

**WQE AND REGENT COLLEGE GROUP
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISORS

KEY MANAGEMENT PERSONNEL

Key management personnel are defined as members of the Executive Leadership Team and were represented by the following in 2021/22:

| | |
|-----------------|---|
| Paul Wilson | Principal and Accounting Officer |
| Tim Cullinan | Associate Principal (Curriculum and Planning) – until 15 August 2021 |
| Carolyn Davies | Associate Principal (Finance and Resources) |
| Andrew Jackson | Associate Principal (Student Ambition and Progress) |
| Sarah Oldfield | Associate Principal (Organisational Development and Learner Experience) |
| Tim Rogers | Associate Principal (Curriculum and Planning) – from 16 August 2021 |
| Donna Trusler | Associate Principal (Students and Welfare) |
| Aaron Winterton | Interim Associate Principal (Students and Welfare) – between 20 September 2021 and 8 April 2022 |

BOARD OF GOVERNORS

A full list of Governors is given on pages 15 to 16 of these financial statements. Rachel Middleton was the Clerk to the Corporation for the year under review.

PROFESSIONAL ADVISORS

Financial statements auditors and reporting accountants:

RSM UK Audit LLP
Rivermead House
7 Lewis Court
Grove Park
Leicester
LE19 1SD

Bankers:

Lloyds Bank plc
Butt Dyke House
33 Park Row
Nottingham
NG1 6GY

Solicitors:

Greenwoods
Monkstone House
30 City Road
Peterborough
PE1 1JE

Nelsons Solicitors
Penine House
8 Stanford Street
Nottingham
NG1 7BQ

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STRATEGIC REPORT

OBJECTIVES AND STRATEGIES

The Governing Body present their annual report together with the financial statements and auditor's report for the WQE and Regent College Group for the year ended 31 July 2022.

LEGAL STATUS

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting WQE and Regent College Group, formerly Wyggeston & Queen Elizabeth I College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

MISSION

Governors are committed to ensuring that the College meets the needs of the communities it serves, provides a high quality education for all its students and uses its resources in the most efficient and effective way. WQE and Regent College Group (WQE) serves Leicester, Leicestershire and the surrounding areas as a provider of distinctive, accessible and high quality sixth form education, enabling level 3 success and supporting progression to Higher Education and the early development of professionals.

PUBLIC BENEFIT

WQE is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Corporation (the Governing Body), who are trustees of the charity, are disclosed on pages 15 and 16.

In setting and reviewing the College's strategic objectives, the Corporation has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to over 3,500 students without charge. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background. This Report sets out the College's strategic objectives, key indicators, student achievements and curriculum developments all of which demonstrate the College's aim of delivering an outstanding education for its students.

IMPLEMENTATION OF STRATEGIC PLAN

On 29 March 2018, Wyggeston & Queen Elizabeth I College merged with Regent College by way of a Type B merger. The rights, assets and liabilities of Regent College were passed to Wyggeston & Queen Elizabeth I College with effect from the merger date. The name of the merged College was changed to WQE and Regent College Group with effect from 29 March 2018, with the approval of the Secretary of State.

The College has a rolling three year strategic development plan (2021-2024) that is regularly reviewed to allow for medium term strategic planning and to take account of our operating context as well as building on previous plans. We continue to operate in the context of the pandemic, as the nation and education system continues to seek to recover. The College engages with all its stakeholders to develop critical aspects of life and learning at WQE through five interrelated themes; **Curiosity, Commitment, Challenge, Community and Consideration**.

The Corporation monitors the performance of the College against our plan, with the following key strategic themes:

- A Participation, Developing Capacity and Responsiveness
- B The Curriculum and Meeting Needs
- C Learning, Student Outcomes and Experiences
- D Engaging with Our Community, Building and Strengthening Partnerships

E Development of our Workforce
 F Effective use of Resources

The College's principal strategic objectives are:

- Provide a curriculum that is unrivalled in terms of choice, quality and flexibility. Manage learner numbers to ensure appropriate capacity and fair access. Strengthen internal progression associated with students accessing a broader and inclusive curriculum with different levels of entry;
- Ensure the provision of a flexible curriculum offer to allow responsiveness to national curriculum reforms, to meet the needs and aspirations of all our students. Proactively prepare for the reshaping of the general vocational courses that we offer and building capacity to embed work experience and work related activity into programmes of study, developing the employability skills of our students;
- Support retention and progression through programmes of study and appropriate pathways. Stretch and challenge students through programmes that match their needs and interests;
- Ensure that students re-engage and are well supported to recover from the educational and wider personal challenges that have resulted from the COVID-19 pandemic;
- Ensure all students have a strong sense of community in which every student feels safe, valued and supported. Promote ambition. Develop consistently high learning experiences for our students. Sustain and increase student participation in wide and diverse enrichment and extension opportunities;
- Develop our partnerships with schools and other providers to ensure a curriculum offer that benefits students, along with building the capacity to further strengthen the sixth form college offer in partnership;
- Ensure a strong network and support infrastructure exists to support those students most vulnerable or in need of support for their education and welfare. Develop approaches to enable increasingly personalised support, recognising that these are critical to academic success and progression;
- Continue to review the use of technology in the curriculum delivery;
- Give a high priority to effective leadership and staff engagement during a period of significant change and development. Continue to invest in and develop the leadership capabilities of senior and middle leaders. Develop our strategies to promote staff wellbeing and resilience in order to ensure that staff can flourish and are supported to develop personally and professionally;
- Develop and deliver the initial stages of our estates strategy to enhance effective delivery of our future curriculum including through specialist facilities and to improve the quality, security and safety of our estate;
- Use financial resources to maximise the quality and efficiency of our provision and ensure value for money.

The College remains committed to achieving these objectives, although the impact of the COVID-19 pandemic has continued to be significant on the College's operations in the year, particularly in supporting our students as they recover from the educational impact of the pandemic. Teaching and learning was delivered on site throughout the 2021/22 academic year, rather than the blended learning approach that was adopted in the previous academic year, in line with government guidance for FE institutions.

The overarching strategic development and financial plans are supported by operational Development and Quality Improvement Plans. Key targets for 2021/22 and achievement against these indicators is addressed below:

| Development plan target | Target 21/22 | Outcome 21/22 |
|--|----------------|---------------|
| Student Recruitment - number of full-time 16-19 students | 3,550 | 3,587 |
| Student Outcomes: | | |
| A Level pass rate | 98% | 96% |
| A Level high grades (A* - B) | 50% | 45% |
| Level 3 Vocational pass rate | 98% | 91% |
| Finance - financial health category | Good | Good |
| Quality – Ofsted rating for overall effectiveness | Good or better | Good |

WQE AND REGENT COLLEGE GROUP

16-19 student numbers in 2021/22 were ahead of the College's target and higher than the prior year number of 3,510.

Significant work continues to be undertaken with regard to student recruitment to ensure that students enrol on the appropriate programmes and having regard to the physical capacity of the College. In 2022/23, the 16-19 student number is expected to be higher than the target of 3,600. The positive impact of merger on the combined curriculum offer and the demographic growth in schools in the City gives the College confidence that future student number targets are achievable. Future student number targets are closely linked with the planning for the development of the estate.

The vast majority of the provision of the College is A Level and Level 3 vocational. The College also provides a small number of courses at all levels below this to support progression to level 3 programmes. The Corporation closely monitors outcomes of all courses and regularly reviews the programmes offered in line with the College's mission.

The College has a quality improvement strategy and is investing considerable efforts into continuing to improve achievement rates and student progress. Strengthening the approach to data analysis, in order to better identify sub-groups where performance gaps exist, has been a key part of this work and this new approach will be increasingly embedded into our quality improvement strategy. A particular priority in 2021/22 was to improve the experience of students with Special Educational Needs and Disabilities, with a review undertaken in partnership with Leicester City Council's Head of SEND and Integrated Services. In addition, improving quality assurance of vocational provision and the student experience of these programmes has been a key focus. A vocational working party was set up to identify and share best practice from across the College.

In March 2022, the College was inspected by Ofsted and received a Good rating for overall effectiveness and a Good rating for all sub-categories:

- Overall effectiveness is Good
- The quality of education is Good
- Behaviour and attitudes are Good
- Personal development is Good
- Leadership and management are Good
- Education programmes for young people are Good

FINANCIAL OBJECTIVES

The College's Financial Objectives for 2021/22 included the following key targets:

- operation of sound and efficient financial management and operating controls with improvements to financial systems kept under review;
- maintain the confidence of the College's bankers by ensuring compliance with loan covenants and continuing with an effective dialogue with the bank;
- maintain a sound operating financial basis, measured against the key indicators in the table below;
- ensure that proposals for cost savings are costed and planned to ensure implementation can be achieved in line with financial plans.

The College met or exceeded its financial objectives for 2021/22. The Corporation reviewed the key indicators in June 2022 and, having regard to the financial environment the College is operating in, agreed the indicators set out below for 2022/23.

| Indicators | 2022/23 | 2021/22 |
|---|--|--|
| Cash days in hand | 60 | 60 |
| Current ratio in excess of | 1.5 | 1.5 |
| Cash flow from operations | Positive and covering interest and debt repayments | Positive and covering interest and debt repayments |
| Performance against ESFA funding target | 100.0% | 100.0% |
| Financial Health Grade | Good | Good |

Despite the continuing impact of the COVID-19 pandemic on supply chains, the College has invested significantly in its estate, completing the second stage of its long term estates strategy in September 2022. Careful financial management has allowed the College to plan for and deliver significant investment into its estate as part of the vision to ensure outstanding teaching and learning facilities, including specialist spaces. The ability of the College to progress identified future projects will be dependent on capital funding available from funding bodies.

The COVID-19 pandemic has given rise to increased operating costs, particularly in the areas of staff cover costs and cleaning; the adverse impact on the College's finances for the year had been anticipated and planned for.

A key financial objective for 2022/23 is to ensure that the difficult financial environment the College is operating in is fully taken into account and contingency proposals for financial savings are costed and planned to ensure that implementation can be achieved if and when necessary. This includes the impact of utility costs and pay inflation. The impact of funding factors such as retention and programme size may also have an adverse impact on the College's financial position in 2023/24.

PERFORMANCE INDICATORS

Internal KPI's and the College's performance against them have been set out above.

The College is committed to observing the importance of sector measures and indicators including measures that are assessed externally including Financial Health, delivery against funding targets and achievement rates. The College's Financial Health is Good for 2021/22.

