern them as defined by and in accordance with Further & Higher Education Act 1992, subsequent legislation and related regulations and the Financial Memorandum with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time.

Statement of responsibilities of the members of the Corporation for the year ended 31 July 2019

Approved by order of the members of the Corporation on 1 April 2021 and signed on its behalf by:

Doug Nicholls, Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUSKIN COLLEGE

Opinion

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

In our opinion, the financial statements:

· give a true and fair view of the state of the College's affairs as at 31 July 2019 and of the College's deficit of income over expenditure for the year then ended;

· have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

· have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

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

Emphasis of matter: Non going concern basis of accounting

We draw attention to note 1 of the financial statements which describes the preparation of the financial statements on a non-going concern basis. As described in note 1, due to insufficient resources, the directors have concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. There have been no adjustments made to the financial statements as a result of the application of the non-going concern basis of accounting. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

· the information given in the Directors' Report and Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

· the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Post-16 Audit Code of Practice 2018 to 2019 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

· adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

· the financial statements are not in agreement with the accounting records and returns; or

· certain disclosures of directors' remuneration specified by law are not made; or

· we have not received all the information and explanations we require for our audit.

Responsibilities of the Governors

As explained more fully in the Statement of the Responsibilities of the Members of the Corporation set out on page 25, the governors (who act as trustees for the charitable activities of the College, and are as the Directors of the College for the purposes of company law) are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

RSM UK Audit LLP

Sarah Mason (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP

Chartered Accountants

The Pinnacle

170 Midsummer Boulevard

Milton Keynes

Buckinghamshire

MK9 1BP

1 April 2021

Statement of Comprehensive Income For the year ended 31 July 2019

	Notes	2019 £	2018 as restated £
Income			
Funding body grants	3	1,306,716	637,055
Tuition fees and education contracts	4	1,270,489	1,604,895
Other income	5	469,048	725,595
Investment income	6	12,762	-
Donations and endowments	7	167,133	80,264
Total income		**3,226,148**	**3,047,809**
Expenditure			
Staff costs	8	2,144,800	1,921,662
Restructuring costs	8	110,000	45,645
Other operating expenses	10	2,283,001	2,175,450
Depreciation	13	441,755	446,903
Interest and other finance costs	11	104,089	107,937
Total expenditure		**5,083,645**	**4,697,597**
Deficit before other gains and losses		**(1,857,497)**	**(1,649,788)**
Gain on disposal of fixed assets		-	17,000
Gain on investments	14	-	-
Deficit before taxation		**(1,857,497)**	**(1,632,788)**
Taxation		-	-
Total comprehensive income for the year attributable to the college		**(1,857,497)**	**(1,632,788)**
Represented By:			
Restricted comprehensive Income		-	69,137
Unrestricted comprehensive income		(1,857,497)	(1,701,925)
		(1,857,497)	**(1,632,788)**

Balance Sheet as at 31 July 2019

	Notes	2019 £	2019 £	2018 as Restated £	2018 £
Fixed assets					
Intangible assets	12		7,665		15,331
Tangible assets	13		12,939,768		13,341,230
Investments	14		45,329		33,065
			12,992,762		13,389,626
Current assets					
Debtors	15	393,654		271,250	
Cash at bank and in hand		439,197		422,081	
		832,851		693,331	
Creditors: amounts falling due within one year	16	(8,677,291)		(6,794,896)	
Net current liabilities			(7,844,440)		(6,101,565)
Total assets less current liabilities			**5,148,322**		**7,288,061**
Creditors: amounts falling due after one year	17		-		(238,915)
Provisions					
Defined benefit pension scheme	19		(397,350)		(440,677)
Total net assets			4,750,972		6,608,469
Reserves					
Restricted Reserves					
Income and expenditure reserve - endowment reserve			288,997		440,222
Income and expenditure reserve - restricted reserve			157,537		8,350
Unrestricted Reserves					
Income and expenditure reserve			2,718,130		4,570,779
Revaluation reserve			1,586,308		1,589,118
Total reserves attributable to the college			4,750,972		6,608,469

The financial statements on pages 30 to 50 were approved and authorised for issue by the Governing Executive on 1 April 2021 and were signed on its behalf on that date by:

