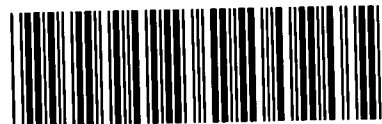


Association of Colleges
(Limited by guarantee)

**Directors' report
and
financial statements
for the year ended
31 March 2021**

Registered number: 03216271

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Directors and Advisers

Chair: S Mahmood

President & Vice-Chair: S Frampton Resigned 31 July 2020
S Dicketts Appointed 1 August 2020 - AC

Deputy Chair: S Higginson

Non-Executive Directors:

- W Baldwin
- S Barnes – GC
- A Berry - F & GP
- J Nerney
- A Bravo
- S Duncan
- A Foulkes – F & GP
- S Higginson
- S Mahmood
- G McDonald – AC
- S Parrett
- C Peasgood - AC
- J Sharma – AC
- E Thinnesen – F&GP
- D Whitemore
- D Williams

Executive Directors:

CEO:
D Hughes – AoC Services, ACT, AoC Sport, GC & F&GP

Director of Finance & COO:
P J Brophy – AoC Services Ltd, ACT, AoC Sport & F&GP

Group Company Secretary: J Edwards

Boards AoC Services Ltd (AoC Services), AoC Sport (AoC Sport) and AoC Charitable Trust (ACT)

Committees Audit Committee (AC), Finance and General Purposes (F&GP) and Governors' Council (GC)

Directors and Advisers *(continued)*

Registered Office

2 - 5 Stedham Place
London
WC1A 1HU

Solicitors

Eversheds Sutherland LLP
1 Wood Street
London
EC2V 7WS

Internal Auditor

Mazars LLP
Tower Bridge House
St Katherine's Way
London
E1W 1DD

Statutory Auditor

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

Bankers

Barclays Bank PLC
28th Floor, 1 Churchill Place
Canary Wharf
London
E14 5HP

Strategic Report

This Strategic Report for the year ended 31 March 2021 is to be considered alongside the Accounts and Directors' Report for the same financial period.

Overview of the AoC

Association of Colleges is the national voice for further education, sixth form, tertiary and specialist colleges in England. We are a not-for-profit membership organisation established in 1996 by colleges, for colleges. Our members make up almost 95% of the sector, transforming 2.2 million lives each year.

We were established by colleges and we are governed by colleges. Our board is made up of college leaders from across the country; our President is a college principal or recently retired college principal, and more than half of colleges are represented on our policy groups and special interest groups.

As a representative body, we:

- Influence Government and local and national policymakers to create the environment for strong and sustainable colleges at the heart of the economy.
- Provide high-quality, professional support, advice, and intelligence to meet the needs of every member. Champion and enhance the reputation of colleges, leaders, staff, and students.
- Are open and transparent, working with, and for, all members.
- Provide all members with a seamless service that is professional, proactive, and responsive across the whole organisation.

We have set five clear strategic aims:

- Lead thinking and influence policy.
- Build a high profile and strong reputation for colleges
- Deliver expert support, advice, and intelligence for members
- Strengthen student engagement and the student experience in colleges
- Develop AoC as an inclusive, sustainable, and ambitious organisation

We:

- Work with members in developing policy and enhancing the profile and reputation of colleges.
- Set clear long-term priorities for our work with robust measures and accountability processes through our governance structure.
- Work in partnership with a range of other organisations that can support and add value to our work.
- Maintain a team of professional and skilled people across the country to provide members with the services and support they need.
- Communicate openly and transparently in our work, making sure members are kept up to date with expert, timely and relevant information

Support to members

We have supported members this year through:

- Professional and confidential advice and support to principals, their teams, chairs, and governors in areas including governance, HR, inspections, and funding.
- Providing networking opportunities through our local forums for principals, governors, and senior managers.
- Providing professional, high-quality local support for colleges through our Area Directors and regional and national support teams.
- Ensuring members are kept up to date via regular, relevant communications.

Strategic Report *(continued)*

Supporting colleges through the pandemic

We set up a regular alert system, originally daily at the start of the pandemic. We share the latest guidance and updates as well as distilling what this means for a college. We run an online coronavirus hub for college staff. There have been almost 400 positive press stories since the start of the pandemic, highlighting the vital role colleges are playing in the response. Through our regional structures, we've acted as a critical friend, not just sharing advice and guidance but listening, sympathising and offering college leaders and staff a place to work through complex thoughts and ideas at pace.

We've supported colleges with queries about vulnerable students, EHCPs, apprenticeships, continuing learning, qualifications, international and much more. We have provided responses to politicians and helping to shape their thinking during the crisis, making sure that colleges are a core part of their considerations. We have a direct line with the Secretary of State's advisers, we attended (virtually) weekly meetings with the Apprenticeship and Skills Minister, meet regularly with the Chair of the Education Select Committee, and worked with the opposition too. We arranged for the Secretary of State to write to all college leaders to thank them for their work.

We agreed joint positions with the Federation of Awarding Bodies, and have daily contact with Ofsted, Ofqual, DfE and ESFA to shape their work to make sure that colleges are supported. Our team helped to protect college funding, worked through complex accountability frameworks, and helped set the assessment frameworks for academic and non-academic subjects.

Each day, we have taken large and complex announcements and often within hours get them out to colleges with what it means for them. We have been supporting future planning initiatives with DfE, for example online offer for unemployed, and furloughed adults, and extended learning opportunities for students finishing Level 2/3 qualifications in summer 2020 and 2021.

Keeping learning happening and bringing the sector together

Our online training and events have had over 4,500 registrants and post event viewers. Topics have included: marketing and communications, home learning, GCSEs, and Q&As with AoC senior management. Ran regional network events and Q&As, with more than 300 people being part of the sessions. Created a calendar of virtual events for the remainder of the academic year. We took our AoC Beacon Awards celebrations online, and we are using technology to keep students engaged with sport and fitness.