FINANCIAL POSITION

FINANCIAL RESULTS

WQE generated a deficit before other gains and losses in the year of 1,513k (2020/21 – surplus of £910k) with total comprehensive income of £9,529k (2020/21 – £917k). The operating position in 2021/22 is after reflecting £843k (2020/21 - £746k) in relation to FRS 102 defined benefit pension charges and an actuarial gain in the Statement of Comprehensive Income of £11m (2020/21 loss of £45k)

The College did not suffer a material loss in income in 2021/22 or 2020/21 as a result of the COVID-19 pandemic. The ESFA continued to fund the College's 16-19 provision and the Adult Education funding reflected the College's adult enrolment. As a result, the College did not furlough any of its employees. Additional operating costs due to the pandemic were anticipated and planned for but are a factor in the deficit reported for 2021/22.

At 31 July 2022, the Group had accumulated reserves of £21,625k (2020/21 - £12,096k) and cash and investment balances of £6,091k (2020/21 - £7,889k). The increase in the College's reserves reflect the deficit for the year and the actuarial gains in relation to the Local Government Pension Scheme. The College regularly reviews the extent of its reserves and cash balances to allow it to invest in its estate and manage the difficult external funding environment.

Tangible fixed asset additions in the year amounted to £1,774k (2020/21 - £1,087k), of which additions to land and buildings amounted to £560k (2020/21 - £323k), assets in the course of construction £498k (2020/21 £340k), IT equipment £657k (2020/21 - £341k), other equipment £32k (2020/21 - £22k) and donated laptops of £27k from DfE (2020/21 - £60k). Additions in the year primarily relate to the refurbishment works to the estate and the IT network infrastructure and hardware replacement programme.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2021/22 the funding bodies provided 98% of the College's total income (2020/21 – 98%). This reliance on funding body income is expected to continue in 2022/23, and future years.

The College has one subsidiary company, QED (Leicester) Ltd, which has been dormant during the year ended 31 July 2022.

FINANCIAL PLAN

The Corporation approved a three year financial plan in June 2022 which sets objectives for the three year period to 2024. The College aims to maintain a financial health rating of at least Good during this period.

TREASURY POLICIES AND OBJECTIVES

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

The College currently does not have any short-term borrowing for temporary revenue purposes. Any borrowing requires the authorisation of the Corporation and complies with the requirements of the College's Funding Agreement.

CASH FLOWS

The net cash inflow from operating activities in the year was £101k (2020/21 - £3,482k).

LIQUIDITY

In September 2007, the College entered into an unsecured term loan agreement up to a maximum amount of £5.17m with the Allied Irish Bank to part finance the new building and refurbishment programme. The final drawdown under the facility took place in October 2009 and repayments commenced in March 2010. Total debt at 31 July 2022 amounted to £Nil (31 July 2021 - £489k) as the College repaid the balance of the loan due in July 2022, following consideration of the amount of the College's total borrowing, the approach to interest rate management and therefore the balance between the cost of servicing the debt and operating cash flow.

RESERVES POLICY

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are sufficient reserves to support the College's core activities and charitable obligations should there be an unexpected revenue shortfall or increase in costs. The existence of unrestricted reserves also offers the College flexibility to plan and fund major projects, including those to develop and maintain its buildings and facilities.

By their very nature, the availability of the restricted and endowed funds for the general operation of the College is limited. Accordingly, it is the unrestricted reserves which are expendable at the discretion of the Corporation in the furtherance of the objectives of the College.

The Group reserves include £393k (2020/21 - £426k) held as restricted reserves. As at 31 July 2022, the income and expenditure reserves (unrestricted funds excluding the revaluation reserves) stand at £15,192k (£5,504k at 31 July 2021). It is the Corporation's intention to maintain an appropriate balance between maintaining reserves and investment over the life of the strategic plan, through the careful management of financial resources.

GOING CONCERN

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

CURRENT AND FUTURE DEVELOPMENTS

FINANCIAL HEALTH

The Financial Health Grade for 2021/22 is expected to be Good.

STUDENT NUMBERS

The primary source of funding received by the College is from 16-19 ESFA funding. This funding is based on student numbers enrolled at the College, using a lagged formula model.

In 2021/22 the College enrolled 3,587 16-19 year-old students, 77 higher than the funded number of 3,510. The cash out-turn generated by these students was £16,176k. The funding allocation for these students was £16,002k giving a funding deficit of £174k.

The College had 17 students funded through the Adult Education Budget and Apprenticeship funding. The overall funding outturn was £49k, which was £124k lower than the original allocation for 2021/22 of £173k. The reconciliation process, taking into account funds received for learner support, has resulted in clawback of £119k, which has been provided for in the 2021/22 accounts.

STUDENT ACHIEVEMENTS

A majority of the College's provision is for full-time students aged 16 to 19 on level 3 courses. These Level 3 students studied GCE, A level and equivalent and vocational courses. A wide range of courses are also provided for students with lower levels of prior attainment. There are clear pathways for progression onto Level 3 courses, providing excellent opportunities for these students.

The College has good levels of student achievement, as evidenced by the following outcomes:

- All qualifications retention rates of 89% and pass rates of 94%
- A-level pass rate of 96% with 69% High Grades (A*-C)
- Level 3 vocational pass rate of 91% with 70% achieving Merit or higher
- All GCSE pass rate of 99% with 41% High Grades (4-9)
- English GCSE pass rate 99%, with 42% High Grades (4-9)
- High progression rates to positive destinations and higher education.

The progression outcomes for those students who left the College at the end of their course in 2021 were excellent. 97% of all leavers secured positive progression, with 84% of level 3 students progressing to Higher Education. The majority of other level 3 students progressed to apprenticeships or other work based training. The vast majority of students on lower level courses secured positive progression with the majority moving on to the next level of course at the College.

CURRICULUM DEVELOPMENTS

The College seeks to provide a high quality, inclusive sixth form education for young people in the local area with a focus primarily on enabling progression from Key Stage Four to Level 3 study and achievement, thus facilitating progression into higher education and the early stages of professional careers for those who have these aspirations. Consequently, the curriculum is planned to respond to the education and skills needs of our students and their communities, as well as the key national and local priorities that align to the College's mission. Within this, the efficiency, viability and potential to assure quality of provision are key areas that the College will consider when determining the exact curriculum mix, which is kept under continuous review. As part of this continuous review process, the College is proactively preparing for the impact of the national reshaping of the general vocational courses that the College currently offers. The College seeks to enable participation, progression and the fulfilment of aspiration.

The College has a Curriculum Statement, reviewed annually, which is its statement of curriculum policy and intent. In 2021/22 all full-time students followed a curriculum with two main elements:

1. A main programme of courses including A levels or the equivalent, classroom based vocational courses and GCSEs;
2. A programme of extension options, enrichment, personal development and guidance.

The College does not offer the AS qualification as a stepping stone towards the A level qualification, though a small number of stand alone AS level courses are offered.

PAYMENT PERFORMANCE

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. The College believes it meets this target. The College incurred no interest charges in respect of late payment during the year under review.

POST BALANCE SHEET EVENTS

On 29 November, the Office for National Statistics reclassified all college corporations and their subsidiary undertakings as public sector institutions. The Department for Education consequently introduced some changes to the financial framework for all colleges which take effect in 2022-23. Having considered the announcement and the initial government response, the known changes are not expected to have a material impact on the College's operations or financial position, nor the basis on which the financial statements are prepared.

FUTURE DEVELOPMENTS

Following merger in 2018, the College developed a single inclusive high quality curriculum offer and was seeking to achieve growth in funded student numbers as a result. This growth has been achieved and future student number forecasts will link with the implementation of the estates strategy. The estates strategy was approved by the Corporation in June 2020, with the first two phases of work completed in September 2021 and September 2022. Demographic growth and other local factors led to a significant increase in student numbers in both 2018/19 and 2019/20. 2020/21 saw increased competition and the impact of COVID-19, as students choose to stay closer to home and in familiar environments for their Post 16 study. Student numbers grew again in 2021/22; student numbers will be higher than the College's target for 2022/23.

The Estates Strategy reflects the need for continued investment across both campuses, to refurbish and remodel the accommodation to create outstanding teaching and learning facilities to deliver an outstanding learning experience for all our students. Particular focus is being given to the bringing together of curriculum and support areas and the improvement of the quality and flexibility of general teaching spaces, improving teaching and working conditions for large numbers of staff and students in the College. In addition, the planned refurbishments will inform a programme of planned maintenance over the medium to long term. The speed at which the Property Strategy can be delivered is dependent on the availability of capital funding for sixth form colleges.

The College is reviewing the delivery of all areas of its work, including a review of the curriculum offer, and course delivery locations to support improved flexibility, efficiency and utilisation. Government proposals for the future of vocational qualifications is also a key part of our review of our curriculum offer. The College has recognised a need to continue to grow income alongside implementing plans to further improve efficiency in order to ensure its financial viability given the funding reductions and inflationary pressures anticipated in 2022/23 and future years.

The College undertakes comprehensive and regular financial forecasting, incorporating the financial impact of strategic plans, normally looking five years ahead. Taking account of its current position, strategic plans and the principal risks that it faces, the College believes that it will be able to continue in operation and meet its liabilities for the foreseeable future.

RESOURCES

The College has a variety of resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the main College sites, including the new and refurbished buildings.

Financial:

The Group has £21,625k of net assets. This is stated after taking account of capital grants due after one year of £5,081k.

People:

The College employs 248 people expressed as full time equivalents, of whom 130 are teaching staff.

Reputation:

The College has a strong reputation locally and nationally. Maintaining the all round high quality of education offered at the College is essential for the College's success in attracting students and maintaining external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The College's Leadership Teams undertake systematic and regular reviews of the risks to which the College is exposed, including any risks which may arise as a result of new areas of work being undertaken by the College, or external factors such as changing government policy, the COVID-19 pandemic and the impact of global inflationary pressures. They identify systems and procedures, including specific preventative actions which attempt to mitigate any significant potential impact on the College.

A risk register is maintained at College level which is reviewed at least twice yearly by the Audit Committee and the Corporation. The risk register identifies the significant 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 main risk factors affecting the College are set out below. Not all of the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

National Policy on Post-16 education

Strategic positioning as a provider of post-16 education and large scale A level and vocational classroom based learning provision is threatened by national policies promoting new competition, an environment that undermines partnership working and which could phase out key vocational qualifications. In addition, there may be industrial relations tensions in the sector resulting from national policies impacting workload and pay expectations.

This risk is mitigated in a number of ways:

- Engagement with key agencies and partners to maximise awareness of emerging plans
- Maintain and build on the SFC brand locally, linked to targeted marketing
- Ensure potential to be able to sustain the breadth of provision across levels and course types
- Develop and implement an ambitious estates strategy, supporting capacity to cluster specialisms and teams
- Implementation of nationally negotiated pay settlements

Financial

The College has considerable reliance on continued government funding through the education sector funding bodies. In 2021/22, 98% of the College's revenue was ultimately publicly funded and this level of reliance is expected to continue. Recent declines in real terms funding linked to rising delivery costs could affect the capacity of the College to consistently ensure cash generation to sustain investment. The College is currently operating in an environment with significant inflationary pressures leading to the real terms funding decrease, particularly in relation to pay expectations and increases in utility bills. Access to capital funding for sixth form colleges is extremely restricted. In the longer term, the loss of the Teachers' Pension Grant remains a key risk.

