



Members' Report and Financial Statements

**For the Year Ended
31 July 2023**



INTRODUCTION

Welcome to our Members' report and financial statements for the period 1 August 2022 to 31 July 2023.

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Key Management Personnel

Key management personnel are defined as members of the College Senior Leadership Team and were represented by the following in 2022/23:

Carol Thomas	Principal / CEO; Accounting Officer
Patrick Geary	Vice Principal, Curriculum Innovation, Quality and Performance
Gemma Knott	Vice Principal, Business Growth, Enterprise & Partnerships
Robert Moore	Chief Finance & Operating Officer (from 1/9/22)

Board of Governors

A full list of Governors is provided on pages 10-11 of these financial statements.

Principal and Registered Office

50 Swanswell Street, Coventry. CV1 5DG.

Professional Advisers

Financial statements auditors and reporting accountants

Beever & Struthers, One Express
1 George Leigh Street, Manchester. M4 5DL.

Internal Auditor (until 31 July 2023)

TIAA Ltd, Artillery House, Fort Fareham,
Newgate Lane, Fareham. PO14 1AH.

Internal Auditor (from 1 August 2023)

Validera, Unit 3 Crompton Court
Burntwood Business Park Zone 1, Attwood Road
Burntwood, Staffordshire. WS7 3GG.

Bankers

Barclays Bank, 6th Floor, PO Box 3333,
One Snowhill, Snow Hill, Queensway,
Birmingham. B3 2WN.

Solicitors

Freeths LLP, Cumberland Court,
80 Mount Street, Nottingham. NG1 6HH.

Solicitors (Henley sale)

Mills & Reeve LLP, 8-84 Colmore Row,
Birmingham. B3 2AB.

Contents

	Page
Members' Report	3
Statement of Corporate Governance and Internal Control	10
Governing Body's Statement on the College's Regularity, Propriety and Compliance with Funding Body Terms and Conditions of Funding	17
Statement of Responsibilities of the Members of the Corporation	18
Independent Auditor's Report to the Members of the Corporation	19
Statement of Comprehensive Income	22
Statement of Changes in Reserves	23
Balance Sheet	24
Statement of Cashflows	25
Notes to the Accounts	26
Reporting Accountant's Assurance Report on Regularity	50

MEMBERS' REPORT

NATURE, OBJECTIVES AND STRATEGIES

The Members present their report and the audited financial statements for the period ended 31 July 2023.

Legal status

The Corporation was established under the Further and Higher Education Act 1992. The Boards of the predecessor Colleges approved a merger between Henley College Coventry and City College Coventry whereby the assets, rights and liabilities of City College Coventry transferred to Henley College Coventry on 1 August 2017. The Secretary of State approved a change of name for Henley College Coventry to Coventry College on 1 August 2017. Coventry College is an exempt charity for the purposes of the Charities Act 1993 as amended by the Charities Act 2011.

Mission, Vision and Values

The College adopted a three-year Strategic Plan for the period 2021-2024 which was approved by the Corporation in July 2021. The strategy has an overarching ambition underpinned with a key set of strategic priorities and a set of core values. The College's ambition is:

To help young people and adults to aspire to change their lives and those of their families and to help businesses to improve and grow; and through that work strengthen the communities in which they work.

The values are:

- **Learner first** – high aspirations and high expectations for all learners that supports and challenges each learner to learn, develop, progress and succeed
- **Excellence** – we will strive for excellence in all our work, enabling our learners to realise their full potential in a positive, inspiring and caring environment
- **Inclusivity** – our College will be open to all learners, offering a safe environment and celebrating the diversity of our community and the success of our learners
- **Trust** – we will value our staff, learners, stakeholders and partners, promoting mutual respect and a culture of openness, personal responsibility and accountability
- **Transparency** – we will engage with all stakeholders, consulting and seeking their input and welcoming feedback to support growth and improvement

Implementation of the Strategic Plan

The Strategic Plan is underpinned by a number of strategies and KPIs under the following overarching objectives:

- deliver excellence in teaching, learning and assessment which ensures highly successful outcomes for learners
- provide a broad, inclusive and responsive curriculum offer that meets the needs of learners, employers and partners
- maximise the talent, expertise and performance of our staff supporting individual and team growth and development
- secure and maintain a position of strong financial health to ensure we can secure the financial investment required to create a high performing college
- exploit opportunities and develop partnerships for the mutual benefit of learners, employers and the community we serve

The strategies and sub-plans, incorporating detailed action plans, reflect the College's focus on improving quality, having a stable financial base, building the capacity and resilience to prosper in the more commercial environment facing Colleges, and business growth, as follows:

- Learner Engagement Strategy
- Teaching, Learning and Assessment Strategy
- Marketing Strategy
- Quality Improvement Strategy and Cycle
- Financial Forecast
- Estates Strategy
- Risk Register
- Sustainability Strategy and Action Plan
- IT Strategy

Resources

The College employs 349 FTE including 196 FTE teaching staff. During the year the College enrolled 5,431 students. The College's student population includes 2,771 16 to 18 year-old students, 250 apprentices, 18 higher education students and approximately 2,392 adult learners.

The College has £33.6m (2022: £17.6m) of net assets including £nil pension asset after £8.6m FRS 102 adjustment to reduce the pension asset (2022: £4.8m pension liability) and long-term debt of £4.5m (2022: £8.2m). Total bank and finance lease debt at the balance sheet date is £5.2m (2022: £8.9m). The College holds £5.2m (2022: £5.8m) in cash for the working capital of the organisation.

Tangible resources include the two main college sites, Henley campus and City campus. The Henley campus was closed as an operational site on 31/7/21 and declared an asset held for sale as the College has consolidated activity on the City campus from September 2021 in line with the Estates Strategy. The two main sites include specialist facilities and equipment for a very broad curriculum offer reflecting the College's position as the only general further education college in Coventry, namely: heavy vehicle and light vehicle workshops; engineering and telecommunications workshops; construction crafts and construction services workshops; dance studios; hair salons; beauty therapy salons; science laboratories; art, design, graphics and fashion workshops; music performance and music technology studios; health care workshop; digital television studio and editing facilities; and independent living facilities for students with learning difficulties and disabilities.

The College makes extensive use of IT and ILT for teaching and learning, communications and business operations and operates a model of 'minimum classroom standards' such that each classroom is equipped to a good specification. In addition, workshops are well equipped with modern and safe equipment.

Stakeholders

The College has extensive stakeholder relationships which have been successfully developed over time. The Strategic Plan includes a priority to collaborate with local and national partners and to explore strategic partnerships. Key stakeholders include:

- current and past students
- staff and their trade unions
 - the trade unions of which Coventry College staff are members are the University and College Union, National Education Union and Unison
- governors
- employers
- partner schools and academies
- the West Midlands Combined Authority and Local Enterprise Partnership
- the City and County Councils, including Children's Services and Adult education
- Coventry and Warwick universities
- the wider college community

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

Public Benefit

Coventry College is an exempt charity under part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. In setting and reviewing the College's strategic objectives the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

Coventry College contributes to the social, economic, physical and cultural well-being of the community and stakeholders that it serves, through the delivery of education, training and learning to support the development of individuals and businesses. By adhering to its values the College encourages and advocates participation through its partnerships and seeks to develop a sense of pride and ownership throughout its community.