AoC Projects

We secure funding from government agencies and other organisations to deliver a range of projects to support the sector. Projects vary in duration, scale and topic but have included: quality improvement initiatives; college workforce support; development programmes; research pieces; capacity building developments; and international enterprises.

Project outcomes are disseminated to the sector, ensuring good practice is shared and brought together. These help to raise the profile of the sector, prepare colleges for government changes and ensure better outcomes for students.

Recent and ongoing projects include:

- T Level Transition Support Programme
- Centres for Excellence in Maths
- T Level Professional Development
- Teach Too
- Personal Guidance Fund

A large majority of our projects offer opportunities of funding and involvement for colleges. Through the life of projects running last year, we gave over £1 million to colleges through projects.

Strategic Report *(continued)*

Regular briefings and updates

We provide colleges with the latest intelligence through our member-only email briefings and website content. Regular and reliable updates include the latest from government departments and agencies, need-to-know policy changes, funding and project opportunities, and news and views from across the sector. Principals and Chairs also receive the 'Chief Executive's Letter' each week, detailing the latest high-level thinking on issues critical to colleges.

Training, events, and workshops

Our training workshops, programmes and conferences provide opportunities to hear from further education leaders, government, and industry experts as well as the opportunity to network with like-minded peers on a wide range of topics. In addition to our individual workshops, we also run courses for further education professionals at all stages of their careers through our leadership programmes. We can come to your college to run in-house training sessions and our coaches and mentors can help provide support and guidance to senior college leaders.

Local support

Our Area Directors and regional teams provide dedicated support to you on a local level, including:

- Guidance and support to principals, and acting as a critical friend Joining up local, regional, national and international knowledge for the benefit of our members
- Providing signposting and access to relevant project funds to support policy implementation and delivery
- Facilitating regional, national and international partnerships Representing and supporting college involvement with key regional partners, stakeholders and regulatory bodies
- Engaging regularly with colleges, ensuring views are fed into the wider AoC and policy development
- Facilitating members involvement in effective influencing of local decision makers, opinion formers, politicians and partners
- Supporting members in self-organising, regional and sub-regional networks and groups

The team works closely with principals and senior teams. As and when required, an AoC Director will attend and contribute to Board meetings and college strategic events.

We provide senior leadership teams with the opportunity to network and share common interests in several core forums provided at a regional level.

Shaping the policy agenda

Through our campaigns, policy groups, consultations, events, and direct lobbying, AoC has an excellent track record of influencing policy makers. We are working towards a strong, sustainable sector, secure for years to come. Our policy priorities are set by members, through the AoC board, national policy groups and through our close engagement with colleges throughout the year.

We have worked hard to develop and nurture positive relationships with Ministers, MPs, key government departments, industry, and unions. We work with them as a collective, while striving to support colleges to be involved at every stage. We provide members with data, evidence, and case studies.

We have built strong relationships and fed into the work of think tanks, employer bodies and research organisations to widen our reach and improve the intelligence we can provide you. We know that we are stronger together, that is why we also work in partnership with other sector bodies and seek common ground to build our influencing work.

Strategic Report *(continued)*

National Policy and Special Interest Groups

We have a range of national policy groups, covering each of our priority areas which form the basis of our policy development. More than half of all members, including all regions and types of colleges, are represented on these. The groups report regularly into the AoC board to maintain that vital strategic oversight. More than half of all members, including all regions and types of colleges, are represented on these. We run short-term task and finish groups focused on specific policy areas, and run special interest groups, providing the opportunity for consideration of areas including international work, equality and diversity, and technology. Alongside our groups, members have regular opportunities to engage in policy development through discussions at regional networks, our conferences, and events and through formal and informal consultations. Members also feed into AoC's campaigns and responses to Government, and we keep them informed of discussions and outcomes of the groups via regular communications.

Strengthening the reputation of the sector

Colleges transform lives and communities. We know that, but there is still significant work to do to make sure that everybody else does. That is why over the last few years, we have strengthened our public-facing work, including our media and lobbying activities. As a sector, through our collective action with the Love Our Colleges campaign, we really are changing the conversation.

Working together with members, we helped to secure the first meaningful investment in further education in almost a decade - a 4.7% increase in the base rate, and a £1.8 billion commitment for college capital spend. Through the Love Our Colleges campaign, we have also ramped up our lobbying and political engagement work. We have worked with colleges to lobby politicians to help shift the debate on colleges, with an emphasis on funding. Together as a collective of colleges we have achieved two Westminster Hall Debates, questions at Prime Minister's Questions and Treasury Questions, a renewed focus on further education within the Education Select Committee and helped to establish hundreds of meetings between MPs and colleges.

Throughout the year, we work closely with editors and journalists from key newspapers and publications to get colleges into the news. Over the last academic year, we've secured hundreds of pieces of local, regional, national and international coverage, including college pieces in the Financial Times, The Guardian, The Times, Huffington Post, the Daily Mirror and many more. We've had pieces on BBC News, ITV News, Channel 4 News, and Channel 5 News, as well as the Victoria Derbyshire Show, BBC Radio 4, and Talk Live - to name just a few. In all that we do, our focus is on giving colleges a platform. Wherever possible and relevant, we put forward college leaders, rather than just AoC staff. This year, we have had college leaders from every region in the national news sharing their stories.

Governance Support

AoC provides services, support, and guidance specifically for clerks, governance professionals, chairs and governors. This includes a dedicated advice service where members can receive information on any aspect of governance including policy, funding, law and best practice. This also includes organising and delivering governor inductions, policy seminars and webinars on critical issues, and a regular governance briefing. The Governors' Council and Governance Professionals Group influence policy and serves as a consultative forum for policymakers. AoC also delivers projects and programmes for governors with support from the Department for Education and the Education and Training Foundation.