This risk is mitigated in a number of ways:

- Regular review of expenditure as part of 3-5 year financial planning cycles

- Remain focussed on the management of curriculum cost, including staff utilisation and the efficiency of all programmes of study whilst remaining committed to enrichment and support beyond the core curriculum
- Implementation of nationally negotiated pay settlements
- Identify and develop opportunities to extend and improve the efficient use of technology

Property Strategy

The College has invested considerable resources in improving and developing its estate to deliver an outstanding environment for teaching and learning and has ambitious plans for the future. The grant funding available to Sixth Form Colleges through the Condition Improvement Fund and the Post-16 Capacity Fund is much more limited. Without further investment in the estate, the College may be unable to accommodate the growth in student numbers in the medium term, as indicated by the current demographic data. The current economic environment is also increasing the cost of capital projects and supply chains are increasingly challenging.

This risk is mitigated in a number of ways:

- Approval of a phased Estates Strategy in June 2020, ensuring that the potential of the estate is fully realised in the most efficient way;
- A significant part of the College's building stock has already been replaced or thoroughly refurbished reducing the scale of works required in the short/medium term;
- The College is proactive in bidding for funds to support its property strategy although the government funds available are significantly reduced;
- Careful management of the College's cash reserves has ensured that the College has certain funds available for infrastructure projects.

Disruption to communications infrastructure

The College would experience operational difficulties from disruption to its communications infrastructures. The speed of technological change is a risk, especially in the context of increases in cyber attacks in education institutions requiring constant vigilance and review.

This risk is mitigated in a number of ways:

- IT systems are routinely backed up and secured in appropriately controlled environments
- Significant investment in network security infrastructures
- Increased focus on security tools
- Consultant advice where appropriate

STAKEHOLDERS

In line with other colleges, WQE has many stakeholders. These include:

- Current, future and past students
- Parents/carers of these students
- Our staff and their trade unions. The trade unions of which WQE staff are members are the National Education Union (NEU), the National Association of Schoolmasters Union of Women Teachers (NASUWT) and Unison
- Education sector funding bodies
- Our partner schools
- Our Local Authorities and Local Enterprise Partnerships
- The wider local community
- Other FE institutions

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

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The College's SECR reporting for the year ended 31 July 2022 is available on our website.

GENDER PAY GAP REPORTING

The College's Gender Pay Gap reporting for the snapshot date of 31 March 2021 is available on our website.

TRADE UNION FACILITY TIME

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

The information below is presented in relation to the year ended 31 March 2022.

1. Trade Union Representatives

| Numbers of employees in the year ended 31 March 2022 | FTE employee number |
|--|---------------------|
| 8 | 5.90 |

2. Percentage of working hours spent on Facility Time

| Percentage of time | Number of representatives |
|-------------------------|---------------------------|
| 0% of working hours | 0 |
| 1-50% of working hours | 8 |
| 51-99% of working hours | 0 |
| 100% of working hours | 0 |

3. Total pay bill and facility time costs

| | |
|---|-------------|
| Total cost of facility time | £14,753 |
| Total pay bill | £11,589,587 |
| Percentage of total bill spent on facility time | 0.13% |

4. Paid Trade Union Activities

| | |
|---|-------|
| Time spent on paid trade union activities as a percentage of total paid facility time | 9.93% |
|---|-------|

EQUALITY AND DIVERSITY

The following statement, encapsulating the College's commitment in this area, is included as an integral part of all policy documents:

The College is committed to the equality of opportunity and a proactive approach to equality, which supports and encourages under-represented groups, promotes inclusivity and values diversity.

A central part of the College's mission is to maximise the extent to which members of the College, be they students or employees, are able to fulfil their potential. An intrinsic part of this is to ensure that the College redresses inequality where it can – and certainly does not perpetuate such inequality. The College seeks to be fully compliant with appropriate legislation. The College also seeks to practice what is implied in the policies it develops from such legislation. Wherever it can, therefore, the College scrutinises the impact of its work from an Equalities perspective, analysing for example its performance in terms of enrolment, achievement and progression for the students and recruitment, selection and employment for staff. Reporting is thorough and emerging issues are addressed.

The College's Single Equalities Scheme is published on the College's VLE, Staff Intranet and Website and a Single Equality Scheme Action Plan, which is reviewed regularly and monitored by managers and governors. The College has an Equalities and Diversity Forum which meets regularly.

The College considers all applications for employment based solely on merit. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College has a regularly updated Equality & Diversity training programme which all staff and governors attend. Refresher training and training for new starters is carried out on an ongoing basis.

DISABILITY STATEMENT

The College recognises its obligations and seeks to achieve the objectives set down in the Equality Act 2010. In particular the following are noted:

- a) counselling and welfare services are available to students and staff, including access to a 24/7 helpline all year;
- b) all new buildings are accessible. All specialist accommodation is accessible by wheelchair;
- c) the College has a range of specialist equipment which can be made available for use by students and staff and uses software that can provide greater flexibility in learning methods for students with disabilities;
- d) the admissions policy for all students is included in the Prospectus. The applications of all students with a significant learning difficulty, disability or medical condition are reviewed to see whether a discretionary offer, below the normal level of attainment, would be appropriate. Wherever a member of the Leadership Team has discretion in allowing special arrangements that deviate from normal College practice, disabilities and health considerations will be amongst the factors taken into account;
- e) the College has made a significant investment in the appointment of staff to support students with learning difficulties and/or disabilities. Where appropriate, specialist support is bought in. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- f) help available is outlined on the College's VLE; the induction process also includes information about this.

The College is aware of its obligations under the Disability Equality Duty. In particular, it is aware of the need to involve people with disabilities in planning and decision-making and of the importance of promoting a positive attitude to those with disabilities.

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 14 December 2022 and signed on its behalf by:



Philip Parkinson
Chair of the Corporation

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 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

The College endeavours 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 accordance with the Association of Colleges Code of Good Governance for English Colleges, which the Corporation adopted on 29 June 2016 (the Code).

The College is committed to exhibiting best practice in all aspects of corporate governance. In the opinion of the Governors, the College complies with the mandatory provisions of the Code and it has complied throughout the year ended 31 July 2022. This opinion is based on an internal review of governance reported to the Corporation on 14 December 2022. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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

Members of the Corporation

The members who served on the Corporation during the year and up to the date of signature of this report are set out below. All appointments to the merged College Corporation were effective from 29 March 2018.

| Members | Date of appointment | Term of office | Date of resignation/retirement | Status of appointment | Committee Membership 2021/22 | Attendance in 2021/22* |
|-----------|---|----------------|--------------------------------|--|--|------------------------|
| O Ahmed | 16.11.22 | 16.11.26 | | External Governor | n/a | n/a |
| W Allsopp | 29.03.18; reappointed on 10.03.20 | To 31.01.25 | | External member, Chair of Audit & Risk Committee from January 2022 | Audit & Risk | 56% |
| J Black | 29.03.18; reappointed 01.07.19 | To 12.07.23 | | External member, Vice Chair of Governors, Chair of Governance & Search | Audit & Risk, Remuneration, Governance & Search | 78% |
| J Cooke | 29.03.18; reappointed 13.10.21 | To 29.06.26 | | External member | | 56% |
| S Dadge | 18.05.22 | To 18.07.26 | | External member | | 50% |
| S Dawkins | 29.03.18. reappointed 31.08.19 | To 31.08.23 | | External member, Chair of Governors to end of 2021/22 academic year | Remuneration, Search, Chair of the Corporation | 100% |
| S Ghumra | 16.11.22 | 16.11.26 | | Parent Governor | n/a | n/a |

WQE AND REGENT COLLEGE GROUP

| | | | | | | |
|------------------|---|----------------|--|--------------------------|--|------|
| B Green | 29.03.18; reappointed 13.10.21 | To 30.12.25 | | External member | Remuneration | 89% |
| S Harvey | 18.05.22 | To 27.07.26 | | External member | | 100% |
| U Kang | 16.11.22 | To 16.11.23 | | Student member | n/a | n/a |
| A Lockhart-Smith | 29.03.18; Reappointed on 10.03.20 | To 31.05.25 | Resigned on 26.01.22 | External member | Audit & Risk | 100% |
| J Maadhavji | 14.10.20; reappointed 13.10.21 | To 12.10.22 | 12.10.22 | Student member | | 67% |
| N McGhee | 29.03.18; reappointed on 10.03.20 | To 30.06.25 | | External member | Governance & Search | 89% |
| A Mohamed | 26.01.22 | To 25.01.23 | | Student member | | 60% |
| N Navsariwala | 01.11.18; reappointed on 10.03.20 | To 31.10.22 | 31.10.22 | Parent member | | 89% |
| I Palmer | 29.01.20 | To 28.01.24 | | Teaching staff member | | 78% |
| P Parkinson | 29.03.18; reappointed on 10.03.20 | To 12.07.24 | Tenure extended to end of 2023/24 academic year to fulfil role as Chair of Governors | External member | Audit & Risk, Remuneration, Search, Chair of Governors from end of academic year 2021/22 | 78% |
| J Phillips | 29.03.18; reappointed on 10.30.20 | To 27.06.25 | | External member | | 56% |
| A Samnani | 15.01.21 | To 31.12.21 | 31.12.21 | Student member | | 75% |
| A Singh | 29.03.18 reappointed 01.06.19 | To 31.05.23 | | External member | Audit & Risk, Remuneration, Governance & Search | 33% |
| P Wilson | 29.03.18 | Ex- officio | | Principal | Governance & Search | 100% |
| A Winterton | 29.03.18; reappointed on 01.12.19 | To 30.11.23 | | Support Staff member | | 100% |
| J Zachariah | 01.11.18; reappointed 18.05.22 | To 31.10.26 | | External member | Audit & Risk | 78% |

*Attendance data is disclosed for attendance at Corporation meetings throughout 2021/22.

Rachel Middleton served as the Clerk to the Corporation for the year under review and to the date of signature of this Report.

During 2021/22 Governors received a range of training sessions, briefings and Q&A sessions with external and internal speakers within and outside of Corporation meetings and Governor Conferences, covering a wide range of topics.

The Chair and Vice Chair of Governors were nominated for an excellence in governance award from the SFCA and were successfully awarded this in June 2022.

During 2021/22, the Clerk attended a range of briefings and training sessions, covering a wide range of topics.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets at least twice a term and nine times over the course of the year. First implemented during the Covid-19 pandemic, Governors' participation in meetings was facilitated using video conferencing facilities, which were improved during this year. Governance meetings are now a hybrid of virtual and face to face meetings, with the Corporation's preference being that Governors attend in person.