Doug Nicholls
Chair

Paul Di-Felice
Accounting Officer

Statement of changes in reserves

	Income and Expenditure reserve			Revaluation Reserve Land & Buildings	Total
	Expendable Endowment	Restricted	Unrestricted		
	£	£	£		£
Balance at 1 August 2017 - As restated	**375,983**	**3,450**	**6,269,896**	**1,591,928**	**8,241,257**
Income	65,699	5,000	2,994,110		3,064,809
Expenditure	(1,460)	(100)	(4,696,037)		(4,697,597)
Deficit for the year	64,239	4,900	(1,701,927)	-	(1,632,788)
Release of restricted funds spent in year					
Transfers between funds					
Depreciation on revalued assets			2,810	(2,810)	
Total comprehensive income for the year	**64,239**	**4,900**	**(1,699,117)**	**(2,810)**	**(1,632,788)**
Balance at 31 July 2018 - As restated	**440,222**	**8,350**	**4,570,779**	**1,589,118**	**6,608,469**
Income			3,226,148		3,226,148
Expenditure	(2,038)		(5,081,607)		(5,083,645)
Deficit for the year	(2,038)	-	(1,855,459)	-	(1,857,497)
Transfer between funds			-		
Depreciation on revalued assets			2,810	(2,810)	
Transfer of permanent endownments	(149,187)	149,187			
Release of restricted funds spent in year	-				-
Release of restricted funds spent in year					
Total comprehensive income for the year	**(151,225)**	**149,187**	**(1,852,649)**	**(2,810)**	**(1,857,497)**
Balance at 31 July 2019	**288,997**	**157,537**	**2,718,130**	**1,586,308**	**4,750,972**

Statement of Cash Flows for the year-ended 31 July 2019

	Notes	2019 £	2018 £
Net cash from operating activities	21	**204,784**	**510,263**
Investing activities	22	(39,795)	(5,992)
Financing activities	23	(147,873)	(157,637)
Increase in cash and cash equivalents for the year		**17,116**	**346,634**
Cash and cash equivalents at the beginning of the year		422,081	75,447
Cash and cash equivalents at the end of the year		439,197	422,081

1 Accounting policies

General information

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

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

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 ("the 2015 FE HE SORP"), the College Accounts Direction for 2018 to 2019, and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"). The College is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102. The financial statements are prepared in accordance with the historical cost convention, modified to include the revaluation of freehold properties and to include certain financial instruments at fair value.

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

Non-Going concern

The Directors have prepared the financial statements on a non-going concern basis as the College has inadequate resources to continue in operational existence for the foreseeable future, defined as a period of at least 12 months from the date of signing these financial statements. This has primarily arisen due to clawback liabilities arising in the sum of £5.35m, which will have to be repaid to the ESFA, and the ongoing impact of this reduced income on forecasted operating deficits.

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

The College is currently working towards a merger with Activate Learning. The Directors expect to transfer the College's trade, assets and liabilities to the other party on merger. This includes the ongoing pension provisions in relation to the Universities Superannuation Scheme and University of Oxford Pension Scheme. The College is in continuing discussions with the pension scheme providers and Activate Learning and believe that the pension schemes will be transferred over on the merger rather than be treated as an exit event.

The College has prepared budgets and cashflow forecasts up to the forecast date of a merger and these show that the College may have insufficient cash to meet its liabilities in the period prior to any merger. The College is in continuing discussions with the ESFA on its financial position and believes that a solution to the cash shortfall prior to the merger will be found.

The Directors have concluded that they do not believe that further adjustments to the carrying values of the assets and liabilities are required as a result of the non-going concern basis of accounting.

1 Accounting policies (continued)

Income recognition

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

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

Investment income is credited to the Statement of Comprehensive Income on a receivable basis.

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

Grant funding

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

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

Donations and endowments

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

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

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

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

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

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

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

Capital grants
Government capital grants are recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Accounting for retirement benefits

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

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

A liability is recorded within provisions for any contractual commitment to fund past deficits within both schemes. As the accounts are prepared on a non-going concern basis, the full liability for pensions is disclosed at valuation of the actuaries under creditors.