On 29 November 2022 the Office for National Statistics (ONS) published its decision to reclassify the statutory further education sector in England into the central government sector. The government confirmed that colleges will retain their surpluses and be able to carry them over from one year to the next, but the transfer to the public sector will mean that colleges will be subject to the public sector framework for financial management as set out in the Managing Public Money document published by HM Treasury.

Development and Performance

The College has had a strong year financial year with an operating surplus of £2.3m excluding FRS 102 pension adjustment (2022: £2.4m excluding FRS 102 pension adjustment). Overall there was an increase in income of around £1.2m compared to the previous year. Staffing costs decreased by £0.3m in-year and non-pay costs increased by £0.4m.

The key balance sheet movements in the year are an increase in fixed assets, an increase in creditors falling due within one year, a decrease in creditors falling due after more than one year and a significant decrease in the pension deficit for the West Midlands Local Government Pension Scheme. Overall cash has decreased by £0.6m to end the year at £5.2m (2022: £5.8m), but this was after paying back £3.0m of the Barclays loan early. The pension deficit has decreased by £4.8m (after a £8.6m FRS 102 adjustment to reduce the pension asset to £nil) in the year (due principally to an increase in the discount rate assumption in the year end actuarial valuation) to a net £nil position resulting at the year-end in positive total reserves of £25.0m (2022: £17.6m).

FINANCIAL POSITION

Financial Plan and Financial Objectives

The College manages its finances responsibly and is committed to maximising the resources available for teaching and learning whilst ensuring that robust financial health is maintained. The College constructs its financial plans and projections on the basis of key financial objectives and these are approved by the Corporation annually.

Financial results

The College generated an operating surplus in the year of £2.3m excluding £0.2m FRS 102 pension adjustment (2022: £2.4m excluding £1.4m FRS 102 pension adjustment). The College has accumulated positive balance sheet funds of £25.0m (after a £8.6m FRS 102 adjustment to reduce the pension asset to £nil) (2022: £17.6m) of which cash balances and deposits are £5.2m (2022: £5.8m). Net current liabilities are £0.5m (2022: net current assets £1.1m).

Cash flows

Net cash inflow from operations was £5.4m (2022: £4.3m).

Liquidity

The College ended the year with cash balances and deposits of £5.2m (2022: £5.8m).

Treasury policies and objectives

Treasury management is the management of the College's cash flows, 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 in accordance with our Treasury Management Policy.

Performance Indicators

The College monitors financial performance against a number of KPIs. Figures for 2022/23 are set out below:

- operating surplus of £2.3m excl. FRS 102 pension adjustment (2022: £2.4m excluding FRS 102 pension adjustment)
- operating surplus of £2.3m excl. FRS 102 pension adjustment as a percentage of income – 9% (budget 2%)
- cash balances of £5.2m (2022: £5.8m)
- ESFA Financial Health (based upon College Financial Forecasting Return) – Good
- cash days in hand of 88 (2022: 97)
- current ratio of 0.92:1 (2022: 1.20:1)
- pay as a % of income of 59% (2022: 59%)
- student numbers (16-19) – 2,771 (allocation 2,916)
- student achievement / progression – 80.0% (2022: 75.6%)
- Ofsted rating – Requires Improvement (November 2022)
- Compliant with all bank covenants

Reserves Policy

The College has a Treasury Management Policy and within that is our approach to liquidity. The College recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. The College reserves include £2.6m related to the revaluation of assets. As at the balance sheet date the Income and Expenditure reserve stands at £22.4m (2022: £14.9m). It is the Corporation's intention to increase reserves over the life of the Strategic Plan through the generation of annual operating surpluses (excluding pension liabilities).

CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE

Funding 2022/23 and student numbers

In 2022/23 the College delivered 2,771 ESFA 16-18 contract numbers against an allocation of 2,916 (95%) with no condition of funding adjustment. The College achieved 96% of the West Midlands Combined Authority (WMCA) adult education budget allocation and 56% of the ESFA allocation, resulting in a £423k clawback. Performance against budget for apprentices was at 79% giving a -£174k variance. The financial statements include provisions for any amounts due to be repaid to funding agencies.

There were no funding breaches or clawbacks made for 16-18 provision and achievement rates were maintained over the year.

There was also a number of national government support mechanisms and targeted education specific support measures which helped support learners.

Student achievements

Overall success rates for classroom delivery in 2022/23 were 80% (2021/22: 75.6%).

College and curriculum developments

The Corporation has established business growth as one of the key strategic priorities moving forward and to support that the College continues to review the broad offer and the ways in which the offer is marketed and promoted and employers and stakeholders are engaged. This will include stronger more purposeful relationships with schools, establishing employer forums to inform and advise on curriculum development and an improved interface with employers with end-to-end SLAs and employer feedback driving better performance. The College has a vocational portfolio that covers most subject sector areas with the exception of land-based qualifications. Qualifications range from Entry Level to Level 5.

The College benefitted from funds allocated by the 16-19 tuition fund to support learners in their development of Maths and English during the pandemic. This enabled additional delivery to take place on an individual or small group basis targeted at those learners most in need of support and guidance.

The College continues to be a significant provider of education and training in the local area and, as such, will look to further extend and strengthen relationships with key partners including the Local Enterprise Partnership (LEP), local employers, the local authorities, other local further education colleges, schools, Coventry University and the University of Warwick.

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 College continued with adherence to its payment terms of net monthly account. During the accounting period the College paid 93% of its invoices within 60 days with 78% of those payments being met within 30 days. The College incurred no interest charges in respect of late payment for this period.

Events after the end of the Reporting Period

There were no significant events after the end of the reporting period.

Future Prospects

The College continues its focus on improving quality outcomes and maintaining a sound financial base. Business growth is targeted through an improved College offer and better engagement with local partners and stakeholders. The College complied with financial covenants in the year and, although the College loan with Barclays has a repayment date of August 2024, an early repayment of £3.0m was paid in 2022/23. The College achieved an ESFA financial health rating of Good for 2021/22 and our College Financial Forecast Return (CFFR) anticipates retaining that grade, or better, in 2022/23, 2023/24 and 2024/25.

These accounts have been prepared on a going concern basis and the Corporation and Senior Leadership Team will continue to work to ensure that the College adheres to sector good practice.

PRINCIPAL RISKS AND UNCERTAINTIES

A risk register is maintained at the College level which is reviewed at every Audit Committee and annually at the July Corporation meeting. Responsibility for providing assurance on the process of risk management is part of the Audit Committee's terms of reference. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. The system of internal control, including financial, operational and risk management is designed to protect the College's assets and reputation.