The Corporation discharges all of its functions directly and reviews the arrangements at the end of each year to ensure they continue to be effective. There are three committees, each with terms of reference, which have been approved by the Corporation. These committees are Audit & Risk, Remuneration and Governance and Search. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at: WQE and Regent College Group, University Road, Leicester, LE1 7RJ upon request during office hours. Minutes of Corporation meetings are available on the College website at www.wqe.ac.uk.

The Clerk to the Corporation maintains a register of financial and personal interests of the Governors and members of the Executive Leadership Team. The register is available for inspection at the above address during office hours.

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

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair of the Corporation and Accounting Officer of the College are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the Corporation as a whole. The Corporation has a Governance & Search Committee which is comprised of the Chair and Vice Chair of the Corporation, the Principal and a minimum of three other Corporation members. The Committee is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate induction and training is provided as required and a formal

governor development plan is refreshed annually. The policy on the appointment and reappointment of Governors was reviewed and re-approved during the period.

Role profiles for Governor, Vice Chair and Chair of Governors were completely refreshed and include reference to playing a full part in College life, committing to ongoing professional development and participation in a review of individual Governors' performance, as well as a cyclical external review of governance.

Members of the Corporation are appointed for a term of office not exceeding four years and a maximum of two terms of office.

Corporation Performance

During the autumn 2022, Governors carried out individual self-assessments of the Corporation's performance for the year ended 31 July 2022 with the overall assessment of governance arrangements being rated as 'Good' on the Ofsted scale. The self-assessment questionnaire is framed around the areas of evaluation examined by Ofsted together with the guidance contained in the Good Governance Standard for Public Service.

A report was compiled by the Clerk focusing on areas of strength and consensus from the Corporation. Matters requiring clarification or correction raised by Governors were addressed in the report. Areas for development were itemised; proposed action points and a review of progress made during 2021/22 will be tabled at the first meeting of the Governance & Search Committee in the 2022-23 academic year.

In keeping with requirements in the revised Post-16 Audit Code of Practice, the Corporation received the annual accounts at its December 2021 meeting, with a presentation from the external auditors covering main findings as well as a report on emerging issues.

The Corporation has considered DfE guidance based on board reviews and has plans to commission an external review in future; it did not carry out a formal external review in 2021-22.

Remuneration Committee

Throughout the year ended 31 July 2022, the Remuneration Committee comprised the Chair and Vice Chair of the Corporation and a minimum of three other Corporation members. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer and other senior postholders and the Clerk to the Corporation, based on an annual review of their performance. The College has adopted the Association of Colleges Senior Staff Remuneration Code, noting the change from 'Use or explain' to 'Comply or explain' referenced in the reworked September 2021 version of the AOC's Code of Good Governance for English Colleges.

Details of remuneration of the senior postholders for the year ended 31 July 2022 are set out in note 6 of the financial statements.

Terms of reference for this Committee were reviewed and approved in April 2022.

Audit & Risk Committee

In the year ended 31 July 2022, the Audit Committee comprised a minimum of four members of the Corporation. The Committee was chaired by a member of the Corporation. The Accounting Officer and Chair of the Corporation are not eligible to serve on this committee. In line with the Post 16 Audit Code Practice, staff members do not serve on the Audit Committee. The Committee operates in accordance with written terms of reference approved by the Corporation annually. The purpose of the Committee is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

The Audit & Risk Committee meets up to four times a year. The Corporation approves any variation in the Committee's meeting regularity. It provides a forum for reporting by the College's auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the College's funding bodies, as they affect the College's business. In the year ended 31 July 2022, the Committee approved a programme of external assurance on the College's systems of internal control. Specialist external assurance was sought in a number of areas in

accordance with the agreed plan. Their findings were reported to management, the Audit & Risk Committee and the Corporation.

Management is responsible for the implementation of agreed audit and assurance recommendations, and the Audit & Risk Committee monitors progress to ensure such recommendations have been implemented. The Audit & Risk Committee also advises the Corporation on the appointment of regularity and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

The members of the Committee and their attendance records for 2021/22 are shown below:

| Name of Governor | Overall Committee meeting attendance |
|---|---|
| Philip Parkinson | 4/4 |
| Wayne Allsopp | 2/4 |
| Jimmy Zachariah | 4/4 |
| Alistair Lockhart-Smith | 2/2 |
| Amrik Singh | 2/2 |
| Joyce Black | 2/2 |
| Shelley Harvey (Observer, with a view to joining the Committee) from September 2022 | 1/1 |

External review of governance

The Governance & Search Committee tasked the Clerk with monitoring entrants into the external governance review market and presenting findings back to the Committee. The Corporation has noted the published requirements of an external review and the regularity with which it must commit to an external review. The Corporation received and approved a recommendation from the Audit & Risk Committee to commit to an external review of governance in the 2023/24 academic year, as part of the Corporation's external assurance programme.

Internal reviews of governance practice are ongoing, including a review of the training and development offer for Governors, and the plan to introduce more structured reviews of individual Governors', Chairs' and Vice Chairs' performance.

Internal Control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Funding Agreement between the College and the funding bodies. The Principal 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 based on ongoing processes designed to identify and prioritise the risks to the achievement of the College's 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 at WQE and Regent College Group for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2022 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The College did not appoint an internal audit service for the year ended 31 July 2022. College management and Governors have assessed the internal controls and developed a Board Assurance Framework, clearly showing the mapping of assurance sources against the risks identified.

The College analysed the risks to which it was exposed, and a programme of assurance was agreed with the Audit & Risk Committee. The Audit & Risk Committee was provided with regular reports on progress of this assurance activity in the College.

This basis of targeted external assurance work will continue for the year ending 31 July 2023.

Risks faced by the Corporation

The role of the College's Audit & Risk Committee is to advise the Corporation on matters relating to its audit and risk arrangements and systems of Internal Control. Its minimum terms of reference are determined by the Post-16 Audit Code of Practice. The Corporation receives reports from the Audit & Risk Committee at its meetings where the Corporation considers and endorses courses of action discussed and proposed by the Audit & Risk Committee. The Audit & Risk Committee proposes the areas of focus for an annual programme of external assurance and additional areas are rolled into the programme should an unexpected risk present itself. The Corporation holds a risk register and this is regularly considered at meetings of the Audit & Risk Committee and the subsequent Corporation meetings.

The Audit & Risk Committee reviewed the Significant Risks outlined by the Principal in a dedicated report, outlining risk, impact, likelihood and mitigations at its meeting on 30 November 2021 and its 7 June 2022 meeting, comparing and contrasting the risk profile for each substantive risk on the risk register over time. At its meeting on 7 June 2022, the Committee considered the risks identified across the education sector outlined in a research report produced by RSM UK Audit LLP (external auditors) and compared the College's own risks with this sectoral analysis.

Post-pandemic, the Corporation considered additional risks presented to the College. The Corporation was alerted to arrangements relating to the management of health and safety of College staff and students, including plans to bolster pastoral support for students in light of student mental health and wellbeing referrals, as well as feedback from students relating to their general safety on and between campuses. The Corporation also monitored College practice and support in relation to staff wellbeing.

Control weaknesses identified

A report on the effectiveness of internal controls is prepared annually by the College for presentation to the Audit & Risk Committee.

The External Auditor reported on the audit for the year ended 31 July 2022 and significant findings show:

- No issues to note of management override of internal controls;
- Adequate assurance has been obtained that income recognition is materially correct;
- No issues in relation to the College applying the going concern principle;
- Key areas of Management's judgement in relation to defined benefit pension scheme assumptions were reasonable;
- No instances of irregularity or impropriety;
- No significant deficiencies in the accounting and internal controls systems;
- No significant issues in relation to capital expenditure.

Responsibilities under funding agreements

The Corporation is aware of its responsibilities under its funding agreements and ensures that they are managed through the Annual Schedule of Business.

Statement from the Audit Committee

The Audit & Risk Committee has advised the governors that the Corporation has an effective framework for governance and risk management in place. The Audit & Risk Committee believes the Corporation has effective internal controls in place.

The specific areas of external assurance work overseen by the Audit & Risk Committee in 2021/22 and up to the date of the approval of the financial statements are:

- health and safety review
- the security of the IT network
- a review of the College's provision for students with special educational needs
- catering arrangements

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control in the year ended 31 July 2022 was informed by:

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

The Accounting Officer has been advised on the implications of the result of the reviews of the effectiveness of the systems of internal control by the Audit & Risk Committee, which oversees the operation of the Board Assurance Framework and other sources of assurance and a plan to address weaknesses and ensure continuous improvement of the systems are in place.

The College Executive 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. The College's Executive Leadership Team and the Audit & Risk Committee also received reports from auditors, external advisors and other sources of assurance, which included recommendations for improvement.

The Audit & Risk 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

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receives reports thereon from the College Executive Leadership Team and the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

At its December 2022 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the executive leadership team and the Audit & Risk Committee and taking account of events since 31 July 2022. The external auditors were also in attendance.

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

Approved by order of the members of the Corporation on 14 December 2022 and signed on its behalf by:



Philip Parkinson
Chair of the Corporation



Paul Wilson
Accounting Officer

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the Corporation, or material non-compliance with the terms and conditions of funding under the College's grant funding agreements and contracts with ESFA, or any other public funder.

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



Paul Wilson
Accounting Officer
14 December 2022

Statement of the Chair of the Corporation

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.



Philip Parkinson
Chair of the Corporation
14 December 2022

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

The members of the Corporation, as charity trustees, 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 the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the *Statement of Recommended Practice – Accounting for Further and Higher Education*, ESFA's *College Accounts Direction* and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the Corporation and the result for that year.

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

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Assess whether the Corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate
- Prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including 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 College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order 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; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. 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 economical, 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 the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 14 December 2022 and signed on its behalf by:



Philip Parkinson
Chair of the Corporation

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WQE AND REGENT COLLEGE GROUP

Opinion

We have audited the financial statements of WQE and Regent College Group (the "College") and its subsidiaries (the "Group") for the year ended 31 July 2022 which comprise the consolidated and college statements of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated 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) and the Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2022 and of the Group's and the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

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 group and 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 governors' 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 group's or 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 governors 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 governors are 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.

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 2021 to 2022 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.

Responsibilities of the Corporation of WQE and Regent College Group

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 24, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the Group's and 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 Group or 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 group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and College operate in and how the group and college are 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;
- 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, and the College Accounts Direction published by the Education and Skills Funding Agency. 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 most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management whether the group is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the area 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, and challenging judgments and estimates.