Defined Contribution Plan
Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

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

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

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

Assets are depreciated over the shorter of the lease term and the estimated useful economic life of the asset and assessed for impairment losses in the same way as for owned assets.

Operating leases

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

Fixed assets

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

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

Land and buildings

Freehold land was not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful lives of between 30 and 50 years. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

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

Equipment

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

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

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

Borrowing costs

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

Intangible assets

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

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

Software	25% per annum on a straight line basis

Investments

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

Financial instruments

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

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

Cash and cash equivalents

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Provisions and contingent liabilities

Provisions are recognised in the financial statements when:

(a) the College has a present obligation (legal or constructive) as a result of a past event;

(b) it is probable that an outflow of economic benefits will be required to settle the obligation; and

(c) a reliable estimate can be made of the amount of the obligation.

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

Taxation

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

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

Reserves

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

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

Agency arrangements

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

2 Critical accounting judgements and estimation uncertainty

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

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

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

Non going concern
No adjustments are required when preparing on a non going concern basis due to the assumption that all assets and liabilities will transfer at NBV as part of the merger.

Critical accounting estimates and assumptions
Tangible fixed assets

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

Pension Scheme provisions

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

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

2(a) Prior Period Adjustment

Due to a funding claim error, the College overstated it's income for the 16/17 and 17/18 financial years. In correcting this error the conparative figures have been been restated and the cumulative overclaimed funding is shown as a creditor due back to the ESFA.

Furthermore, as a result of this funding clawback adjustment the College would have been in an operating deficit position and was technically in breach of the bank loan covenant, therefore the bank loan effectively became repayable on demand and should have been shown as due within one year. The comparatives have been restated to reflect this.

The effect of these errors is as follows:

	For the year ened 31 July 2018			
	As previously reported	Adjustment - Funding Clawback	Adjustment - Reclassificati on of Bank Loan	As restated
	£	£	£	£
STATEMENT OF COMPREHENSIVE INCOME				
Funding body grants	2,491,699	-1,854,643	-	637,056
Surplus/(Deficit) before tax	221,856	-1,854,643	-	-1,632,787
BALANCE SHEET				
Bank Loan - short term	-56,485	-	-2,280,538	-2,337,023
Amounts owed to the ESFA	-	-3,838,069	-	-3,838,069
Net current assets / (liabilities)	17,043	-3,838,069	-2,280,538	-6,101,564
Bank Loan - long term	-2,280,538	-	2,280,538	-
Total Net Assets	10,446,539	-3,838,069	-	6,608,470
b/f Income and expenditure reserve	8,253,322	-1,983,426	-	6,269,896

3 Funding body grants

	2019 £	2018 As restated £
Recurrent grant - ESFA Adult	1,104,436	546,784
Student Support Funds - ESFA	66,451	(41,147)
HEFCE Provision	58,572	54,161
Release of deferred capital grants	77,257	77,257
	1,306,716	637,055

4 Tuition fees and education contracts

	2019 £	2018 £
Full-time home and EU students	1,189,649	1,508,803
Other contracts	80,840	96,092
	1,270,489	1,604,895

5 Other income

	2019 £	2018 £
Residences, catering and conferences	381,659	660,722
Other income	87,389	64,873
	469,048	725,595

6 Investment income

	2019 £	2018 £
Investment income	12,264	-
Bank interest receivable	498	-
	12,762	-

7 Donations and endowments

	2019 £	2018 £
Unrestricted donations	167,133	4,565
Restricted donations		75,699
	167,133	80,264

8 Staff costs

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

	2019 Number of employees	2018 Number of employees
Teaching Staff	33	27
Non teaching Staff	23	28
	56	55

	2019 £	2018 £
Staff costs for the above persons:		
Wages & salaries	1,265,785	1,402,510
Social security costs	172,668	175,449
Other pension costs	223,530	(26,673)
Restructuring costs - non contractual	110,000	45,645
Payroll sub total	**1,771,983**	**1,596,931**
Contracted out staffing services	482,817	370,376
Total Staff Costs	**2,254,800**	**1,967,307**

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

9 Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Senior Management Team as shown on page 2.