The Senior Leadership Team undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions, which should mitigate any potential impact on the College. The Senior Leadership Team will also consider any risks which may arise as a result of a new area of work being undertaken by the College. Outlined below is a description of the principal risk factors that may affect the College, as at December 2023:

- poor quality of provision and support for learners results in poor results, declining reputation and withdrawal of funding streams and/or insufficient recruitment of future learners
- inability to recruit experienced staff in a number of priority skill-based areas could impact on curriculum offer and reduce recruitment and subsequently income
- the College does not manage its staffing resource costs effectively or efficiently to achieve best value and maintain continuity in key areas of management
- the College under-recruits to funding streams for 16-18 and Adult AEB due to competition which could adversely affect the college's position

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
3	3.0

Percentage of time spent on facility time

Percentage of time - %	Number of employees
0	0
1-50	3
51-99	0
100	0

Percentage of pay bill spent on facility time

Total cost of facility time	£ 16,849
Total pay bill	£13.127m
% of total pay bill spent on facility time	0.13%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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Equality, diversity and inclusion

We recognise that Coventry is a diverse city and work hard to embrace that diversity. Everyone that works for, or learns with, Coventry College is encouraged to reach their full potential in an environment which is respectful and that values individual difference. The Equality, Diversity and Inclusion Policy sets out how the College will meet its legal requirements under the Equalities Act 2010 along with setting clear expectations of the College ethos with regard to equality, diversity and inclusion. The policy requires that all individuals working, studying or visiting Coventry College:

- have the right to be free from harassment and bullying of any description
- are treated fairly and with respect in all interactions with the College
- are not discriminated against or suffer any unwanted behaviour because of a protected characteristic
- have an equal chance to achieve their full potential, irrespective of any defining features that may give rise to discrimination

The Equality, Diversity and Inclusion Policy is published on the staff intranet site and the College website alongside the Annual Equality & Diversity Report and the Targets and Objectives for the College. To ensure that the legal requirements are met the College will:

- actively promote equality, value diversity and inclusion and seek to eradicate bullying, discrimination, radicalisation and extremism
- embed equality, diversity and inclusion into all areas of the College curriculum and all aspects of College life
- monitor and address any gaps in the satisfaction, retention, achievement and success of any identified group of staff and students
- take positive action to address any under-representation or stereotyping of staff or students and to improve access to the College in order to attract non-traditional staff and students and widen participation

- develop an inclusive and safe environment where the voice of staff, students, and other stakeholders (particularly those from groups with protected characteristics) is heard and acted upon
- celebrate and value the diversity brought to the organisation by individual students and members of staff

Disability Statement

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

- there is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in our Learner Support Centre
- the admissions policy for all students is available on the College internet. Appeals against a decision not to offer a place can be dealt with under the Admissions Policy
- the College has made a significant investment in the appointment of specialist teachers and support staff to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities
- specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format
- counselling and welfare services are described in the Student Handbook, which is issued to students at induction

Disclosure of information to auditors

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

Approved by order of the Members of the Corporation on 13 December 2023 and signed on its behalf by:



Anthony Gribben-Lisle
Chair of Governors

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 2022 to 31 July 2023.

In 2022/23 the College endeavoured to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership)
- in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code")
- whilst not having adopted the UK Corporate Governance Code 2018, the Corporation has due regard to its principles and guidance

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the AoC Code of Good Governance. In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2023. We have not adopted and therefore do not apply the UK Corporate Governance Code 2018. 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.

The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 15 December 2015.

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

The Corporation

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

Governor	Status	Term of Office commenced	Term of Office ended / Resigned	Committees Served	Attendance (2022-23)
Anthony Gribben-Lisle	Appointed	08/10/2019		Vice-Chair (to 31/07/23) Chair (from 01/08/23) Chair of Finance & Resources Committee Chair of Remuneration Committee (to 31/07/23) Chair of Search & Governance (from 01/08/2023)	88%
Carol Thomas	Ex-Officio	03/08/2020		Education & Standards Finance & Resources Search & Governance	79%
John Barrett	Appointed	01/10/2018		Audit Committee	100%
Thomas Crane	Appointed	08/10/2019		Chair of Audit Committee (from 28/02/2022) Finance & Resources Search & Governance (from	92%

				01/08/2023) Chair of Remuneration Committee (from 01/08/2023)	
Rebecca Keeves	Appointed	08/10/2019		Audit Committee Education & Standards	67%
Jemma McKenzie	Appointed	08/10/2019		Finance & Resources	83%
Donna Kendall	Appointed	09/05/2020		Education & Standards	83%
Tina Thorpe	Appointed	01/03/2022		Chair of Education & Standards Committee Search & Governance Remuneration	100%
Rachel Barr	Appointed	01/04/2022		Audit	58%
Amber Jennings Hobbs	Staff	04/11/2022		Education & Standards	100%
Maria Prepelita	Student	20/09/2023		Education & Standards	n/a
Judy Kay	Staff	09/10/2023			n/a
Dianne Crooks	Staff	01/08/2018	03/11/2022		n/a
Tony Minhas	Appointed	01/10/2015	14/12/2022	Finance & Resources Audit Education & Standards	100%
Henry Seaton	Appointed	08/10/2019	14/12/2022	Education & Standards	100%
Prof Adam Boddison	Appointed	01/08/2021	31/07/2023	Chair (to 31/07/2023) Chair of Search & Governance Committee (to 31/07/2023)	83%
Kamal Bodhanker	Appointed	01/04/2022	31/07/2023	Vice-Chair Search & Governance Remuneration	25%
Sarfraz Nawaz	Appointed	09/05/2020	31/07/2023	Finance & Resources	84%
Evan Reason	Student	14/12/2022	31/07/2023	Education & Standards	67%
Jaspreet Atwal	Staff	07/10/2020	06/10/2023		100%

Governors' overall attendance at meetings was 82%:

- Corporation = 70%
- Audit Committee = 75%
- Finance & Resources Committee = 85%
- Education & Standards Committee = 88%
- Search and Governance = 83%
- Remuneration Committee = 88%

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. During the Corporation was provided with regular information on the overall financial performance of the College together with other information, such as performance against funding targets, proposed capital expenditure, quality matters and corporate related matters (e.g. HR, estates, IT, health & safety).

The College has a formal assurance sub-committee structure with a clear focus on quality improvement and financial health. The following committees are in place: Education & Standards; Finance & Resources; Audit; Remuneration; and Search and Governance. All committees have terms of reference approved by the Corporation. Approved minutes of all Corporation meetings (except those deemed to be confidential by the Board) are available on the College website or by contacting the Head of Governance in writing.

The Head of Governance maintains a register of financial and personal interests of all Governors. The register is available for inspection at the College by prior arrangement. All Governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Head of Governance who is

responsible to the Board for ensuring that all applicable procedures and regulations are complied with. Formal agendas, papers and reports are presented to the Board and its committees in a timely manner.

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee which is comprised of the Chair of Governors, three Independent Governors (normally the Chairs of Sub Committees and or Vice Chair) and the Principal / CEO, and is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training and continuous development is provided to the Board, collectively and individually.

Kay Kavanagh, Head of Governance, has completed the Governance Professional Programme (Expert), accredited by the Institute of Directors, in 2021, achieved the Level 5 Award for FE Governance Professionals in 2023, and is working towards the Certificate for FE Governance Professionals (Level 6).