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. 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.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Rivermead House
7 Lewis Court
Grove Park
Enderby
Leicestershire
LE191SD

Date: 15/12/22

WQE AND REGENT COLLEGE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

| | <i>Notes</i> | <i>Year ended 31 July 2022</i> | <i>Year ended 31 July 2022</i> | <i>Year ended 31 July 2021</i> | <i>Year ended 31 July 2021</i> |
|---|--------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | | Group £'000 | College £'000 | Group £'000 | College £'000 |
| Income: | | | | | |
| Funding Body grants | 2 | 17,138 | 17,138 | 18,638 | 18,638 |
| Tuition fees and education contracts | 3 | 6 | 6 | 12 | 12 |
| Other income | 4 | 282 | 282 | 261 | 236 |
| Investment income | 5 | 37 | 37 | 24 | 47 |
| Total income | | 17,463 | 17,463 | 18,935 | 18,933 |
| Expenditure: | | | | | |
| Staff costs | 6 | 13,533 | 13,533 | 12,857 | 12,857 |
| Other operating expenses | 7 | 3,812 | 3,812 | 3,639 | 3,637 |
| Depreciation | 10 | 1,460 | 1,460 | 1,378 | 1,378 |
| Interest and other finance costs | 8 | 171 | 171 | 137 | 137 |
| Total expenditure | | 18,976 | 18,976 | 18,011 | 18,009 |
| (Deficit)/Surplus before other gains and losses | | (1,513) | (1,513) | 924 | 924 |
| Loss on disposal of tangible fixed assets | 10 | - | - | 14 | 14 |
| (Deficit)/Surplus before tax | | (1,513) | (1,513) | 910 | 910 |
| Taxation | 9 | - | - | - | - |
| (Deficit)/Surplus for the year | | (1,513) | (1,513) | 910 | 910 |
| Unrealised (deficit)/surplus on revaluation of assets | 11 | (35) | (35) | 53 | 53 |
| Transfer cash funds from endowment to I&E | 11 | - | - | (1) | (1) |
| Re-measurement of net defined benefit pension liability | 23 | 11,077 | 11,077 | (45) | (45) |
| Total Comprehensive Income for the year | | 9,529 | 9,529 | 917 | 917 |
| Represented by: | | | | | |
| Restricted comprehensive income | | (35) | (35) | 53 | 53 |
| Unrestricted comprehensive income | | 9,564 | 9,564 | 864 | 864 |
| | | 9,529 | 9,529 | 917 | 917 |

The notes on pages 33 to 55 form part of these financial statements.

CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES

| | Income and expenditure account | Revaluation reserve | Restricted reserves | Total |
|---|--------------------------------------|------------------------|------------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| Group | | | | |
| Balance at 1 August 2020 | 4,512 | 6,293 | 374 | 11,179 |
| Deficit from the income and expenditure account | 910 | - | - | 910 |
| Other comprehensive income | (45) | - | 52 | 7 |
| Transfers between revaluation and income and expenditure reserves | 127 | (127) | - | - |
| Balance at 31 July 2021 | 5,504 | 6,166 | 426 | 12,096 |
| Deficit from the income and expenditure account | (1,513) | - | - | (1,513) |
| Other comprehensive income | 11,075 | - | (33) | 11,042 |
| Transfers between revaluation and income and expenditure reserves | 127 | (127) | - | - |
| Total comprehensive income for the year | 9,689 | (127) | (33) | 9,529 |
| Balance at 31 July 2022 | 15,192 | 6,040 | 393 | 12,096 |
| College | | | | |
| Balance at 1 August 2020 | 4,509 | 6,293 | 374 | 11,176 |
| Deficit from the income and expenditure account | 910 | - | - | 910 |
| Other comprehensive income | (45) | - | 52 | 7 |
| Transfers between revaluation and income and expenditure reserves | 127 | (127) | - | - |
| Balance at 31 July 2021 | 5,501 | 6,166 | 426 | 12,093 |
| Deficit from the income and expenditure account | (1,513) | - | - | (1,513) |
| Other comprehensive income | 11,075 | - | (33) | 11,042 |
| Transfers between revaluation and income and expenditure reserves | 127 | (127) | - | - |
| Total comprehensive income for the year | 9,689 | (127) | (33) | 9,529 |
| Balance at 31 July 2022 | 15,190 | 6,039 | 393 | 21,622 |

The notes on pages 33 to 55 form part of these financial statements.

WQE AND REGENT COLLEGE GROUP

BALANCE SHEETS AS AT 31 JULY 2022

| | Notes | Group 2022 £'000 | College 2022 £'000 | Group 2021 £'000 | College 2021 £'000 |
|---|-------|------------------------|--------------------------|------------------------|--------------------------|
| Non current assets | | | | | |
| Tangible fixed assets | 10 | 22,504 | 22,504 | 22,530 | 22,530 |
| Investments | 11 | 393 | 393 | 426 | 426 |
| | | <u>22,897</u> | <u>22,897</u> | <u>22,956</u> | <u>22,956</u> |
| Current assets | | | | | |
| Trade and other receivables | 12 | 249 | 249 | 341 | 362 |
| Investments | 13 | 3,015 | 3,015 | 3,498 | 3,498 |
| Cash and cash equivalents | | 3,076 | 3,069 | 4,391 | 4,366 |
| | | <u>6,340</u> | <u>6,333</u> | <u>8,230</u> | <u>8,226</u> |
| Creditors - amounts falling due within one year | 14 | <u>2,502</u> | <u>2,498</u> | <u>3,232</u> | <u>3,231</u> |
| Net current assets | | <u>3,838</u> | <u>3,835</u> | <u>4,998</u> | <u>4,995</u> |
| Total assets less current liabilities | | 26,735 | 26,732 | 27,954 | 27,951 |
| Creditors - amounts falling due after more than one year | 15 | 5,110 | 5,110 | 5,792 | 5,792 |
| Provisions | | | | | |
| Other | 17 | - | - | - | - |
| Defined benefit pension schemes | 23 | - | - | 10,066 | 10,066 |
| TOTAL NET ASSETS | | <u>21,625</u> | <u>21,622</u> | <u>12,096</u> | <u>12,093</u> |
| Restricted reserves | | | | | |
| Endowment funds | 11 | 393 | 393 | 426 | 426 |
| Total restricted reserves | | <u>393</u> | <u>393</u> | <u>426</u> | <u>426</u> |
| Unrestricted reserves | | | | | |
| Income and expenditure account | | 15,192 | 15,190 | 5,504 | 5,501 |
| Revaluation reserve | | 6,040 | 6,039 | 6,166 | 6,166 |
| Total unrestricted reserves | | <u>21,232</u> | <u>21,229</u> | <u>11,670</u> | <u>11,667</u> |
| TOTAL RESERVES | | <u>21,625</u> | <u>21,622</u> | <u>12,096</u> | <u>12,093</u> |

WQE AND REGENT COLLEGE GROUP

The financial statements on pages 28 to 55 were approved by the Corporation on 14 December 2022 and authorised for issue and were signed on its behalf by:



Philip Parkinson
Chair of the Corporation



Paul Wilson
Accounting Officer

The notes on pages 33 to 55 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | Year ended 31 July 2022 | Year ended 31 July 2021 |
|---|------|----------------------------|----------------------------|
| | | £'000 | £'000 |
| Cash flow from operating activities: | | | |
| (Deficit)/surplus for the year | | (1,513) | 910 |
| Adjustment for non-cash items: | | | |
| Depreciation | | 1,460 | 1,378 |
| Building accrual release | | - | 14 |
| Disposal of equipment | | - | 25 |
| Donated asset adjustment | | (27) | (60) |
| Other provisions adjustment | | - | (112) |
| Decrease/(increase) in debtors | | 94 | (64) |
| (Increase)/decrease in creditors due within one year | | (589) | 1,108 |
| Decrease in creditors due after one year | | (300) | (441) |
| Pensions costs less contributions payable | | 1,011 | 746 |
| Adjustment for investing or financing activities: | | | |
| Investment income | | (37) | (24) |
| Interest payable | | 2 | 2 |
| Net cash flow from operating activities | | 101 | 3,482 |
| Cash flows from investing activities | | | |
| Investment income | | 34 | 22 |
| Withdrawal of deposits | | 483 | - |
| New deposits | | - | (2,463) |
| Payments made to acquire fixed assets | | (1,407) | (1,027) |
| Cash flows from financing activities | | | |
| Interest paid | | (3) | (3) |
| Repayments of amounts borrowed | | (523) | (176) |
| Increase/(decrease) in cash and cash equivalents in the year | | (1,315) | (165) |
| Cash and cash equivalents at beginning of year | 18 | 4,391 | 4,556 |
| Cash and cash equivalents at end of year | | 3,076 | 4,391 |
| Increase/(decrease) in cash and cash equivalents in the year | | (1,315) | (165) |

The notes on pages 33 to 55 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

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

Basis of Preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education* (the FE HE SORP), the *College Accounts Direction for 2021 to 2022* 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.

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets.

Going Concern

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

The College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Basis of Consolidation

The consolidated financial statements include the College and its subsidiary, QED (Leicester) Limited, controlled by the Group. QED (Leicester) Limited became dormant in July 2021. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All financial statements are made up to 31 July.

Recognition of Income

Revenue Grant Funding

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

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

Capital Grant Funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year, as appropriate. Other, non-governmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Fee Income

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

Investment Income

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis. Income from restricted purpose permanent endowment funds not expended in accordance with the restrictions of the endowment in the period is transferred from the income and expenditure account to accumulated income within endowment funds.

Accounting for post-employment benefits

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

Teachers' Pension Scheme

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Leicestershire Local Government Pension Scheme

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

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

Short-Term Employment benefits

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

Non-current Assets - Tangible Fixed Assets

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

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

Land and buildings:

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful life to the College of between 10 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued at 31 July 1999 (University Road campus) and in 1996 (Regent Road campus), as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction:

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

Subsequent Expenditure on Existing Fixed Assets:

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

Equipment:

Equipment costing less than £500 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost. Computer equipment purchased as part of the College's rolling computer refresh is capitalised. Capitalised equipment is depreciated on a straight line basis over its useful economic life as follows:

| | |
|-----------------------------------|---------------|
| Plant | 10 years |
| Furniture, fixtures and fittings | 5 to 10 years |
| Computer and electronic equipment | 2 to 5 years |

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated as above.

Borrowing Costs

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

Leased Assets

Costs in respect of operating leases are charged on a straight line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Other Investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

Cash and cash equivalents

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

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

Financial liabilities and equity

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

Taxation

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

The College receives no similar exemption in respect of Value Added Tax. For this reason the College is unable to recover the VAT it suffers on goods and services purchased. Irrecoverable VAT on expenditure is included in the costs of such expenditure and added to the cost of tangible fixed assets as appropriate, where the expenditure itself is a tangible fixed asset by nature.

The College's subsidiary company became dormant in July 2021 and is not subject to corporation tax and VAT.