	2019 Number	2018 Number
The number of KMP including the principal was	5	4

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

	2019		2018	
	Number KMP	Number Other staff	Number KPM	Number Other staff
£35,001 - £40,000	1	n/a	-	n/a
£40,001 - £45,000	2	n/a	1	n/a
£45,001 - £50,000	-	n/a	2	n/a
£50,001 - £55,000	1	n/a	-	n/a
£85,001 - £90,000	1	-	1	-

9 Key management personnel compensation (continued)

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

	2019 £	2018 £
Salaries	221,436	180,220
National Insurance contributions	25,677	21,544
	247,113	201,764
Pension contributions	32,064	24,709
Total emoluments	279,177	226,473

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

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

Compensation payable from 1 August 2018 until 31 July 2019

	2019 £	2018 £
Salary	87,893	87,893
National Insurance contributions	10,957	10,991
	98,850	98,884
Pension contributions	16,260	15,821
Total	**115,110**	**114,705**

The Principal's salary and remuneration is set by the Search and Remuneration Committee of the College after considering the size of the College, its key strategic direction and market rates for this kind of post.

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple	2019	2018
Principal and CEO's basic remuneration as a multiple of the median of all staff	**2.64**	**2.69**
Principal and CEO's total remuneration as a multiple of the median of all staff	**2.58**	**2.76**

Governor Remuneration

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

During the year 2 (2018:0) governors with total expenses of £378 (2018: £nil) were paid to or on their behalf in respect of travel and subsistence and other out of pocket expenses incurred in the course of their duties.

10 Analysis of total expenditure by activity

	2019 £	2018 £
Teaching costs	967,776	711,815
Non teaching costs	818,492	1,055,758
Premises costs	496,734	407,877
	2,283,001	2,175,450

Deficit before taxation is stated after charging:

	2019 £	2018 £
Financial statements audit	33,423	24,000
Operating lease rentals	41,044	33,115
Gain on disposal of fixed assets	-	17,000
Depreciation	441,755	446,903
Amortisation	7,666	7,668

11 Interest and other finance costs

	2019 £	2018 £
Loan interest	97,920	92,837
Finance lease interest	-	4,871
Net charge on pension schemes	6,169	10,229
	104,089	107,937

12 Intangible fixed assets

	Software £
Cost	
At 1 August 2018 and 31 July 2019	64,566
Amortisation	
At 1 August 2018	49,235
Charge for year	7,666
At 31 July 2019	56,901
Net book value	
At 31 July 2019	7,665
At 31 July 2018	15,331

13 Tangible fixed assets

	Freehold land and buildings £	Computer equipment £	Fixtures and fittings £	Total £
Cost				
At 1 August 2018	15,786,515	473,958	350,534	16,611,007
Additions	-	40,293	-	40,293
Disposals	-	-	-	-
	-	-	-	-
At 31 July 2019	15,786,515	514,251	350,534	16,651,300
Depreciation				
At 1 August 2018	2,611,451	452,948	205,378	3,269,777
Charge for year	373,130	20,803	47,822	441,755
At 31 July 2019	2,984,581	473,751	253,200	3,711,532
Net Book Value				
At 31 July 2019	12,801,934	40,500	97,334	12,939,768
At 31 July 2018	13,175,064	21,010	145,156	13,341,230

The net book value of tangible fixed assets includes an amount of £nil (2017/18 – £5,166) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £5,166. The College sold Stoke House in February 2021, the cost and NBV were; £1,196,738 and £621,433 respectively

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

	£
Cost	-
Aggregate depreciation based on cost	-
Net book value based on cost	-

14 Current asset Investments

	2019 £	2018 £
Balance at 1 August	33,065	33,065
Income	12,264	-
Balance at 31 July 2019	**45,329**	**33,065**
Represented by:		
Listed investments	-	-
Long term deposits	45,329	33,065
	45,329	**33,065**

15 Debtors

Due within one year	2019 £	2018 £
Trade debtors	200,351	203,858
Other debtors	108,630	60,000
Prepayments and accrued income	84,673	7,392
	393,654	271,250

16 Creditors: amounts falling due within one year

	2019 £	2018 As restated £
Bank loan	2,287,070	2,337,023
Obligations under finance leases	5,169	5,168
Trade creditors	325,330	222,386
Other creditors	38,521	30,030
Social security and other taxation	46,007	48,901
Ruskin Fellowship Funds	8,836	8,836
Amounts owed to the Education Skills Funding Agency	5,375,958	3,838,070
Deferred capital grants	238,915	77,257
Accruals and deferred income	351,485	227,225
	8,677,291	6,794,896

The amount due to ESFA (£1,537,888) is the amount agreed for the clawback of funding for 18/19 and a further £3,838,070 clawback of funding for prior years 16/17 and 17/18.