Strategic Report (continued)

Employment advice service

We work in partnership with Irwin Mitchell to provide an employment advice service for members. All full members have access to a professional advisory service covering day-to-day HR and employment law issues. This year, our dedicated employment helpline handled 625 cases from 123 colleges providing advice on a range of issues, with the most common concerning pay, working hours and redundancy. More recently there has been a huge surge in enquiries (not included in these figures) which have related to COVID-19. The user satisfaction rate on the helpline was 92% very good or good.

HR teams also have access to regular briefings, advice sheets and templates. CPD events have included mock tribunals, employment law workshops, topical webinars and regular networks.

We act as the employers' representative in national pay negotiations. Each year, we work with members and trade unions to make a recommended pay offer for colleges.

Expert-led events, training, and recruitment support

In addition to our core member offer, AoC Services provides an extended suite of paid for services to help your college thrive and to support colleges through challenging times.

Our Senior Leadership Programme is a highly interactive and well-regarded programme develops the strategic skills of senior leaders in the further education sector in a complex and uncertain world. The programme not only offers analysis of global strategic development best practice but also enables leaders to put your new knowledge into practice straight away.

Recruitment support

Our unique position in the sector means we understand the variety of challenges, policy changes and budget issues you are facing. That knowledge combined with our experienced recruitment team means we can identify individuals for permanent or interim roles that can deliver an immediate positive impact. To prevent short-term staffing gaps becoming long-term problems, we have a professional network of high-calibre interim managers and consultants on hand to help your college thrive.

Our experienced team proactively identify the best candidates from the FE sector and beyond, providing a rigorous assessment process. We practice what we preach - as an organisation with 'Investors in Diversity' status, over 23% of our Principal/Chief Executive placements in the sector are of BAME backgrounds, compared to 7% in the sector.

AoC Jobs is the market leading job board for the FE sector, offering a cost-efficient way to find the very best staff for your college. AoC Jobs is the most visited jobs board in the further education sector.

Education Recruiter is the first standalone recruitment Applicant Tracking Software (ATS) system developed specifically for the education sector. Designed as a cost-effective recruitment solution for the sector, Education Recruiter provides organisations and candidates with a fast and seamless recruitment experience. Unlike most ATS systems, Education Recruiter is a candidate first model. This focus stemmed from research we conducted that highlighted regular problems faced by candidates when applying for roles. By addressing these blockers, Education Recruiter aims to lower drop off rates and boosts application responses whilst improving the experience for recruiters and candidates

AoC Sport

AoC Sport leads the development of sport and physical activity in 16+ education. We believe that sport and physical activity are essential components of college life, giving students significant advantages in education, employment and health. We advocate and lobby on colleges' behalf. We attract investment from national bodies into the further education sector including Sport England and The Football Association.

Strategic Report *(continued)*

More than 15,000 students compete in AoC Sport competitions and events across the country each week. The flagship AoC Sport National Championships has more than 1,700 students competing in 13 sports across three days each year. The Leadership Academy supports colleges to enhance and develop volunteering programmes. In its first year it engaged nearly 600 students as AoC Sport Leaders, This Girl Can Ambassadors, ECFA Activators and StreetGames Leaders.

AoC Charitable Trust and Awards

The independently assessed Beacon Awards, celebrated their 25th year this year and highlight the breadth and quality of education in colleges throughout the UK. They help increase the understanding of colleges' contribution to their communities' economic and social development. The Student of the Year Award recognises the strength, resilience and determination of students and apprentices in colleges.

Initiatives and partnership support

Climate commission for UK Higher and Further Education Students and Leaders

The Climate Commission is a partnership of AoC, EAUC, GuildHE and Universities UK with senior executive-level representatives from each organisation and student representatives forming the Commissioners. We provide direction and leadership to the Commission's work, act as the visible face of the Commission and play a role in building engagement and consensus.

The Climate Commission's short-term aim is to develop an action plan in response to the UK government's stated climate emergency and draw together a strategic sector-wide approach to the Climate Framework on behalf of 410 institutions, 4.7m students, 540k staff and £43bn annual expenditure.

Student engagement and experience

AoC is in the process of developing a student experience strategy, building on the existing work of AoC Sport and the AoC Policy team around student development and engagement. AoC will be aiming to enhance the student experience in colleges and to build on its student engagement work by highlighting the benefits of these activities. The AoC Charter for Student Engagement aims to promote and support a culture of partnership with students.

AoC Mental Health Charter

AoC continues to develop its work on the mental health agenda through the National Policy Group. Last year, we launched the AoC Mental Health Charter and now have had more than 75% of the sector sign the commitment to staff and students. We have worked with our partners at the Charlie Waller Memorial Trust to provide a range of free online resources for staff training and provide over 25 colleges with free consultancy and training support.

Supporting student governors

The AoC student governors programme aims to support these board members to increase the effectiveness of their contribution and to develop their leadership experience and networks with their peers and sector leaders. We have run or plan to provide for student governors:

- Regional induction programme (ETF funded)
- Unloc/AoC student governor conference
- Unloc/AoC ongoing training and development
- Access to AoC governance helpline
- Bespoke student governor resources and videos

Strategic Report *(continued)*

Independent Commission on the College of the Future

The Commission – whose secretariat AoC has hosted – is leading the conversation on a new vision for colleges to put them at the heart of public policy. The Commission has been working closely with AoC and member colleges as they design new, mission driven college systems across the UK.

Subsidiary companies

As reported in Note 11 to the accounts, the Association has two trading subsidiary companies, AoC Services Ltd and AoC Sport Ltd.

AoC Services Ltd.

AoC Services Ltd, a trading subsidiary of AoC, changed its name from AoC Create Ltd this year to better integrate the paid for services into the wider membership offer. The principal activity of the company is to provide the best range of highest quality, best value-for-money services needed by further education and associated sectors in England and Wales. These activities include conference, recruitment, training and consultancy services and all the money earned is invested back to benefit AoC member colleges.

AoC Sport Ltd.