Provisions and contingent liabilities

Provisions are recognised when:

- the College has a present legal or constructive obligation as a result of a past event;
- it is probable that a transfer of economic benefit will be required to settle the obligation; and

- a reliable estimate can be made of the amount of the obligation.

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

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Agency arrangements

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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.
- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- The estate is subject to ongoing refurbishment and the College must exercise judgement to determine if these refurbishments are capital in nature or should be treated as an expense against income for the period.

Other key sources of estimation uncertainty:

- *Tangible fixed assets*

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

- *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 23, 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 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. 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.

2 FUNDING BODY GRANTS – GROUP AND COLLEGE

| | <i>Year ended 31 July 2022 £'000</i> | <i>Year ended 31 July 2021 £'000</i> |
|---|--|--|
| Recurrent grants | | |
| Education and Skills Funding Agency 16-18 | 16,082 | 17,369 |
| Education and Skills Funding Agency Adult | 49 | 168 |
| Education and Skills Funding Agency Apprenticeships | - | - |
| Specific grants | | |
| Education and Skills Funding Agency – Devolved capital grant | 87 | 81 |
| Education and Skills Funding Agency - Teacher Pension Scheme Contribution grant | 451 | 474 |
| Education and Skills Funding Agency - Maths Pilot Grant | - | 35 |
| Education and Skills Funding Agency – Additional Tuition fund | 44 | 50 |
| Releases of government capital grants | 425 | 461 |
| Total | <u>17,138</u> | <u>18,638</u> |

3 TUITION FEES AND EDUCATION CONTRACTS – GROUP AND COLLEGE

| | <i>Year ended 31 July 2022 £'000</i> | <i>Year ended 31 July 2021 £'000</i> |
|-----------------------------|--|--|
| International students fees | 6 | 12 |
| Education contracts | - | - |
| Total | <u>6</u> | <u>12</u> |

4 OTHER INCOME

| | <i>Year ended 31 July 2022 Group £'000</i> | <i>Year ended 31 July 2022 College £'000</i> | <i>Year ended 31 July 2021 Group £'000</i> | <i>Year ended 31 July 2021 College £'000</i> |
|----------------------------------|--|--|--|--|
| Catering | - | - | - | - |
| Other income generating activity | 29 | 29 | 25 | - |
| Donation income | 27 | 27 | 60 | 60 |
| Miscellaneous income | 226 | 226 | 176 | 176 |
| Total | <u>282</u> | <u>282</u> | <u>261</u> | <u>236</u> |

5 INVESTMENT INCOME

| | <i>Year ended 31 July 2022 Group £'000</i> | <i>Year ended 31 July 2022 College £'000</i> | <i>Year ended 31 July 2021 Group £'000</i> | <i>Year ended 31 July 2021 College £'000</i> |
|---------------------------|--|--|--|--|
| Other investment income | 12 | 12 | 12 | 12 |
| Gift Aid receivable | - | - | - | 23 |
| Other interest receivable | 25 | 25 | 12 | 12 |
| | <u>37</u> | <u>37</u> | <u>24</u> | <u>47</u> |

6 STAFF COSTS – GROUP AND COLLEGE

The average number of persons (including key management personnel) employed by the College during the year, expressed as average headcount and calculated on a monthly basis, was:

| | <i>Year ended 31 July 2022 No</i> | <i>Year ended 31 July 2021 No</i> |
|--------------------|---|---|
| Teaching staff | 130 | 132 |
| Non teaching staff | 118 | 100 |
| | <u>248</u> | <u>232</u> |

Staff costs for the above persons:

| | <i>Year ended 31 July 2022 £'000</i> | <i>Year ended 31 July 2021 £'000</i> |
|---------------------------------------|--|--|
| Wages and salaries | 8,973 | 8,734 |
| Social security costs | 846 | 816 |
| Other pension costs (Note 23) | 2,800 | 2,541 |
| Payroll sub total | <u>12,619</u> | <u>12,091</u> |
| Contracted out staffing services | 905 | 718 |
| Restructuring costs – non contractual | 9 | 30 |
| Restructuring costs – contractual | - | 18 |
| Total staff costs | <u>13,533</u> | <u>12,857</u> |

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. They are represented by the Executive Leadership Team which comprised the Principal and Associate Principals.

Emoluments of Key Management Personnel, Accounting Officer and other higher paid staff:

| | 2022 | 2021 |
|--|------|------|
| | No. | No. |
| The number of key management personnel including the Accounting Officer was: | 8 | 6 |

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

| | <i>Year ended 31 July 2022</i> | <i>Year ended 31 July 2021</i> |
|---------------------|--|--|
| | <i>Number key management personnel</i> | <i>Number key management personnel</i> |
| £70,001 - £75,000 | 3 | 1 |
| £75,001 - £80,000 | 3 | 3 |
| £80,001 - £85,000 | 1 | 1 |
| £125,001 - £130,000 | - | 1 |
| £135,001 - £140,000 | 1 | - |
| | <u>8</u> | <u>6</u> |

Key management personnel emoluments are made up as follows:

| | <i>Year ended 31 July 2022 £'000</i> | <i>Year ended 31 July 2021 £'000</i> |
|--------------------------------------|--|--|
| Salaries – gross of salary sacrifice | 561 | 512 |
| Employers National Insurance | 71 | 63 |
| Benefits in kind | - | - |
| Pension contributions | 131 | 120 |
| Total emoluments | <u>763</u> | <u>695</u> |

There were no amounts due to key management personnel that were waived in the year.

The College operated two salary sacrifice schemes during the year; childcare vouchers and a cycle to work scheme.

The above emoluments include amounts payable to the Accounting Officer - (who was also the highest paid Officer) as shown below.

WQE AND REGENT COLLEGE GROUP

Accounting Officer

| | <i>Year ended 31 July 2022 £'000</i> | <i>Year ended 31 July 2021 £'000</i> |
|-------------------------|--|--|
| Salaries | 135 | 128 |
| Benefits in kind | - | - |
| Pension contributions | 32 | 30 |
| | 167 | 158 |
| Total emoluments | 167 | 158 |

The remuneration package of the Principal is subject to annual review by the Remuneration Committee of the Corporation who use benchmarking information to provide objective guidance. The Principal reports to the Chair of the Corporation, who undertakes an annual review of his performance against the College's overall objectives using both qualitative and quantitative measures of performance.

The remuneration of other key management personnel is based on the College's Senior Leadership Scale. Progression up the scale is dependent on acceptable performance, assessed through the College's Performance Review and Development policy.

Relationship of the Principal's pay and remuneration expressed as a multiple:

| | 21/22 | 20/21 |
|---|--------------|--------------|
| Principal's basic salary as a multiple of the median of all staff | 3.8 | 3.1 |
| Principal's total remuneration as a multiple of the median of all staff | 3.9 | 3.0 |

The members of the Corporation, other than the Accounting Officer and the staff members, did not receive any payment from the College except for the reimbursement of travel and subsistence expenses incurred in the course of their duties.

7 OTHER OPERATING EXPENSES – GROUP AND COLLEGE

| | <i>Year ended 31 July 2022</i> | <i>Year ended 31 July 2022</i> | <i>Year ended 31 July 2021</i> | <i>Year ended 31 July 2021</i> |
|--------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | <i>Group £'000</i> | <i>College £'000</i> | <i>Group £'000</i> | <i>College £'000</i> |
| Teaching costs | 719 | 719 | 677 | 677 |
| Non teaching costs | 1,306 | 1,306 | 1,138 | 1,136 |
| Premises costs | 1,787 | 1,787 | 1,767 | 1,767 |
| Catering costs | - | - | 57 | 57 |
| | 3,812 | 3,812 | 3,639 | 3,637 |
| Total | 3,812 | 3,812 | 3,639 | 3,637 |

Other operating expenses include:

Fees payable to RSM UK Audit LLP in respect of both audit and non audit fees:

| | | | | |
|---|-----------|-----------|-----------|-----------|
| Financial statements audit | 43 | 43 | 42 | 41 |
| Other non- audit services | - | - | - | - |
| External non-financial statement audit services | 11 | 11 | 2 | 1 |
| Hire of assets under operating leases | 35 | 35 | 42 | 42 |
| | 49 | 49 | 46 | 44 |
| | 49 | 49 | 46 | 44 |

Fees payable to RSM UK Audit LLP in the table above include VAT. Income receivable by the auditor would be net of VAT.

8 INTEREST AND OTHER FINANCE COSTS – GROUP AND COLLEGE

| | <i>Year ended 31 July 2022 £'000</i> | <i>Year ended 31 July 2021 £'000</i> |
|---|--|--|
| On bank loans | 3 | 3 |
| Net interest on defined pension liability (note 23) | 168 | 134 |
| | <hr/> | <hr/> |
| Total | 171 | 137 |
| | <hr/> <hr/> | <hr/> <hr/> |

9 TAXATION

The members do not believe the College was liable for any Corporation tax arising out of its activities during the year.

10 TANGIBLE FIXED ASSETS – GROUP AND COLLEGE

| | <i>Freehold land and buildings</i> | <i>Assets in the Course of Construction</i> | <i>Equipment</i> | <i>Total</i> |
|---------------------------------------|--|---|------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost or Valuation | | | | |
| At 1 August 2021 | 35,128 | 340 | 6,728 | 42,196 |
| Additions | 560 | 498 | 716 | 1,774 |
| Transferred to Land and buildings | - | (340) | - | (340) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 July 2022 | 35,689 | 498 | 7,444 | 43,631 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Depreciation | | | | |
| At 1 August 2021 | 14,097 | - | 5,569 | 19,667 |
| Charge for period | 1,031 | - | 429 | 1,460 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 July 2022 | 15,128 | - | 5,998 | 21,127 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Net book value at 31 July 2022 | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | 20,561 | 498 | 1,446 | 22,504 |
| Net book value at 1 August 2021 | 21,031 | 340 | 1,159 | 22,530 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Land and buildings at the University Road Campus were valued in 1999 by GVA Grimley. The valuation at 31 July 1999 was £8,150,000, inclusive of VAT and was at depreciated replacement cost. This basis of valuation was adopted since it was not practical to ascertain an open market value. Land and buildings at the Regent Road Campus were valued in June 1997 at depreciated replacement cost by a professional valuer. The transitional rules set out in FRS 15 (Tangible Fixed Assets) were applied on its implementation. Accordingly, book values at implementation have been retained.

Land and buildings with a net book value of £11,475k (2021 - £12,021k) have been partly financed by exchequer funds, through for example the receipt of capital grants and the value of inherited land and buildings at incorporation. Should these assets be sold or leased the College may be liable to surrender the sale proceeds to the main funding body or use them in accordance with the terms of the financial memorandum of the main funding body.