17 Creditors: amounts falling due after one year

	2019 £	2018 As restated £
Bank loan	-	238,915
Deferred capital grants	-	-
Total	-	238,915

18 Analysis of Borrowings of the College

(a) Bank loans

Bank loans are repayable as follows

	2019 £	2018 As restated £
In one year or less	2,287,070	2,337,023
	2,287,070	2,337,023

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

(b) Finance leases

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

	2019 £	2018 £
In one year or less	5,168	5,168
	5,168	5,168

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

19 Provisions

	Deficit Recovery Plan £	Total £
At 1 August 2018	440,677	440,677
Credited to the statement of comprehensive income	(49,496)	(49,496)
Unwind of discount	6,169	6,169
At 31 July 2019	397,350	397,350

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

	2019 £	2018 £
USS Pension	281,642	299,242
OSPS Pension	115,708	141,435
	397,350	440,677

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

	USS		OSPS	
	2019 £	2018 £	2019 £	2018 £
Pensionable pay growth per annum	1.00%	1.00%	1.00%	1.00%
Discount rate	1.40%	1.40%	1.40%	1.40%

Notes to the financial statements for the year ended 31 July 2019

20 Funds of the College

	01-Aug-17	Income	Expenditure	Transfer between funds	31 July 2018
	£	£	£	£	£
Restricted Reserves					
Andy Robert Hopkins Education Trust	-	138,422	-	-	138,422
Expandable Endowment	375,983	(72,723)	(1,460)	-	301,800
Restricted	3,450	5,000	(100)	-	8,350
Unrestricted Reserves					
Income & Expenditure	6,269,896	2,977,110	(4,679,037)	2,810	4,570,779
Revaluation Reserve	1,591,928	-	-	(2,810)	1,589,118
	8,241,257	**3,047,809**	**(4,680,597)**	-	**6,608,469**

	01-Aug-18	Income	Expenditure	Transfer between funds	31 July 2019
	£	£	£	£	£
Restricted Reserves					
Permanent Endowment					
Andy Robert Hopkins Education Trust	138,422	-	-	(138,422)	-
Expandable Endowment	301,800	-	(2,038)	(10,765)	288,997
Restricted	8,350	-	-	149,187	157,537
Unrestricted Reserves					
Income & Expenditure	4,570,779	3,226,148	(5,081,607)	2,810	2,718,130
Revaluation Reserve	1,589,118	-	-	(2,810)	1,586,308
	6,608,469	**3,226,148**	**(5,083,645)**	-	**4,750,972**

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

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

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

Notes to the financial statements for the year ended 31 July 2019

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

	2019 £	2018 As restated £
(Deficit)/surplus for the year	(1,857,497)	(1,632,788)
Interest and other finance costs	97,920	107,937
Investment income	(12,762)	0
Gain on disposal of fixed assets	-	(17,000)
Depreciation	441,755	446,903
Amortisation	7,666	7,668
Movement on pension provisions	(43,327)	(300,209)
	(1,366,245)	(1,387,489)
Movements in working capital		
(Increase) / Decrease in debtors	(122,404)	524,032
Increase / (Decrease) in creditors	1,693,433	1,373,720
Cash generated from/(used in) operations	**204,784**	**510,263**

22 Cash flows from investing activities

	2019 £	2018 £
Purchase of tangible assets	(40,293)	(25,992)
Investment income	498	-
Sale of tangible assets	-	20,000
	(39,795)	**(5,992)**

23 Cash flows from financing activities

	2019 £	2018 £
Interest paid	(97,920)	(92,837)
Interest element of finance lease payments	-	(4,871)
Repayment of amounts borrowed	(49,953)	(55,157)
Capital element of finance lease payments	-	(4,772)
	(147,873)	**(157,637)**