AoC Sport is the lead organisation for college sport and physical activity. Our vision is every college student participating regularly in sport or physical activity. 1,500 teams across England are taking part in AoC Sport activity.

AoC Charitable Trust

In addition to the trading subsidiaries, the Association manages the AoC Charitable Trust. The Trust is devoted to raising funds and overseeing their application for the benefit of post-16 education. The trust has, since 1994, been administering the annual Beacon Awards, as well as the Student of the Year Awards. The Trust has separate financial statements from the AoC group.

JISC

AoC is a joint partner of JISC, a company limited by guarantee at £1 per member, with Universities UK and Guild HE. AoC has one nominated representative on the JISC Board. Resolutions are passed with a simple majority vote. JISC is a registered charity and champions the use of digital technologies in UK education and research. JISC is not part of the AoC group for consolidation purposes.

The Education & Training Foundation (ETF)

AoC is one of three founding members of the Education & Training Foundation (ETF), a company limited by guarantee at £1 per member with the Association of Employment and Learning Providers (AELP) and the Association of Adult Education and Training Organisations (which operates under the name of HOLEX). AoC is entitled to appoint three of the twelve directors on the Board and Board resolutions are passed with a simple majority vote. ETF is a registered charity and as such operates for the public benefit. AoC does not have a participating interest in ETF and does not derive any benefit from its members, and ETF is not part of the AoC group for consolidation purposes.



Approved by P J Brophy

Director

30 June 2021

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 March 2021. Details of the subsidiaries are not shown in the Directors' Report because it is shown in the Strategic Report instead, under S414C(11) and Note 11 of the Accounts.

Principal activities

The Association of Colleges (AoC) was created in 1996 as the single voice to promote the interests of incorporated further education and sixth form colleges in England and Wales. Details of the principal activities are provided in the Strategic Report.

AoC exists to represent and promote the interests of colleges and to provide members with professional support services.

Results

The Board reports the Company outturn for the financial year ended 31 March 2021, which is a surplus of £342,629 (2020: surplus £70,378) before tax, adjustments of the Financial Reporting Standard (FRS) 102 requirements, and after contributing an additional £100,000 (2020: £100,000) towards the LPFA deficit in the year in respect of the pension scheme.

In line with the Board's previously stated intention to have reserves that would enable the Association to meet all potential liabilities including those off balance sheet, further very strict monitoring and control of expenditure will continue for the foreseeable future to significantly increase the reserves.

In addition, the Association, in line with all companies, has to comply in full with the reporting requirements of FRS102 and has done so with the impact duly reported as required.

The London Pension Fund Authority (LPFA) deficit is reported on later in this report and the Board, whilst complying with the FRS102 requirements, believes that the pension deficit as reported by the LPFA better reflects the true liabilities faced by the Association rather than those reported under FRS102 requirements. As such the Association continues to make additional contributions as required by the LPFA towards its deficit.

During the year the Association of Colleges made a donation of £40,000 (2020: £60,000) to the AoC Charitable Trust.

London Pension Fund Authority (LPFA) Pension Obligation

As reported in Note 18 to the Accounts, the Association's members of staff are eligible to join the London Pension Fund Authority (LPFA) final salary pension scheme. As previously reported, in line with FRS102 requirements the scheme has been under-funded and in deficit for a number of years.

The Company's net pension liability shows the extent to which its existing pension commitments to employees and former employees exceed the assets currently available to meet those commitments. This liability increased by £8.617 million during the year, made up of an increase of £12.641 million in liabilities, and an increase of £4.024 million in assets. The main reasons for the net movement were losses of £12.213 million resulting from changes in actuarial assumptions offset by changes in demographic assumptions of £410,000.

In practice, the value of the net pension's liability is not entirely meaningful, because pension payments will generally not need to be made for many years, and the Pension Fund plans over long timescales as a result. Furthermore, the amount the Company pays each year is the amount of employer contributions payable for the year, and not the costs calculated under the accounting rules. It is also important to note that the

Directors' Report *(continued)*

calculation of the net pensions' liability reliant on a number of complex judgements, assumptions and variations which can lead to significant differences in the outcome. Note 18 to the Financial Statements provides further information on employee pensions.

The three year annual actuarial valuation of the fund took place on 31 March 2019 and as a result the annual contribution rate the Company will need to pay for employees who are members of the pension fund will increase from 13.5% of salary to 15.6% of salary. However the past service lump sum contribution is no longer due. In March 2021, the Board approved the payment of £100,000 from reserves to the LPFA with the aim of reducing future liabilities.

The Board

The members who served on the Board during the year and up to the date of this report are listed on page 3.

It is the Board's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board is provided with regular and timely information on the overall financial performance of AoC together with other information such as performance against targets, proposed capital expenditure, quality matters and personnel-related matters. The Board meets every three months.

The Board conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board. These committees include those for finance and general purposes, remuneration, employment and audit.

The Company Secretary maintains a register of financial and personal interests of Board members and is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. Formal agendas, papers and reports are supplied to Board members in a timely manner, prior to Board meetings. Briefings are also provided on an ad hoc basis. The Board has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Board considers that each of its non-executive members is independent of management and 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 Chairperson and Chief Executive are separate.

Appointments to the Board

The Association of Colleges holds elections to its Board of Management every year, when one third of the regionally elected Board Members are required to retire. Appointments to the Board are for a three-year term of office.

The President

The AoC President is elected to term between the 1 August and 31 July. The role of the President is to represent the needs of the membership and act as the voice of colleges on behalf of the AoC.

Governors' Council

The Governors' Council aims to reflect the representation achieved by the AoC Board with elected and co-opted Governors from member colleges. The AoC Chair, President, Chief Executive and Director of Finance are all ex-officio members of the Council.

Directors' Report *(continued)*

The Council's vision is to develop and use the experience and expertise of Governors to represent their views in AoC policy formulation and to promote good college governance, thus contributing to the mission of the AoC.