Members of the Corporation are appointed for a term of office normally not exceeding three years. They may be re-appointed for a second term and third term with a maximum of 9 years' service.

Corporation Performance Strategic Leadership

The Governing Body:

- provides support and challenge to senior managers and holds them to account accordingly. They understand the key strengths and weaknesses of the College, as well the challenges facing the organisation
- agreed challenging but realistic key performance indicators for 2022/23 and continued to seek to embed a culture of high expectation and ambition, particularly in respect of teaching, learning and assessment, learner performance, and financial health, which remained key priorities
- reviewed its membership to ensure that it had the capacity to lead the College into the future
- completed an External Review of Governance in Spring 2023, carried out by Stone King, with the action plan following this review being available on the College website

Quality and Curriculum

The Governing Body:

- are clear about their roles and responsibilities and maintain a continual focus on learner performance; value added; the quality of teaching, learning and assessment; performance management; and progression to further education, higher education, and employment
- have a good understanding of learner performance and are able to interpret data presented via the dashboard at each meeting. A wide range of reports are received; for example, on attendance, retention, success rates, observations of teaching and learning, and English and maths

Learner Voice

- Governors continued to advocate the importance of the learner voice and received regular reports throughout the year. A Student Governor sits on the Corporation and the Student Board, with Independent Governor representation on it

Governance and Risk Management

- Governors reviewed and scrutinised a range of key governance matters through the Search and Governance Committee
- through the Audit Committee, Governors paid close attention to the College's risk management

arrangements, and ensured the establishment of an updated and more focused risk register, aligned to core strategic objectives. The Audit Committee monitored the impact of management controls and mitigation on the residual risks to the College, and periodic reports were submitted to the full Corporation

- an annual Corporation Self-Assessment took place via 1-2-1s with Governors and the Chair of Governors
- an external review of governance was conducted in Spring 2023 by Stone King
- Governors have completed all mandatory training and also have access to online modules, which are being completed in line with committee membership and skills need

Internal and External Audit

- Governors effectively monitored the College's internal and external audit processes through the Audit Committee, which met three times during the year
- the Audit Committee's terms of reference were met fully and Governors maintained a positive impact on internal systems and controls, and compliance with external regulations
- the Audit Committee considered reports arising from audit reviews during the year

Financial Strategy

- the impact of the College's financial performance was measured against the key financial indicators and was reviewed at each meeting of the Corporation. The self-assessment of the College's financial health for 2022/23 is Good and is consistent with the ESFA's assessment. The College has a loan with a final repayment due August 2024 of £0.5m (after paying £3.0m early in 2022/23)

Safeguarding

- Governors are required to undertake statutory safeguarding training as part of their role. An Independent Governor has been nominated as the Safeguarding Governor who attends College safeguarding meetings, liaising closely with the College's Designated Senior Safeguarding Officer, and provides reports to the Corporation
- the College's safeguarding procedures properly refer to local inter-agency arrangements and Governors are updated on the work of senior staff in liaising closely with the local authority, police and other agencies on a range of safeguarding issues, including Prevent. The procedures also include guidance on the handling of allegations against staff and children. A Prevent Strategy is in place and the Safeguarding policy was reviewed and approved by the Corporation during the year
- the Corporation receives periodic updates on safeguarding in addition to an annual Safeguarding Report. This provides Governors with assurance over recruitment and management of staff; training of staff; skills and qualifications of staff on the safeguarding team; awareness raising of safeguarding and Prevent for students; and the Learner Voice
- Governors recognise safeguarding as a risk in the College's risk register and, through the Audit Committee and the Corporation, monitor the implementation of management controls and mitigating actions in seeking to reduce risk levels

Equality, Diversity & Inclusion

- Governors fulfil their statutory obligations in ensuring that the College institution is compliant with equality law
- Governors complied with the specific duties in the Equality Act 2010 by ensuring the timely publication of the College's Annual Equality and Diversity Report for 2022/23
- Governors monitored learner performance and satisfaction data by age, gender, race, disability, learning difficulty and also by social background. Data on other protected characteristics and students that fall into the 10% of most deprived wards was also provided

Remuneration Committee

The Committee's responsibilities are to make recommendations to the Board on the remuneration and conditions of service of the Accounting Officer, Senior-Post holders and the Clerk. Details of remuneration for the year ended 31 July 2023 are set out in Note 6 to the financial statements.

Audit Committee

The Audit Committee comprises four Members of the Corporation (excluding the Principal / CEO and Chair of Governors) and an Associate Governor. The Committee operates in accordance with written terms of reference approved by the Corporation. The Audit Committee meets at least on a termly basis and provides a forum for reporting by the College's internal and financial statement auditors, and who have access to the Committee for independent discussion without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

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

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

The Audit Committee is responsible for ensuring that an appropriate system of risk management is in place and is subject to periodic review. Audit Committee Attendance in 2022/23 was:

• Anthony Gribben-Lisle, Vice-Chair, Independent Governor	100%
• Thomas Crane (Independent Governor, Chair from Feb 2022)	100%
• Tony Minhas (Independent Governor) until 01/12/2022)	100%
• John Barrett (Associate Governor)	100%
• Rebecca Keeves (Independent Governor)	33%
• Rachel Barr (Independent Governor)	33%

Internal Control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal / CEO, 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 she is personally responsible, in accordance with the responsibilities assigned to her in agreements between Coventry College and funding bodies. The Principal / CEO is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Coventry College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and controls and arrangements for compliance with legal and regulatory matters including those relating to the

regulatory and propriety of the use of public funding that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2023. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The College has an internal audit service which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum annually the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks Faced by the College

The College operates a strategic risk register aligned to its strategic objectives. This was refreshed during the year and the Corporation was able to control and mitigate those material risks such that none materialised in year.

Control Weaknesses Identified

No significant control weaknesses were identified by internal or external audit, or reported via Audit Committee. Other recommendations provided by internal or external audit have been reviewed and management responses and actions identified.

Responsibilities under funding agreements

The College has administered funds for specific purpose so they have been properly applied to those purposes and managed in accordance with relevant legislation. Funds provided by the Office for Students, UK Research and Innovation, ESFA and DfE have been applied in accordance with relevant terms and conditions and the requirements of the Office for Students accounts direction for the financial statements have been met.

Statement from the Audit Committee

The Audit Committee concurs with the opinion of the Internal Audit Service that the College has adequate and effective risk management control and governance processes with which to manage the achievement of its strategic objectives. All relevant points raised are addressed in the relevant minutes. The Audit Committee considers that, based on the information presented to it during the year, the College secured value for money through economy, efficiency and effectiveness. The Audit Committee takes comfort from the corrective action in response to internal audit recommendations that have been, and are currently being, implemented. The Audit Committee concurs with the outcomes of the financial statements audit and the external audit findings. The Audit Committee recognises the good working relationships with the auditors and wishes to record its appreciation to TIAA Ltd and Beever & Struthers LLP for their work during the year.

Review of effectiveness

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

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

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

The Accounting Officer and Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the departments and reinforced by risk awareness training, as appropriate. The Senior Leadership Team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At the 13 December 2023 meeting the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering the Annual Report of the Audit Committee which included documentation from internal audit and which considered events to 31 July 2023.