If land and buildings had not been revalued before being deemed as cost on transition, they would have been included at the following historical cost amounts:

| | 2022 £'000 | 2021 £'000 |
|--------------------------------------|---------------|---------------|
| Cost | - | - |
| Aggregate depreciation based on cost | - | - |
| | <hr/> | <hr/> |
| Net book amount based on cost | - | - |
| | <hr/> <hr/> | <hr/> <hr/> |

11 NON-CURRENT INVESTMENTS

| | 2022 | 2021 |
|--|------|------|
| | £ | £ |
| Investment in subsidiary undertaking at cost | 2 | 2 |

The College owns 100% of the issued ordinary £1 shares of QED (Leicester) Limited, a company incorporated in England and Wales. QED (Leicester) Limited was incorporated on 12 April 1996 and the principal activity of the company was the commercial activity of its parent undertaking WQE and Regent College Group. This company became dormant in July 2021.

Joint arrangements

The College entered into a joint arrangement with a private sector company, Vardon Health and Fitness Ltd for the use of a sports hall built on its land. The agreement was entered into in December 1997 and the sports hall was opened in December 1998. The College leases its land for one peppercorn rent per annum and the building is leased to the College for one peppercorn rent per annum. The terms of both leases are 99 years. The College has access to the sports hall facilities between the hours of 8.00 a.m. and 6.00 p.m. weekdays and also one night per week until 11.00 p.m. (both term-time only). The College also has unrestricted access to its own fitness suite and sports laboratory within the building.

Restructuring of the operating entity led to the lease to Vardon being assigned to other parties – Cannons and then Thrapston Ltd. In March 2011, the lease was assigned from Thrapston Ltd to the University of Leicester. The health club on the site was operated by Nuffield Health until March 2012, when the University of Leicester took over its operation.

The operator of the health club (formerly Nuffield Health and now the University) is obliged to meet insurance costs, maintenance costs and utility costs for the entire building. The operator retains the right to charge a fair and reasonable proportion of these costs to the College. The College is obliged to meet insurance costs (for that equipment that is owned by the College and stored in the building) and those non-structural maintenance costs pertaining to its own areas.

All costs of construction – save for those in connection with a Groundsman's Store – were met by Nuffield Health. In the event of the sale of the building, buildings proceeds would revert to the University of Leicester, whilst land proceeds would revert to the College.

ENDOWMENT ASSETS

| | <i>Group and College 2022</i> | <i>Group and College 2022</i> | <i>Group and College 2022 Total</i> | <i>Group and College 2021</i> | <i>Group and College 2021</i> | <i>Group and College 2021 Total</i> |
|--------------------------------|--|---|---|--|---|---|
| | <i>Restricted Expendable £'000</i> | <i>Restricted Permanent £'000</i> | <i>£'000</i> | <i>Restricted Expendable £'000</i> | <i>Restricted Permanent £'000</i> | <i>£'000</i> |
| At 1 August | 51 | 375 | 426 | 52 | 322 | 374 |
| Movement in valuation of funds | - | (35) | (35) | - | 53 | 53 |
| Endowment income | 8 | - | 8 | 8 | - | 8 |
| Endowment expenditure | (6) | - | (6) | (9) | - | (9) |
| Balance at 31 July | 53 | 340 | 393 | 51 | 375 | 426 |
| Representing | | | | | | |
| Elizabeth Maud Vaughan Fund | 51 | 252 | 302 | 48 | 285 | 334 |
| Prize funds | - | 58 | 58 | - | 59 | 59 |
| Thornton fund | 2 | - | 2 | 3 | - | 3 |
| Sarah Heron Memorial Funds | - | 30 | 30 | - | 30 | 30 |
| | 53 | 340 | 393 | 51 | 375 | 426 |
| Represented by: | | | | | | |
| Cash balances | | | 51 | | | 48 |
| Fixed interest stocks (listed) | | | 241 | | | 242 |
| Equities (listed) | | | 11 | | | 43 |
| Cash held in Thornton Fund | | | 2 | | | 3 |
| COIF Charities investment fund | | | 58 | | | 59 |
| Sarah Heron Memorial Fund | | | 30 | | | 31 |
| | | | 393 | | | 426 |

The listed stocks were valued at 30 June by HSBC.

Before the College was incorporated on 1 April 1993, its prize and scholarship endowments were held in a Leicestershire County Council common endowment fund which had been set up to hold all such endowments attached to Leicestershire schools. Incorporation took the College out of the control of the County Council and thus it became ineligible to participate in that fund. The Corporation therefore placed these endowments in the Charities Organisation Investment Fund (COIF) drawing income as needed for the purposes of the various trusts.

The balance at 31 July 2022 includes £51k (2021 - £48k) of income in respect of the Vaughan Fund that will be distributed by the Corporation by way of grants in November 2022 and subsequent years.

Vaughan Fund:

The Elizabeth Maud Vaughan Fund was bequeathed to the College upon the death of Miss L M Vaughan on 15th August 2000. The will of Mrs E M Vaughan specifies the terms of this legacy:

I give and bequeath the residuary trust fund to the Governors for the time being of Wyggeston Grammar School for Boys Leicester [now WQE and Regent College Group] to apply the income to arise therefrom in making grants to pupils of the said school proceeding from the school to Universities or other places of higher education such grants to be on the recommendation of the Headmaster for the time being of the said school and the amounts thereof and the conditions attaching to the grants to be at the sole discretion of the Governors for the time being of the said school.

Thornton Fund:

This fund was set up in 2013. A donation was received from Mr Ralph Thornton, a former student of the Wyggeston Grammar School. The fund awards a bursary each year of £500 to a student of the College who is progressing to take up a place in higher education relating to mathematics.

Sarah Heron Memorial Fund:

This is a legacy endowment fund which Regent College administered before merger. The administration of the fund was taken on by the College due to the passing of all trustees of the fund. The terms of this fund are as follows:

To provide books, clothes, school fees or other advantages calculated to enable full educational benefit to girls and boys who have not yet attained their nineteenth birthday, with special regard to the claims of the girls and boys of Wyggeston collegiate sixth form college, Leicester or girls and boys who have attended such school who are for the time being receiving instruction of an educational character elsewhere.

12 TRADE AND OTHER RECEIVABLES

| | <i>Group 2022</i> | <i>College 2022</i> | <i>Group 2021</i> | <i>College 2021</i> |
|--------------------------------------|-------------------|---------------------|-------------------|---------------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Amounts falling due within one year: | | | | |
| Trade receivables | 22 | 22 | 4 | 3 |
| Prepayments and accrued income | 211 | 210 | 204 | 204 |
| Amounts owed by group undertakings | - | 1 | - | 22 |
| Other debtors | 16 | 16 | 133 | 133 |
| Total | 249 | 249 | 341 | 362 |

13 CURRENT INVESTMENTS

| | <i>Group 2022</i> | <i>College 2022</i> | <i>Group 2021</i> | <i>College 2021</i> |
|---------------------|-------------------|---------------------|-------------------|---------------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Short-term deposits | 3,015 | 3,015 | 3,498 | 3,498 |
| Total | 3,015 | 3,015 | 3,498 | 3,498 |

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

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | <i>Group 2022</i> <i>£'000</i> | <i>College 2022</i> <i>£'000</i> | <i>Group 2021</i> <i>£'000</i> | <i>College 2021</i> <i>£'000</i> |
|---|-----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| Bank loans | - | - | 142 | 142 |
| Other loan | 34 | 34 | 35 | 35 |
| Trade payables | 303 | 303 | 1,009 | 1,009 |
| Taxation and social security | 441 | 441 | 433 | 433 |
| Accruals and deferred income | 895 | 891 | 648 | 647 |
| Deferred income – government capital grants | 352 | 352 | 461 | 461 |
| Deferred income – government revenue grants | 81 | 81 | 87 | 87 |
| Amounts owed to the ESFA | 396 | 396 | 417 | 417 |
| Total | 2,502 | 2,498 | 3,232 | 3,231 |

15 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

| | <i>Group 2022</i> <i>£'000</i> | <i>College 2022</i> <i>£'000</i> | <i>Group 2021</i> <i>£'000</i> | <i>College 2021</i> <i>£'000</i> |
|---|-----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| Trade payables | 29 | 29 | 20 | 20 |
| Bank loans | - | - | 347 | 347 |
| Other loan | - | - | 34 | 34 |
| Deferred income – government capital grants | 5,081 | 5,081 | 5,391 | 5,391 |
| Total | 5,110 | 5,110 | 5,792 | 5,792 |

16 MATURITY OF DEBT

| Bank loans and overdrafts | <i>Group</i> <i>2022</i> <i>£'000</i> | <i>College</i> <i>2022</i> <i>£'000</i> | <i>Group</i> <i>2021</i> <i>£'000</i> | <i>College</i> <i>2021</i> <i>£'000</i> |
|--------------------------------------|---|---|---|---|
| Bank loans are repayable as follows: | | | | |
| In one year or less | - | - | 142 | 142 |
| Between one and two years | - | - | 142 | 142 |
| Between two and five years | - | - | 205 | 205 |
| In five years or more | - | - | - | - |
| | | | 489 | 489 |

WQE AND REGENT COLLEGE GROUP

| Other loans | Group 2022 £'000 | College 2022 £'000 | Group 2021 £'000 | College 2021 £'000 |
|---------------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Other loans are repayable as follows: | | | | |
| In one year or less | 34 | 34 | 35 | 35 |
| Between one and two years | - | - | 34 | 34 |
| Between two and five years | - | - | - | - |
| In five years or more | - | - | - | - |
| | <u>34</u> | <u>34</u> | <u>69</u> | <u>69</u> |

The bank loan was repaid in full in July 2022.

The other loan is an interest free loan from Caterlink Ltd, the College's catering supplier. This loan is repayable over the life of the catering contract.

17 PROVISIONS – GROUP AND COLLEGE

| | Defined benefit obligations £'000 | Other £'000 | Total £'000 |
|------------------------|---|----------------|----------------|
| At 1 August 2021 | 10,066 | - | 10,066 |
| Employer contributions | (585) | - | (585) |
| Movements in period | (9,481) | - | (9,481) |
| | <u>0</u> | <u>-</u> | <u>0</u> |
| At 31 July 2022 | <u>0</u> | <u>-</u> | <u>0</u> |

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 23.