Governors represent a formidable wealth of diverse experience which can be harnessed to help shape and improve the performance of the FE sector. The Governors' Council provides genuine opportunities for Governors to express their views to inform and influence policy makers and partners.

Board Portfolio Groups

The AoC Board nominates portfolio holders to lead policy work in a number of areas. From June 2014 there are established portfolio groups which concern themselves with the following areas: 14-19 and associated funding, higher education provision and funding in colleges, performance and quality (standards), skills & training, reputation, sport, technology, governance, sustainable futures, urban colleges, quality, international, local government, enterprise, sixth form colleges, learning difficulties & disabilities and academies.

Each portfolio holder convenes a group of college leaders to develop AoC policy positions to reflect college concerns and interests.

Remuneration Committee

Throughout the year ended 31 March 2021, the AoC's Remuneration Committee comprised ten members of the Board. The Committee's responsibilities are to approve proposals regarding remuneration levels for AoC staff and to make recommendations to the Board on the remuneration and benefits of the Chief Executive.

Details of remuneration for the year ended 31 March 2021 are set out in Notes 2 and 3 to the Financial Statements.

Audit Committee

The Audit Committee comprises eight members of the Board (excluding the Chair, Chief Executive and Director of Finance). The Committee operates in accordance with written terms of reference approved by the Board.

The AoC's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the audit committee. External auditors also meet with the Audit Committee and convey their findings accordingly.

Management is responsible for the implementation of agreed audit recommendations and an internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

Finance and General Purposes Committee (F&GP)

The F&GP Committee comprises seven members of the Board. The Committee operates in accordance with written terms of reference approved by the Board and oversees the financial and operational matters relating to the Group.

Statement of Corporate Governance

The AoC is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the Association has applied the principles set out in the revised *Combined Code on Corporate Governance* issued by the London Stock Exchange in 2010. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Board, the AoC complies with all the provisions of the Combined Code in so far as they apply to the further education sector, and it has complied throughout the year ended 31 March 2021.

Directors' Report *(continued)*

Principal risks

A comprehensive risk register is maintained and reviewed on a regular basis by the Audit Committee and the Board. The key risk is the impact of the current government spending cuts and its impact on the Association and its members.

COVID-19 has had a significant impact on colleges and the Association has worked tirelessly to support members working closely with ministers, civil servants, and others. This support has been widely acknowledged and is anticipated to have a positive impact on membership satisfaction. Whilst various areas within the Association will be impacted, events, training and development, sporting activities these have been offset by savings on expenditure and remained manageable due to the level of the group's reserves.

The Board considers the defined benefit pension scheme (note 18) as a key principal risk, which has been detailed on page 38. The Board considers there to be no other principal risks. The Board is aware of the key risks to the Association and plans accordingly.

Future developments

The AoC will continue to promote the interests of further education and sixth form colleges and will seek to bid for further project work in support of those colleges. The nine regional areas will continue to represent the interests of their local member colleges, disseminating national policy and providing vital representation around the UK. AoC Services will continue as the commercial arm of AoC, providing high quality professional services to the sector. AoC Sport will continue to promote both participation and competitions to the sector with significant backing from Sport England, the FA and ERFU.

Going concern

The Board closely monitors the impact of Covid-19 and in particular in relation to meeting going concern requirements. Whilst there was a significant impact on the income of AoC Services and AoC Sport the group took advantage of the government job retention scheme to avoid redundancies.

Overall, due to significant savings on expenditure, the group position is a surplus of £332,212 against a budget of £127,415. This surplus includes the JRS support of £126,254 which is considered a satisfactory outcome in light of the impact of government restrictions.

Member satisfaction for the AoC remains high and whilst confident about the going concern status of the group, the board continues to monitor the financial position closely.

Statement as to Disclosure of Information to Auditor

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

RSM UK Audit LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006. A resolution for the re-appointment of RSM UK Audit LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board
P J Brophy Director
30 June 2021



Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether all applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Association of Colleges

Opinion

We have audited the financial statements of Association of Colleges (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company 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 directors' 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 parent company'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 directors 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 annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

Independent Auditor's Report to the Members of Association of Colleges *(continued)*

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 directors are responsible for assessing the group's and the parent company'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 directors either intend to liquidate the group or the parent company 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

Independent Auditor's Report to the Members of Association of Colleges (*continued*)

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 industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- 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, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

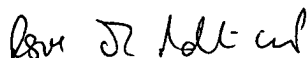
The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to data protection. We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations and inspected correspondence with regulatory 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



PAUL OXTOBY (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street, London, EC4A 4AB

Date: 13 September 2021

Consolidated Statement of Comprehensive Income <i>for the year ended 31 March 2021</i>
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	Notes	31 March 2021		31 March 2020	
		Group £	Company £	Group £	Company £
Turnover		11,759,001	8,204,082	14,608,814	8,522,701
Job Retention Scheme income		126,254	105,421	-	-
Cost of sales	4	<u>(8,109,573)</u>	<u>(5,588,832)</u>	<u>(10,916,422)</u>	<u>(6,171,354)</u>
Gross profit		3,775,682	2,720,671	3,692,392	2,351,347
Admin expenses	5	<u>(3,896,127)</u>	<u>(2,830,981)</u>	<u>(4,606,047)</u>	<u>(3,171,037)</u>
Operating deficit		(120,445)	(110,310)	(913,655)	(819,690)
Interest receivable and similar income	6a	6,788	5,939	37,822	34,037
Interest payable and similar charges	6b	<u>(276,000)</u>	<u>(276,000)</u>	<u>(244,000)</u>	<u>(244,000)</u>
Loss on ordinary activities before taxation	8	(389,657)	(380,371)	(1,119,833)	(1,029,653)
Taxation	7	<u>(6,853)</u>	<u>(4,845)</u>	<u>(3,212)</u>	<u>(3,424)</u>
Loss for the financial year	16	<u>(396,510)</u>	<u>(385,216)</u>	<u>(1,123,045)</u>	<u>(1,033,077)</u>
Other comprehensive income (net of tax)					
Actuarial (loss)/gains on defined benefit plans	18	(7,894,000)	(7,894,000)	(549,000)	(549,000)
Loss for the financial year		<u>(396,510)</u>	<u>(385,216)</u>	<u>(1,123,045)</u>	<u>(1,033,077)</u>
Total comprehensive income for the year		<u>(8,290,510)</u>	<u>(8,279,216)</u>	<u>(1,672,045)</u>	<u>(1,582,077)</u>