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

Going Concern

The College has undertaken an assessment of its current position, future prospects, and principal risks, in relation to its ability to continue in operation and to meet its liabilities over the period of its Strategic Plan. The financial performance for the year was strong with high levels of cash generation and a £2.3m operating surplus (excluding FRS 102 pension adjustment). The Barclays loan is due to be repaid in August 2024 with £3.4m of repayments made in the year (including £3.0m early repayment) and there are significant cash reserves held. The College achieved an ESFA financial health rating of Good for 2021/22 and the College Financial Forecast Return (CFFR) anticipates retaining that grade, or better, in 2022/23, 2023/24 and 2024/25.

After making appropriate enquiries the Corporation considers that the going concern basis should continue to be adopted in preparing the financial statements on the grounds that the College has a demonstrated improving performance and has clear plans in place to allow it to meet its financial obligations, including servicing of its debt.

Approved by order of the Members of the Corporation on 13 December 2023 and signed on its behalf by:

Anthony Gribben-Lisle
Chair of Governors

Carol Thomas
Accounting Officer

Statement of Regularity, Propriety and Compliance

As accounting officer, I confirm that the corporation has had due regard to the framework of authorities governing regularity, priority and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the framework of authorities and the terms and conditions of funding under the corporation's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

I confirm that no instances of material irregularity, impropriety, funding noncompliance, or non-compliance with the framework of authorities have been discovered to date. If any instances are identified after the date of this statement, these will be notified to ESFA.



Carol Thomas
Accounting Officer
13 December 2023

Statement of the Chair of Governors

On behalf of the corporation, I confirm that the accounting officer has discussed their, statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.



Anthony Gribben-Lisle
Chair of Governors
13 December 2023

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Corporation's grant funding agreements and contracts with ESFA and any other relevant funding bodies, the Corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the Corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice. 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
- assess whether the Corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the Corporation will continue in operation

The Corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the Members of the Corporation on 13th December 2023 and signed on its behalf by:



Anthony Gribben-Lisle
Chair of Governors

Independent Auditor's Report to the Corporation of Coventry College

Opinion

We have audited the financial statements of Coventry College (the "College") for the year ended 31 July 2023 which comprise the College statement of comprehensive income, the College balance sheet, the College statement of changes in reserves, the College statement of cash flows and notes to the financial statements, including 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 2023 and of the College's income and expenditure, gains and losses, and changes in reserves and cash flows, 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 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency, and the Accounts Direction, for accounting periods beginning on or after 1 August 2019, issued by the Office for Students.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Corporation with respect to going concern are described in the relevant sections of this report.

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Office for Students' Accounts Direction

We are required to report on the following matters by the Office for Students' Accounts Direction. In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2022 to 2023 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

We are also required by the Office for Students' Accounts Direction to report to you where the results of our audit work indicate that the College's grant and fee income, as disclosed in Note 2 and 3 to the financial statements, has been materially misstated.

We have nothing to report on this matter.

Responsibilities of the Corporation of Coventry College

As explained more fully in the Statement of the Corporation Responsibilities set out on page 18, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the College operate in and how the College is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency, and Regulatory Advice 9: Accounts Direction published by the Office for Students. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The College is also subject to many other laws and regulations where the consequences of non-compliance could have a material impact on amounts or disclosures in the financial statements, including Further and Higher Education Act 1992, Charities Act 2011, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation. We performed audit procedures to inquire of management and those charged with governance whether the College is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and inspecting funding agreements and allocations.

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 Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 18 September 2023. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

For and on behalf of
Beever and Struthers
One Express, 1 George Leigh Street
Manchester, M4 5DL
Date: 16 January 2024

**Statement of Comprehensive Income
for the Year Ended 31 July 2023**

	Notes	2023 £'000	2022 £'000
INCOME			
Funding body grants	2	23,049	22,169
Tuition fees and education contracts	3	816	1,114
Other grants and income	4	1,233	850
Investment income	5	210	8
Total income		25,308	24,141
EXPENDITURE			
Staff costs	6	14,982	15,262
Other operating expenses	7	5,939	5,466
Depreciation	11	1,609	1,377
Interest and other finance costs	9	700	1,021
Total expenditure		23,230	23,126
Surplus/(deficit) for the year		2,078	1,015
Actuarial gain / (loss) in respect of pension schemes	17	5,294	30,723
Other Comprehensive Income for the year		5,294	30,723
Total Comprehensive Income for the year		7,372	31,738

Coventry College
Statement of Changes in Reserves

	Income and Expenditure account £'000	Revaluation Reserve £'000	Total £'000
Balance at 1st August 2021	(16,880)	2,788	(14,092)
Surplus from the income and expenditure account	1,015	-	1,015
Other comprehensive income	30,723	-	30,723
Transfer between the revaluation reserve and income and expenditure reserves	73	(73)	-
Total comprehensive income for the year	31,811	(73)	31,738
 Balance at 1st August 2022	 14,931	 2,715	 17,646
Surplus from the income and expenditure account	2,078	-	2,078
Other comprehensive income	5,294	-	5,294
Transfer between the revaluation reserve and income and expenditure reserves	73	(73)	-
Total comprehensive income for the year	7,445	(73)	7,372
Balance at 31st July 2023	22,376	2,642	25,018

Coventry College
Balance sheet as at 31 July 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Tangible fixed assets	11	47,946	47,428
		47,946	47,428
Current assets			
Stock		14	5
Debtors	12	527	693
Cash at bank and in hand	17	5,210	5,796
		5,751	6,494
Less: Creditors – amounts falling due within one year	13	(6,270)	(5,393)
Net current assets/(liabilities)		(519)	1,101
Total assets less current liabilities		47,427	48,529
Less: Creditors – amounts falling due after more than one year	14	(21,080)	(24,368)
Provisions			
Defined benefit pension scheme	17	-	(4,829)
Other provisions	17	(1,329)	(1,686)
Total net assets		25,018	17,646
Reserves			
Unrestricted reserves			
Income and expenditure account		22,376	14,931
Revaluation Reserve		2,642	2,715
Total Reserves		25,018	17,646

The financial statements on pages 22 to 49 were approved and authorised for issue by the Corporation of Coventry College on 13th December 2023 and were signed on its behalf on that date by:

A D Gribben-Lisle

Anthony Gribben-Lisle
Chair of Coventry College

Carol Thomas

Carol Thomas
Accounting Officer of Coventry College

Coventry College
Statement of Cash Flows
for the Year Ended 31 July 2023

	Notes	2023 £'000	2022 £'000
Cash flow from operating activities			
Surplus for the year		2,078	1,015
Adjustment for :			
Depreciation		1,609	1,377
Impairment		-	-
Reversal of Impairment		(100)	(65)
(Increase) / Decrease in stocks		(9)	6
(Increase) / Decrease in debtors		166	(329)
(Decrease) / Increase in creditors due within one year		829	(309)
Increase / (Decrease) in creditors due after one year		424	893
(Decrease) in provisions		(143)	(147)
Pensions costs less contributions payable		26	854
Pension finance interest costs		170	551
Interest on enhanced pension provision		55	31
Investment income		(210)	8
Interest payable		475	439
		<u>5,370</u>	<u>4,324</u>
Net cash flow from operating activities			
Cash flows from investing activities			
Investment income		210	8
Payments made to acquire fixed assets		(2,027)	(822)
Lennartz VAT repayment		-	434
		<u>(1,817)</u>	<u>(380)</u>
Cash flows from financing activities			
Interest paid - bank loan		(232)	(190)
Interest element of finance lease rental payments		(243)	(249)
Repayments of amounts borrowed - bank loan		(3,500)	(3,414)
Capital element of finance lease rental payments		(165)	(206)
		<u>(4,140)</u>	<u>(4,059)</u>
Decrease in cash and cash equivalents in the year		<u>(587)</u>	<u>(115)</u>
Cash and cash equivalents at beginning of the year	18	5,796	5,911
Cash and cash equivalents at end of the year	18	5,210	5,796

Coventry College
Notes to the Accounts
for the Year Ended 31 July 2023

1. Accounting policies

Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2022-3 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

The financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Going Concern

The College has undertaken an assessment of its current position, future prospects, and principal risks, in relation to its ability to continue in operation and to meet its liabilities over the period of its Strategic Plan. The financial performance for the year was strong with high levels of cash generation and a £2.3m operating surplus (excluding FRS 102 pension adjustment). The Barclays loan is due to be repaid in August 2024 with £3.4m of repayments made in the year (including £3.0m early repayment) and there are significant cash reserves held. The College achieved an ESFA financial health rating of Good for 2021/22 and the College Financial Forecast Return (CFFR) anticipates retaining that grade, or better, in 2022/23, 2023/24 and 2024/25

After making appropriate enquiries the Corporation considers that the going concern basis should continue to be adopted in preparing the financial statements on the grounds that the College has a demonstrated improving performance and has clear plans in place to allow it to meet its financial obligations, including servicing of its debt.

Coventry College
Notes to the Accounts (Continued)

1. Accounting Policies (continued)

Recognition of income

Government revenue grants are accounted for under the accrual model and are recognised where a reliable estimate of the fair value of the asset received or receivable can be made on a systematic basis over the periods in which the related costs for which the grant compensates are recognised.

Funding body recurrent grant for Adult Education Budget (AEB) is measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement of the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments, and is recognised when received.

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

Income from tuition fees is recognised in the period for which it is earned and includes all fees payable by students or their sponsors.

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

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

Retirement benefits

Retirement benefits to employees of the College are principally provided by Teachers' Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS), which are multi-employer defined benefit plans.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

Coventry College
Notes to the Accounts (Continued)

1. Accounting Policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 15 or FRS 102) less accumulated depreciation and accumulated impairment losses.

Equipment

Equipment costing less than £1000 per individual item or set of items acquired together is recognised as expenditure in the period of acquisition. All other equipment is capitalised and recognised at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values

Freehold land is not depreciated. Depreciation on other assets is calculated, using the straight line basis, to write off the cost of each asset to its estimated residual value over its expected useful lives, as follows:

Freehold buildings - over 10 - 50 years

Leasehold properties - period of lease

Equipment - over 3 - 10 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Subsequent costs, including replacement parts, are only capitalised when it is probable that such costs will generate future economic benefits. Any replaced parts are then derecognised. All other costs of repairs and maintenance are expensed as incurred.

Impairments of fixed assets

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in comprehensive income or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Borrowing costs

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

Leased assets

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Coventry College

Notes to the Accounts (Continued)

1. Accounting Policies (continued)

Stock

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow moving and defective items.

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions

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

Agency arrangements

The College acts as an agent in the collection of some student support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account.

Coventry College
Notes to the Accounts (Continued)

1. Accounting Policies (continued)

Financial Instruments

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

Financial assets and liabilities

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

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

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

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

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:

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

Critical accounting estimates and assumptions

- Tangible fixed assets

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

Coventry College
Notes to the Accounts (Continued)

1. Accounting Policies (continued)

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- 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 require an estimation of the future cash flow and selection of an appropriate discount rate in order to calculate the net present value of those cash flows. Recoverable amount is the higher of value in use or fair value less costs to sell. Judgement and estimation has been exercised when determining the fair value of the Henley site for the purposes of determining the impairment value recognised in the accounts.

Coventry College
Notes to the Accounts (continued)

2 Funding body grants

	2023 £'000	2022 £'000
Recurrent grants		
Education and Skills Funding Agency - adult	3,220	3,216
Education and Skills Funding Agency - 16-18	17,330	16,379
Education and Skills Funding Agency - apprenticeships (funded)	651	801
Office for students - HE	19	25
Specific Grants		
Releases of government capital grants	820	464
HE grant	-	4
Education and Skills Funding Agency - 16-19 Tuition Fund	525	458
Education and Skills Funding Agency - Covid Testing	-	8
Education and Skills Funding Agency - Condition Fund	-	345
Education and Skills Funding Agency - SADF	33	292
Education and Skills Funding Agency - T Level	5	-
Education and Skills Funding Agency - Bootcamp	17	-
WMCA - Bootcamp	37	-
WMCA - Multiply	17	-
Education and Skills Funding Agency - Industry Placements	-	21
National Skills Fund	238	156
Prior Year Adjustments	137	-
Total	23,049	22,169

	2023 £'000	2022 £'000
OFS Note		
Grant income from the Office for Students	19	25
Grant income from other bodies	-	-
Fee income for taught awards (exclusive of VAT)	57	154
Fee income for research awards (inclusive of VAT)	-	-
Fee income for non-qualifying course	-	-
Total	76	179

3 Tuition fees and education contracts

	2023 £'000	2022 £'000
Adult education fees - fee income from non-qualifying courses (excl. VAT)	288	262
Fees for FE loan supported courses - fee income from non-qualifying courses (excl. VAT)	343	556
Fees for HE loan supported courses - fee income from taught awards (excl. VAT)	57	154
Total tuition fees	688	972
Education Contracts	128	142
Total	816	1,114

Coventry College
Notes to the Accounts (continued)

4 Other grants and income

	2023 £'000	2022 £'000
Catering and residences	427	-
Other income generating activities	278	409
Other grant income	528	441
	<hr/>	<hr/>
Total	<u>1,233</u>	<u>850</u>

5 Investment income

	2023 £'000	2022 £'000
Other interest receivable	210	8
	<hr/>	<hr/>
Total	<u>210</u>	<u>8</u>

Coventry College
Notes to the Accounts (continued)

6 Staff costs and key management personnel and other high paid staff

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

	2023 No.	2022 No.
Teaching staff	196	193
Non teaching staff	<u>153</u>	<u>153</u>
	<u>349</u>	<u>346</u>

Staff costs for the above persons	2023 £'000	2022 £'000
Wages and salaries	9,989	9,595
Social security costs	920	940
Other pension costs	<u>2,218</u>	<u>3,097</u>
Payroll sub total	13,127	13,632
Contracted out staffing services	<u>1,846</u>	<u>1,497</u>
	14,973	15,129
Restructuring costs - Contractual	9	95
Non Contractual	-	38
Total staff costs	<u>14,982</u>	<u>15,262</u>

Key management personnel compensation and other high paid staff

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which, during the year, comprised the CEO / Principal, Chief Finance & Operating Officer and two Vice Principals. Additionally, the Head of Governance is classified as key management personnel in the accounts.