24 Financial instruments

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

	2019 £	2018 £
Financial assets		
Debt instruments measured at amortised cost		
Debtors per debtor note	271,250	795,282
Less prepayments (not a financial instrument)	-	-
Long term deposits	45,329	33,065
Debt instruments measured at amortised cost	316,579	828,347
Equity instruments measured at fair value through income and expenditure	-	-
Total	316,579	828,347
Financial liabilities		
Debt instruments measured at amortised cost	8,372,684	2,810,984
Total	**8,372,684**	**2,810,984**

25 Amounts disbursed as agent - Access Fund

	2019 £	2018 £
ESFA grants	-	-
HEFCE (Student Support Funding)	34,270	11,018
	34,270	11,018
Disbursed to students	-	-
Utilised by College	(34,270)	(11,018)
Charged to College	-	-
Balance unspent at 31 July 2019	-	-

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

26 Post Balance Sheet Events

In late August/early September 2019, the ESFA commenced a funding audit of the College which was concluded February 2021. This audit extended to a review of bursary funding methodology and the overall clawback scenario is in excess of £5.35million, of which approx. £1.5m relates to 2018-19, £1.85m to 2017-18 and £1.98m for 2016-17. The College's funding and bursary claims had followed the historical process and there was a funding clarification following the audit applicable to residential Colleges. The College has adjusted the 2018-19 outturn to reflect the clawback and restated the opening reserves as at 1 August 2018 to take account of the prior year clawback as noted in note 3.

As a result of the clawback, the College was in breach of the bank covenant at the year end both for 2018 and 2019 and has therefore reclassified the outstanding amount as all due within one year.

The other material impact on the College arises because of the Covid-19 situation, where the College has lost income and incurred additional costs in the 2019-20 financial year, therefore results for 19-20 will be adversely impacted.

The College disposed of Stoke House in February 2021 and used the proceeds to settle in full the outstanding bank loan with the Co-operative bank.

A Strategic Prospects Appraisal (SPA) was performed in 2020, led by the Further Education Council (FEC), which recommended that a merger would be in the best interest of the College, with Activate Learning recommended as the preferred partner. The executive board has agreed to proceed with a merger with Activate Learning. The due diligence process has been organised and is underway, and Ruskin College and Activate Learning working together on the merger process, with the expectation that the merger will occur by 1st August 2021.

27 Related party transactions

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

Transactions with funding bodies are detailed in notes 3 and 20

28 Operating leases

At 31 July 2019 the College had minimum lease payments under non cancellable operating leases as follows;

	2019 £	2018 £
In one year or less	19,932	19,932
Between two & five years	30,535	43,185
	50,467	63,117

29 Retirement benefits

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

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

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

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

	USS		OSPS	
	2019	2018	2019	2018
Date of valuation	31/03/2017	31/03/2017	31/03/2016	31/03/2016
Value of liabilities	£67.5bn	£67.5bn	£597m	£597m
Value of assets	£60bn	£60bn	£424m	£424m
Funding deficit	(£7.5bn)	(£7.5bn)	(£173m)	(£173m)
Funding ratio	73%	73%	-	-
Principal assumptions:				
Rate of interest (past service liabilities)	-	-	-	-
Rate of interest (future service liabilities)	-	-	-	-
Rate of interest (periods up to retirement)	-	-	1.4% p.a.	1.4% p.a.
Rate of interest (periods after retirement)	-	-	1.4% p.a.	1.4% p.a.
Rate of increase in salaries	CPI+2%	CPI+2%		
Rate of increase in pensions	CPI	CPI	1.4% p.a.	1.4% p.a.
Mortality assumptions:				
Assumed life expectancy at age 65 (males)	24.6 years	24.6 years	22.5 years	22.5 years
Assumed life expectancy at age 65 (females)	26.1 years	26.1 years	25.2 years	25.2 years

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

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

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 14 August 2017 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Ruskin College during the period 1 August 2018 to 31 July 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Basis for conclusion

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

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

Responsibilities of Governing Executive of Ruskin College for regularity

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

Reporting accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the ACoP.

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

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

Use of our report

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

RSM UK Audit LLP

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1 April 2021