Statements of Financial Position

as at 31 March 2021

	Notes	31 March 2021 Group £	Company £	31 March 2020 Group £	Company £
Fixed assets:					
Other intangible assets	9	106,998	-	96,429	-
Tangible fixed assets	10	166,269	164,118	236,393	222,218
Investments	11	-	101	-	101
		273,267	164,219	332,822	222,319
Current assets:					
Debtors due within one year	12	2,237,755	869,992	2,280,411	1,111,303
Cash in bank and in hand		7,829,315	6,899,783	6,828,280	6,014,355
		10,067,070	7,769,775	9,108,691	7,125,658
Current liabilities:					
Creditors: amounts falling due within one year	13	(6,593,028)	(5,201,391)	(6,022,703)	(4,953,159)
Net current assets		3,474,042	2,568,384	3,085,988	2,172,499
Total assets less current liabilities		3,747,309	2,732,603	3,418,810	2,394,818
Provisions for liabilities	14	(22,624)	-	(20,616)	-
Net assets excluding pensions liability		3,724,685	2,732,603	3,398,194	2,394,818
Defined benefit pension scheme liability	18	(20,614,000)	(20,614,000)	(11,997,000)	(11,997,000)
Net liabilities including pensions liability		(16,889,315)	(17,881,397)	(8,598,806)	(9,602,182)
Capital and Reserves					
Pension reserve		(20,614,000)	(20,614,000)	(11,997,000)	(11,997,000)
Profit and loss account		3,724,685	2,732,603	3,398,194	2,394,818
Total Equity		(16,889,315)	(17,881,397)	(8,598,806)	(9,602,182)

The financial statements on pages 20 – 42 were approved and authorised for issue by the Board of Directors on 30 June 2021 and were signed on its behalf by:
S Mahmood, Chair

S Mahmood

Consolidated Statement of Changes in Equity
for the year ended 31 March 2021

	Pension reserve £	Profit and loss account £	Total £
Balance at 1 April 2019	(10,348,000)	3,421,239	(6,926,761)
Loss for the year	(1,100,000)	(23,045)	(1,123,045)
Other comprehensive income, net of tax: -			
Actuarial losses on defined benefit plans	(549,000)	-	(549,000)
Total comprehensive income for the year	(1,649,000)	(23,045)	(1,672,045)
Balance at 31 March 2020	(11,997,000)	3,398,194	(8,598,806)
Loss for the year	(723,000)	326,490	(396,510)
Other comprehensive income, net of tax: -			
Actuarial losses on defined benefit plans	(7,894,000)		(7,894,000)
Total comprehensive income for the year	(8,617,000)	326,490	(8,290,510)
Balance at 31 March 2021	(20,614,000)	3,724,685	(16,889,316)

Company Statement of Changes in Equity
for the year ended 31 March 2021

	Pension reserve £	Profit and loss account £	Total £
Balance at 1 April 2019	(10,348,000)	2,327,895	(8,020,105)
Loss for the year	(1,100,000)	66,923	(1,033,077)
Other comprehensive income, net of tax: -			
Actuarial losses on defined benefit plans	(549,000)		(549,000)
Total comprehensive income for the year	(1,649,000)	66,923	(1,582,077)
Balance at 31 March 2020	(11,997,000)	2,394,818	(9,602,182)
Loss for the year	(723,000)	337,784	(385,216)
Other comprehensive income, net of tax: -			
Actuarial losses on defined benefit plans	(7,894,000)		(7,894,000)
Total comprehensive income for the year	(8,617,000)	337,784	(8,279,216)
Balance at 31 March 2021	(20,614,000)	2,732,602	(17,881,398)

Consolidated and Company Statement of Cash Flows <i>for the year ended 31 March 2021</i>
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	Notes	31 March 2021		31 March 2020	
		Group	Company	Group	Company
		£	£	£	£
Operating Activities:					
Cash (used)/generated from operations	17	1,159,375	987,669	2,036,867	1,530,961
Taxation		(6,853)	(4,845)	(3,278)	(22,027)
Net Cash (Used In)/From Operating Activities		1,152,522	982,824	2,033,589	1,508,934
Investing Activities:					
Purchase of tangible fixed assets		(160,284)	(103,335)	(224,703)	(96,131)
Proceeds on disposal of fixed assets			-	9,733	9,733
Interest received		6,788	5,939	37,822	34,037
Net Cash (Used In)/From Investing Activities		(153,496)	(97,396)	(177,148)	(52,361)
Net (decrease)/increase in cash and cash equivalents		1,001,035	885,428	1,856,636	1,456,574
Cash and cash equivalents at beginning of year		6,828,280	6,014,355	4,971,644	4,557,781
Cash and cash equivalents at end of year		7,829,315	6,899,783	6,828,280	6,014,355
Relating to:-					
Bank balances and short term deposits included in cash at bank and in hand		7,829,315	6,899,783	6,828,280	6,014,355

Notes (forming part of the financial statements)

1. Accounting Policies

General Information

Association of Colleges is a company limited by guarantee domiciled and incorporated in England, registered number: 03216271.

The address of the Company's registered office and principal place of business is 2-5 Stedham Place, London, WC1A 1HU.

The Group consists of Association of Colleges and all of its subsidiaries.