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

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	<u>5</u>	<u>6</u>

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

**Key Management
Personnel**

	2023 No.	2022 No.
£10,001 to £15,000 p.a.		1
£20,001 to £25,000 p.a.	1	1
£65,001 to £70,000 p.a.		1
£80,001 to £85,000 p.a.	2	
£85,001 to £90,000 p.a.		2
£100,001 to £105,000 p.a.	1	
£155,001 to £160,000 p.a.	<u>1</u>	<u>1</u>
	<u>5</u>	<u>6</u>

Coventry College
Notes to the Accounts (continued)

6 Staff costs and key management personnel and other high paid staff (continued)

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

	2023 £'000	2022 £'000
Basic Salary	448	406
Bonus	-	25
Employers National Insurance	57	54
	<u>505</u>	<u>485</u>
Pension contributions	83	65
Total emoluments	<u>588</u>	<u>550</u>

There were no salary sacrifice arrangements in place in the year.

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

	2023 £'000	2022 £'000
Salaries	<u>158</u>	<u>156</u>
	<u>158</u>	<u>156</u>
Pension contributions	<u>37</u>	<u>33</u>
Total	<u>195</u>	<u>189</u>

The College has adopted the AoC's Colleges Senior Staff Remuneration Code and The Higher Education Senior Staff Remuneration Code issued by the Committee of University Chairs (CUC) and has followed the minimum requirements of the Code.

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on fulltime equivalents, is set out below for both basic salary and total remuneration.

	2023 No	2022 No
Basic salary as a multiple of median basic salary of staff	7.7	8.5
Total remuneration as a multiple of median total remuneration of staff	8.1	9.0

The above figures do not include agency workers but do include sessional staff costs.

Coventry College
Notes to the Accounts (continued)

6 Staff costs and key management personnel and other high paid staff (continued)

Compensation for loss of office paid to former key management personnel

	2023 £'000	2022 £'000
Compensation paid to the former post-holders - contractual	-	-
Compensation paid to the former post-holders - non contractual	-	5
Estimated Value of other benefits inc. provisions for pension	-	-
	<u>-</u>	<u>5</u>

Governors' remuneration

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

During the year, there were expenses of £86 (2022 - £127) paid to or on behalf governors in respect of travel and subsistence and other out of pocket expenses incurred in the course of their duties.

Coventry College
Notes to the Accounts (continued)

7 Other operating expenses

	2023	2022
	£'000	£'000
Teaching costs	892	899
Non teaching costs	3,045	2,751
Premises costs	2,002	1,816
	<u>5,939</u>	<u>5,466</u>
Total	5,939	5,466

Other operating expenses include:

	2023	2022
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	49	39
Other services provided by the financial statements auditor	-	2
Internal audit	22	23
Hire of plant and machinery - operating leases	63	72
	<u>134</u>	<u>136</u>

8 Access and participation expenditure

	2023	2022
	£'000	£'000
Access investment	-	-
Financial support to students	-	-
Disability support	-	-
Research and evaluation	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Coventry College
Notes to the Accounts (continued)

9 Interest payable

	2023	2022
	£'000	£'000
Interest on bank loans and overdrafts	<u>232</u>	<u>190</u>
	232	190
Interest on finance leases	243	249
Net interest on defined pension liability (note 22)	170	551
Interest on enhanced pension provisions	55	31
Total	<u><u>700</u></u>	<u><u>1,021</u></u>

10 Taxation

The College was not liable for Corporation Tax arising out of its activities during the year.

Coventry College
Notes to the Accounts (continued)

11 Tangible fixed assets

	Land and buildings Freehold property £'000	Long leasehold property £'000	Equipment £'000	Total £'000
Cost or valuation				
At 1 August 2022	69,885	6,895	12,349	89,129
Additions	1,185	-	842	2,027
Lennartz repayment	-	-	-	-
Disposals	-	-	(10)	(10)
Reversal of Impairment	-	-	-	-
At 31 July 2023	71,070	6,895	13,181	91,146
Depreciation and impairment				
At 1 August 2022	28,764	1,578	11,359	41,701
Charge for the year	1,192	114	303	1,609
Disposals	-	-	(10)	(10)
Reversal of Impairment	(100)	-	-	(100)
At 31 July 2023	29,856	1,692	11,652	43,200
Net book value at 31 July 2023	41,214	5,203	1,529	47,946
Net book value at 31 July 2022	41,121	5,317	990	47,428

The net book value of tangible fixed assets includes an amount of £4,013,000 (2022: £4,127,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £114,000 (2022: £115,000).

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at a historical cost amount of £nil (2022: £nil)

Coventry College
Notes to the Accounts (continued)

12 Debtors

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	181	406
Prepayments and accrued income	186	214
Amounts owed by the Education and Skills Funding Agency	160	73
Total	<u>527</u>	<u>693</u>

Coventry College
Notes to the Accounts (continued)

13 Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Bank loans and overdrafts	500	500
Obligations under finance leases	213	165
Trade payables	961	1
Payments received in advance	34	26
Other taxation and social security	221	204
Accruals and deferred income	1,829	2,218
Deferred income - government capital grants	793	591
Amounts owed to the Education and Skills Funding Agency	1,719	1,688
Total	<u>6,270</u>	<u>5,393</u>

14 Creditors: amounts falling due after one year

	2023	2022
	£'000	£'000
Bank loans	500	4,000
Obligations under finance leases	4,008	4,220
Deferred income - government capital grants	16,572	16,148
Total	<u>21,080</u>	<u>24,368</u>

Coventry College
Notes to the Accounts (continued)

15 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2023 £'000	2022 £'000
In one year or less	500	500
Between one and two years	500	500
Between two and five years	-	3,500
Total	1,000	4,500

Security over freehold and leasehold property is held by Barclays in respect of the bank loan totalling £1,000,000.

The existing loan facility matures in August 2024 with a repayment of £125k per quarter and a final bullet payment in August 2024. Interest payable at 2.15% above Bank of England base rate.

(b) Finance leases

Finance lease obligations are repayable as follows:

	2023 £'000	2022 £'000
In one year or less	213	165
Between two and five years	864	866
In five years or more	3,144	3,355
Total	4,221	4,386

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

16 Analysis of changes in net funds

	At 1st August 2022 £'000	Cash flows £'000	Other Changes £'000	At 31 July 2023 £'000
Cash and cash equivalents	5,796	(586)	-	5,210
Bank Loans	(4,500)	3,500	-	(1,000)
Finance leases	(4,386)	165	-	(4,221)
Net funds/(debt)	(3,090)			(11)

Coventry College
Notes to the Accounts (continued)

17 Provisions

	Defined benefit obligations	Enhanced pensions	Total
	£'000	£'000	£'000
At 1 August 2022	4,829	1,686	6,515
Utilised in the period	(1,023)	(143)	(1,166)
Transferred from income and expenditure account	1,219	55	1,274
Actuarial (gain)	(13,656)	(269)	(13,925)
FRS102 adj to reduce pension asset to £nil	8,631	-	-
At 31 July 2023	-	1,329	1,329

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 22.