18 FINANCIAL INSTRUMENTS

ANALYSIS OF CHANGES IN NET FUNDS – GROUP

| | At 1 August 2021 £'000 | Cash flows £'000 | At 31 July 2022 £'000 |
|---------------------------|------------------------------|---------------------|-----------------------------|
| Cash and cash equivalents | 4,391 | (1,315) | 3,076 |
| Bank loans | (489) | 489 | - |
| Other loans | (69) | 35 | (34) |
| | <u>3,833</u> | | <u>3,042</u> |
| Total | <u>3,833</u> | | <u>3,042</u> |

FINANCIAL ASSETS – GROUP AND COLLEGE

The group and college had the following financial instruments:

| | <i>Group and College</i> | |
|---|--------------------------|--------------|
| | <i>2022</i> | <i>2021</i> |
| | <i>£'000</i> | <i>£'000</i> |
| Financial Assets | | |
| Financial assets measured at fair value through profit and loss | 252 | 285 |
| Total | <u>252</u> | <u>285</u> |

19 CAPITAL COMMITMENTS

| | <i>Group and College</i> | |
|--|--------------------------|--------------|
| | <i>2022</i> | <i>2021</i> |
| | <i>£'000</i> | <i>£'000</i> |
| Capital commitments contracted for at 31 July: | | |
| Capital projects | 149 | 138 |
| Equipment | - | 453 |
| Total | <u>149</u> | <u>591</u> |

20 LEASE OBLIGATIONS

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

| | <i>Group and College</i> | |
|---|--------------------------|--------------|
| | <i>2022</i> | <i>2021</i> |
| | <i>£'000</i> | <i>£'000</i> |
| <i>Other equipment:</i> | | |
| Not later than one year | 2 | 28 |
| Later than one year and not later than five years | - | 6 |
| Later than 5 years | - | - |
| Total | <u>2</u> | <u>34</u> |

21 CONTINGENT LIABILITIES

To the best of the College's knowledge, there are no contingent liabilities.

22 POST-BALANCE SHEET EVENTS

On 29 November, the Office for National Statistics reclassified all college corporations and their subsidiary undertakings as public sector institutions. The Department for Education consequently introduced some changes to the financial framework for all colleges which take effect in 2022-23. Having considered the

announcement and the initial government response, the known changes are not expected to have a material impact on the College's operations or financial position, nor the basis on which the financial statements are prepared.

23 DEFINED BENEFIT OBLIGATIONS – GROUP AND COLLEGE

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 Leicestershire Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was as at 31 March 2016 and of the LGPS, 31 March 2019. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

| Total Pension Cost for the Year | <i>Year ended 31 July 2022 £000</i> | <i>Year ended 31 July 2021 £000</i> |
|---|---|---|
| Teachers' Pension Scheme: contributions | 1,372 | 1,369 |
| Local Government Pension Scheme: | | |
| Contributions paid | 585 | 560 |
| FRS 102 (28) charge | 843 | 612 |
| | <hr/> | <hr/> |
| Charge to the Statement of Comprehensive Income | 2,800 | 2,541 |
| | <hr/> | <hr/> |
| Total Pension Cost for the year within staff costs (Note 6) | <u>2,800</u> | <u>2,541</u> |

Teachers' Pension Scheme

The TPS is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis. These contributions, together with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

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

Valuation of the Teachers' Pension Scheme

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities

(pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website. The pension costs paid by the College to the TPS in the year amounted to £1,372k (2021 - £1,369k).

Local Government Pension Scheme

The LGPS is a funded defined benefit plan, with the assets held in separate funds administered by Leicestershire County Council. The total contributions made for the year ended 31 July 2022 were £742,000 (2021 - £712,000) of which employer's contributions totalled £585,000 (2021 - £560,000) and employees' contributions totalled £157,000 (2021 - £152,000). The agreed contribution rate for the three years ending 31 March 2023 is 21.8% plus a deficit payment of £23,000 in 2020/21, £33,000 in 2021/22 and £43,000 in 2022/23 for the College and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

Principal Actuarial Assumptions

The current valuation reflects the expected increase in benefits, and therefore liability, as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension.

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary.

| | <i>At 31 July 2022</i> | <i>At 31 July 2021</i> |
|--------------------------------------|----------------------------|----------------------------|
| Rate of increase in salaries | 3.2% | 3.3% |
| Future pensions increases | 1.5% | 1.25% |
| Discount rate for scheme liabilities | 3.5% | 1.6% |
| Inflation assumption (CPI) | 9.9% | 2.8% |
| Commutation of pensions to lump sums | 50%-75% | 50%-75% |

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

| | <i>At 31 July 2022 Years</i> | <i>At 31 July 2021 Years</i> |
|------------------------------|----------------------------------|----------------------------------|
| <i>Retiring today:</i> | | |
| Males | 21.5 | 21.7 |
| Females | 24.0 | 24.2 |
| <i>Retiring in 20 years:</i> | | |
| Males | 22.4 | 22.6 |
| Females | 25.7 | 25.9 |

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

WQE AND REGENT COLLEGE GROUP

| | <i>Fair Value at 31 July 2022</i> | <i>Fair Value at 31 July 2021</i> |
|--|---|---------------------------------------|
| | <i>£000</i> | <i>£000</i> |
| Equity instruments | 11,354 | 10,392 |
| Debt instruments | 6,069 | 5,197 |
| Property | 1,761 | 1,254 |
| Cash | 392 | 1,075 |
| | 19,576 | 17,918 |
| Total Fair Value of plan assets | 19,576 | 17,918 |
| Actual return on plan assets | 1,299 | 3,191 |

| | 31 July 2022 | 31 July 2021 |
|---|---------------------|---------------------|
| | £'000 | £'000 |
| The amount included in the balance sheet in respect of the defined benefit pension plan is as follows: | | |
| Fair value of plan assets | 19,576 | 17,918 |
| Present value of plan liabilities | (19,576) | (27,984) |
| | 0 | (10,066) |
| Net pensions liability (Note 17) | 0 | (10,066) |

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

Amounts included in staff costs

| | | |
|----------------------------|--------------|--------------|
| Current service cost | 1,428 | 1,172 |
| Past service (credit)/cost | - | - |
| | 1,428 | 1,172 |
| Total | 1,428 | 1,172 |

Amounts included in interest payable

| | | |
|-------------------|-----|-----|
| Net interest cost | 168 | 134 |
| | 168 | 134 |

Amount recognised in Other Comprehensive Income

| | | |
|--|---------------|-------------|
| Return on pension scheme assets | 1,010 | 2,987 |
| Experience gains and losses arising on defined benefit obligations | - | - |
| Change in assumptions underlying the present value of scheme liabilities | 10,067 | (3,032) |
| | 11,077 | (45) |
| Amount recognised in Other Comprehensive Income | 11,077 | (45) |

Movement in net defined liability during year

| | 31 July 2022 £'000 | 31 July 2021 £'000 |
|---|-----------------------|-----------------------|
| Net defined liability in scheme at 1 August | (10,066) | (9,275) |
| <i>Movement in year:</i> | | |
| Current service cost | (1,428) | (1,172) |
| Employer contributions | 585 | 560 |
| Past service (credit)/cost | - | - |
| Net interest on the defined liability | (168) | (134) |
| Actuarial experience gain or loss | 11,077 | (45) |
| | <u>0</u> | <u>(10,066)</u> |

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations

| | 31 July 2022 £'000 | 31 July 2021 £'000 |
|--|-----------------------|-----------------------|
| Defined benefit obligations at start of the period | 27,984 | 23,673 |
| Current service cost | 1,428 | 1,172 |
| Interest cost | 457 | 338 |
| Contributions by scheme participants | 157 | 152 |
| Past service cost | - | - |
| Changes in financial assumptions | (10,037) | 2,968 |
| Estimated benefits paid | (383) | (383) |
| Changes in demographic assumptions | (97) | 361 |
| Other experience | 67 | (297) |
| Curtailments and settlements | - | - |
| | <u>19,576</u> | <u>27,984</u> |

Changes in fair value of plan assets

| | 31 July 2022 £'000 | 31 July 2021 £'000 |
|--|-----------------------|-----------------------|
| Fair value of plan assets at start of the period | 17,918 | 14,398 |
| Interest on plan assets | 289 | 204 |
| Return on plan assets | 1,010 | 2,987 |
| Employer contributions | 585 | 560 |
| Contributions by scheme participants | 157 | 152 |
| Effect of business combinations and disposals | - | - |
| Estimated benefits paid | (383) | (383) |
| | <u>19,576</u> | <u>17,918</u> |

These accounts show a past service cost of £0k as this was captured in the 2018/19 past service cost figure £221k in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 July 2022. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long-term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.

Deficit contributions

The College entered into a 3 year agreement with the Leicestershire LGPS with effect from 01/04/20 to make additional deficit contributions, in addition to the agreed rate of 21.8%, as follows:

£23,000 during 2020/21, £33,000 during 2021/22 and £43,000 during 2022/23.

24 RELATED PARTY TRANSACTIONS – GROUP AND COLLEGE

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

Jimmy Zachariah is the Chief Executive of the BACA charity and is a Governor of the College. The BACA charity has a sub-contract with the College to deliver Entry level 1 English, Maths and ICT to vulnerable Unaccompanied Asylum Seeking young people who are not ready to attend lessons in a mainstream learning environment. The College paid the BACA Charity £10,547 in relation to this work in 2021/22 (2020/21 £13,235). At year end the amount owed to the BACA charity was £2.1k. (2020/21 the BACA Charity owed £1.7k to the College).

Joyce Black is a Governor of the College; transactions were entered into during the year for the hire of car parking facilities of £600. At year end, the amounts owed to WQE and Regent College Group were £150 (2020/21 - £180).

The total expenses paid to or on behalf of the Governors during the year was £Nil (2020/21: Nil). This normally represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor Meetings and events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2021/22: £Nil).

25 BUSINESS LINKS

Co-operation takes place between the College and the University of Leicester in matters of security of the site. The University Space Centre is built on the College site on land that has been leased to the University for 125 years. The College has further links with the University of Leicester (see note 11).

On 23 March 2012, the College entered into a 125 year lease with Assura Medical Centres Limited for College land to be used for the construction of a medical centre.

26 AMOUNTS DISBURSED AS AGENT

16-19 Bursary Funds

| | <i>2022</i> | <i>2021</i> |
|--|--------------|--------------|
| | <i>£'000</i> | <i>£'000</i> |
| Balance at 1 August | 190 | 36 |
| Funding Body grants - 16-19 Bursary | 332 | 494 |
| Funding Body grants – VYP | 40 | 41 |
| Funding Body grants – Free school meals | 99 | 33 |
| Disbursed to students | (304) | (364) |
| Consolidated into College accounts | (134) | (23) |
| Administration costs | (21) | (27) |
| | <u>202</u> | <u>190</u> |
| Balance unspent as at 31 July, included in creditors | <u>202</u> | <u>190</u> |

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income. The income and expenditure consolidated in the College's financial statements relates to subsidised student meals, bus passes, trips and exam fees.

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

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or those of any public funder, to obtain limited assurance about whether the expenditure disbursed and income received by WQE and Regent College Group during the period 1 August 2021 to 31 July 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

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

Responsibilities of Corporation of WQE and Regent College Group for regularity

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

Reporting accountant's responsibilities for reporting on regularity

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

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

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

Use of our report

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

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Date: 15/12/22