The Company's and the Group's principal activities and nature of operations are disclosed in the Strategic Report.

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

Basis of Preparation

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The company meets the definition of a public benefit entity under FRS 102. Monetary amounts in these financial statements are rounded to the nearest whole pound except where otherwise indicated.

Basis of Consolidation

The consolidated financial statements incorporate those of Association of Colleges and all of its subsidiaries. All financial statements are made up to 31 March 2021.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Going Concern

Despite the significant economic impact of COVID-19, the AoC Group reported a strong financial outturn for the year. Member engagement proved to be the highest ever having moved to online webinars etc. Whilst income was significantly down in areas, this was more than offset by the significant savings on expenditure. The Directors have reviewed in detail the Company's position and the budgets presented for subsequent years and remain confident that the group will remain financially strong going forward. The Directors have considered detailed projections, together with a longer-term assessment, to stress test the financial resilience of the Company which take into account the decline in income against a decrease in costs. The stress testing of the Company's financial position has satisfied the Directors that it has adequate reserves and mitigation strategies available to deal with the ongoing impact of Covid-19. The Board will continue to receive monthly management accounts with updated re-forecasts.

The Directors believe that the pension fund deficit, shown on the balance sheet, will not materialise in the short term and will continue to be funded. Current and future forecasted cash balances allow this position to be maintained and will be adequate to meet liabilities as they fall due.

Notes (continued)

Whilst the Directors recognise that 2021 will be a challenging year, and it may be necessary to draw on some of the Company's reserves which have been established to provide financial resilience, they have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Functional and Presentational Currencies

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

Income Recognition

Turnover represents the amounts (excluding value added tax) derived from the provision of services to members. Turnover is made up of subscription income from members, income for project-related work and the turnover of AoC Services Ltd resulting from its commercial activities. Subscription income is recognised in the profit and loss account for the year to which it relates. Subscription income relating to subsequent accounting periods is deferred.

External funding is received for national projects. These projects generally tend to have a lifespan of two to three years. The project income is released in to the profit and loss account in the financial year in which the relevant expenditure is incurred.

Government grant income, being the job retention scheme support, is recognised in the month to which the claim relates. Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Intangible Fixed Assets (Other Than Goodwill)

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:

Purchased computer software - 4 years [25% per annum] in line with IT depreciation policy.

The Company's policy is to charge the full year's amortisation in the year of acquisition and charge no amortisation in the year of disposal.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are initially measured at cost and are subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided to write off the cost by equal instalments over their estimated useful economic lives as follows:

Motor vehicles - 4 years [25% per annum]

Office equipment - 4 years [25% per annum]

The Company's policy is to charge the full year's depreciation in the year of acquisition and charge no depreciation in the year of disposal.

Impairment of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Company estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Notes (continued)

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

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

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Operating Lease

Rental costs arising under operating leases are charged to the income and expenditure account on a straight line basis over the period of the lease.

Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Company and Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pension Scheme Arrangements

The Association's employees may elect to be members of the London Pensions Fund Authority (LPFA) pension fund or be auto-enrolled into the Flexible Retirement Plan run by the Pensions Trust. LPFA is a funded defined benefit scheme, whereas the Flexible Retirement Plan is a defined contribution scheme.

For defined contribution schemes the amount charged to the profit and loss account is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Notes (continued)

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions paid in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The assets of the scheme are held separately from the company in separate trustee-administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability.

Gains or losses recognised in profit or loss are:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income are:

- Actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

Financial Instruments

Association of Colleges has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when Association of Colleges becomes a party to the contractual provisions of the instrument and are offset only when Association of Colleges currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

- **Financial Assets**

Trade Debtors – Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

- **Financial Liabilities**

Trade Creditors – Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

- **Derecognition of Financial Asset and Liabilities**

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another part that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Notes (continued)

Provisions

Provisions are recognised when Association of Colleges has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Restructuring

Provisions for restructuring costs are recognised when the Company has a legal obligation or a constructive obligation arising from a detailed formal plan for the restructuring which has been notified to affected parties.

Reserves

Reserves of the Association of Colleges represent the following:

Pension reserve

The cumulative actuarial gains and losses on the defined benefit pension scheme.

Profit and loss account

Cumulative profit and loss.

Critical Accounting Estimates and Areas of Judgement

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

In the opinion of the directors, there were no judgements made that have a significant effect on the amounts recognised in the financial statements nor any key assumptions or estimates made which might cause a material adjustment.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

The defined benefit pension scheme is valued based on a number of assumptions. The details and sensitivities of key assumptions have been reflected in note 18.

The AoC continues to manage a significant number of projects, the beneficiaries of which are in the main member colleges. The AoC Board rightly agrees to a prudent approach with regards to the timing and allocation of overheads, often waiting until the project has successfully concluded. Please refer to note 4.

Project income is recognised against incurred expenditure with indirect contributions to overheads allocated at the conclusion. Please refer to note 4.

Investments policy – The AoC Board adopts a prudent investment policy with surplus funds in the main placed on fixed term treasury deposits. No investments are made that risk capital exposure.

Notes (continued)

2. Staff numbers

The average monthly number of persons employed by the company (including directors) during the twelve-month period was as follows:

By activity	2021		2020	
	Group	Company	Group	Company
Services to members	47	29	50	31
Administration and operations	49	21	53	21
	96	50	103	52

Executive Directors & Officers

	2021		2020	
	Group	Company	Group	Company
£60,001 to £70,000	7	6	6	6
£70,001 to £80,000	5	4	4	4
£80,001 to £90,000	3	2	4	2
£90,001 to £100,000	3	2	2	2
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	2	2	2	2
£120,001 to £130,000	1	1	1	1
£160,001 to £170,000	1	1	1	1
	22	18	20	18

The amount paid to the highest paid director was £167,500 (2020: £167,500); pension costs for this individual were £26,130 (2020: £20,150).