The enhanced pension provision relates to the cost of staff who have already left the College's employment. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2023	2022
Price inflation	2.80%	2.90%
Discount rate	5.00%	3.30%

18 Cash at bank and in hand

	At 31 July 2023 £'000	At 31 July 2022 £'000
Cash and cash equivalents	5,210	5,796
Total	5,210	5,796

19 Capital commitments

	2023 £'000	2022 £'000
Commitments contracted for at 31 July	288	1,252

Coventry College
Notes to the Accounts (continued)

20 Lease Obligations

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

	2023 £'000	2022 £'000
Future minimum lease payments due		
Other		
Not later than one year	68	63
Later than one year and not later than five years	93	33
	<u>161</u>	<u>96</u>

21 Contingent liabilities

The College has provided £50k for contingent liabilities as at 31 July 2023.

Coventry College

Notes to the Accounts (continued)

22 Defined benefit obligations

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

Total pension cost for the year	2023 £'000	2022 £'000
Teachers Pension Scheme: contributions paid	1,228	1,245
Local Government Pension Scheme:		
Contributions paid	1,023	1,107
FRS 102 (28) charge	26	854
Charge to the Statement of Comprehensive Income	1,049	1,961
LGPS contributions paid not within 'Other pension costs' (note 6).	(59)	(109)
Total Pension Cost for Year	2,218	3,097

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2022.

Teachers' Pension Scheme

The teachers' pension scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a pay as you go basis - these contributions, along with those made by employers, are credited to the Exchequer. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. These accounts are based upon the valuation as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service at the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation)

As a result of the valuation, new employer contribution rates will rise to 28.68% from April 2024 (compared to 23.68% during 2018/9).

Coventry College

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

DfE pay a teacher pension employer contribution grant to cover the additional costs during the 2022-23 academic year. The next valuation result is due to be implemented from 1st April 2024. The pension costs paid to TPS in the year amounted to £1,228,000 (2022: £1,245,000).

Local Government Pension Scheme

The LGPS is a funded defined benefit-plan, with the assets held in separate funds administered by the West Midlands Pension Fund. The total contributions made for the year ended 31 July 2023 were £1,243,000 of which employer's contributions totalled £1,023,000 and employees' contributions totalled £220,000. The agreed contribution rates for future years are 22.9% for employers and range from 5.5% to 12.5% for employees depending on salary.

LGPS Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by a qualified independent actuary.

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	4.00%	3.75%
Future pensions increases	3.00%	2.75%
Discount rate for scheme liabilities	5.05%	3.50%
Inflation assumption (CPI)	6.20%	9.90%
Commutation of pensions to lump sums	50.00%	50.00%

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

	At 31 July 2023 years	At 31 July 2022 years
<i>Retiring today</i>		
Males	20.5	21.2
Females	23.6	23.6
<i>Retiring in 20 years</i>		
Males	21.7	22.9
Females	24.8	25.4

Coventry College
Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	Fair Value at 31 July 2023 £'000	Fair Value at 31 July 2022 £'000
Equities	44,614	43,282
Bonds	13,777	15,315
Government Bonds	-	-
Other Bonds	-	-
Property	4,592	5,327
Cash and Other	2,624	2,663
Cash	-	-
Other	-	-
Total fair value of assets	65,607	66,587

Actual return on plan assets	(193)	1,489
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The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	2023 £'000	2022 £'000
Fair value of plan assets	65,607	66,587
FRS102 adj to reduce pension asset to £nil	(8,631)	-
Present value of plan liabilities	(56,976)	(71,416)
Net pensions (liability) (after FRS102 adj)	-	(4,829)

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

	2023 £'000	2022 £'000
Amounts included in staff costs		
Current Service cost	1,029	1,898
Past Service Cost	20	63
Total	1,049	1,961

Amounts in other operating expenses
Administration costs

-	-
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Amounts included in interest costs

Net interest cost	170	551
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Amounts recognised in Other Comprehensive Income

Return on pension plan assets	2,513	(444)
Other actuarial (gains) / losses on assets	-	-
Change in demographic assumptions	(2,024)	(375)
Experience (gain) / loss on defined benefit obligations	615	185
Changes in financial assumptions	(14,760)	(29,964)
Amount recognised in Other Comprehensive Income	(13,656)	(30,598)

Coventry College
Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	2023	2022
	£'000	£'000
Deficit in scheme at 1 August	(4,829)	(34,022)
Movement in year:		
Service Cost	(1,049)	(1,961)
Past service costs including curtailments		
Employer contributions	1,023	1,107
Administration charge	-	-
Net interest on the defined (liability)/asset	(170)	(551)
Actuarial gain (after FRS102 adj)	13,656	30,598
FRS102 adj to reduce asset to £nil	(8,631)	-
Net defined benefit liability at 31 July	-	(4,829)

Due to there being no agreed reduced contributions or refunds, under FRS 102 the College cannot recognise the pension asset at greater than £nil and therefore has adjusted the pension asset by £8.631m

Asset and Liability Reconciliation

	2023	2022
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	71,416	99,654
Current Service cost	1,029	1,898
Interest cost	2,490	1,596
Contributions by Scheme participants	220	202
Changes in financial assumptions	(14,760)	(29,964)
Estimated benefits paid	(1,729)	(1,843)
Change in demographic assumptions	(2,024)	(375)
Experience loss / (gain) on defined benefit obligation	314	185
Past Service cost	20	63
Defined benefit obligations at end of period	56,976	71,416

Reconciliation of Assets

	2023	2022
	£'000	£'000
Fair value of plan assets at start of period	66,587	65,632
Interest on plan assets	2,320	1,045
Other Experience	(301)	-
Return on plan assets	(2,513)	444
Other actuarial gains/(losses)	-	-
Employer contributions	1,023	1,107
Contributions by Scheme participants	220	202
Administration expenses	-	-
Estimated benefits paid	(1,729)	(1,843)
Assets at end of period	65,607	66,587

Coventry College
Notes to the Accounts (continued)

23 Related party transactions

Key management compensation and governors' expenses disclosure is given in note 6. There are no other related party transactions.

24 Events after the end of the reporting period

There were no material events after the end of the reporting period.

To: The Corporation of Coventry College and Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 18 September 2023 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Coventry College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("the Code") issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA or devolved authority has other assurance arrangements in place.

This report is made solely to the Corporation of Coventry College and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Coventry College and 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 Corporation of Coventry College and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Coventry College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Documenting the framework of authorities which govern the activities of the Corporation;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing a sample of transactions with related parties;
- Confirming through enquiry and sample testing that the Corporation has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

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.

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed:

Beever and Struthers

For and on behalf of
BEEVER AND STRUTHERS
One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 16 January 2024