	2021		2020	
	Group	Company	Group	Company
Money purchase enhancement	50	15	59	23
Defined benefit schemes	41	34	37	29

The three executive directors (2020: three) were all members of the defined benefit scheme during the year. Total directors' remuneration amounted to £312,110 (2020: £316,434) and the pensions costs were £45,682 (2020: £37,105).

]Notes (continued)

3. Staff costs

	2021		2020	
	Group	Company	Group	Company
	£	£	£	£
<i>The aggregate payroll costs were as follows:</i>				
Wages and salaries	5,523,230	3,938,481	5,369,725	3,628,321
Social security costs	580,033	417,375	507,469	377,756
<i>Pension costs</i>				
Pension adjustment	447,000	447,000	855,999	855,999
London Pension Fund Authority	505,063	424,133	350,565	267,934
LPFA deficit	-	-	-	-
Defined Contribution Scheme	148,430	59,424	136,939	35,485
	<u>7,203,756</u>	<u>5,286,413</u>	<u>7,220,697</u>	<u>5,165,495</u>

4. Cost of sales

	2021		2020	
	Group	Company	Group	Company
	£	£	£	£
Salaries	3,475,608	2,432,212	3,606,034	2,371,939
Pension adjustment	288,702	288,702	548,843	548,843
Legal expenses	21,299	21,299	26,297	26,297
Professional HR advice service	160,000	160,000	150,000	150,000
Printing, postage, stationery and publications	7,761	7,761	23,545	23,545
Projects	2,338,125	2,382,025	2,706,629	2,706,629
Press and media	102,847	102,847	142,799	142,799
Research	64,177	147,597	137,300	137,300
Commercial activities	1,521,245	-	3,510,973	-
Other professional	129,809	46,389	64,002	64,002
	<u>8,109,573</u>	<u>5,588,832</u>	<u>10,916,422</u>	<u>6,171,354</u>

Notes (continued)

5. Administrative expenses

	2021		2020	
	Group	Company	Group	Company
	£	£	£	£
Staff and other costs	2,070,494	1,339,025	2,173,650	1,227,442
Pension adjustment	158,298	158,298	307,156	307,156
LPFA additional contribution	100,000	100,000	100,000	100,000
Travel and meeting costs	60,764	60,105	403,977	315,833
Premises, office and insurance costs	907,816	700,718	985,317	785,000
Telephone costs	63,092	47,523	81,864	59,723
Depreciation	219,840	161,436	193,605	149,437
Irrecoverable VAT	243,839	230,791	241,566	208,183
Consultants	9,250	-	17,452	-
Audit and accountancy	58,397	42,697	64,642	48,034
Print, post and stationery	1,419	-	11,036	-
Bad debt	(5,250)	-	-	-
Rental income from subsidiaries	-	(12,778)	-	(24,605)
Other	8,168	3,166	16,381	(5,166)
Redundancy costs	-	-	9,401	-
	3,896,127	2,830,981	4,606,047	3,171,037

6a. Interest receivable and similar income

	2021		2020	
	Group	Company	Group	Company
	£	£	£	£
Bank interest	6,788	5,939	37,822	34,037

6b. Interest payable and similar charges

	2021		2020	
	Group	Company	Group	Company
	£	£	£	£
Interest arising from:				
Net interest on the net defined benefit	(276,000)	(276,000)	(244,000)	(244,000)
	(276,000)	(276,000)	(244,000)	(244,000)

Notes (continued)

7. Taxation				
	2021		2020	
	Group	Company	Group	Company
	£	£	£	£
<i>Current tax</i>				
UK corporation tax at 19% (PY: 19%)	4,845	4,845	-	-
Adjustments in respect of previous periods	-	-	(13,485)	3,424
Total current tax charge/(credit)	<u>4,845</u>	<u>4,845</u>	<u>(13,485)</u>	<u>3,424</u>
<i>Deferred tax</i>				
Origination and reversal of timing differences	2,008	-	16,236	-
Effect of tax rate change on opening balance	-	-	461	-
Total deferred tax	<u>2,008</u>	-	<u>16,697</u>	-
Tax on profit on ordinary activities	<u>6,853</u>	<u>4,845</u>	<u>3,212</u>	<u>3,424</u>
<i>Provision for deferred tax</i>				
Fixed asset timing differences	<u>22,624</u>	-	<u>20,616</u>	-
<i>Movement in provision</i>				
Provision at start of period	20,616	-	3,919	-
Deferred tax charged in statement of comprehensive income for the period	<u>2,008</u>	-	<u>16,697</u>	-
Provision at end of period	<u>22,624</u>	nil	<u>20,616</u>	-
<i>Reconciliation of tax charge</i>				
Profit (loss) on ordinary activities before tax	<u>(389,657)</u>	<u>(380,371)</u>	<u>(1,119,833)</u>	<u>(1,029,653)</u>
Tax on profit (loss) on ordinary activities at standard CT rate 19% (PY: 19%)	(74,034)	(72,270)	(212,768)	(195,634)
Expenses not deductible for tax purposes	1,825,597	1,630,507	211,897	220,648
Fixed assets differences	2,284	-	199	-
Income not taxable for tax purposes	(1,748,181)	(1,552,371)	16,908	-
Losses carried back	-	-	-	-
Group relief surrendered/(claimed)	1,190	(1,019)	-	(25,013)
Adjustments to tax charge in respect of previous periods	-	-	(13,485)	3,424
Adjust opening deferred tax to average rate of 19.00%	-	-	461	-
Unexplained difference	<u>(3)</u>	<u>(2)</u>	-	<u>(1)</u>
Current tax charge for the period	<u>6,853</u>	<u>4,845</u>	<u>3,212</u>	<u>3,424</u>

The corporation tax rate of 19% relates to the company only.

Factors affecting tax charges for future periods

The company has a deferred tax liability of £3,656 (2020: £16,697). This is shown at a corporation tax rate of 19% (2020: 17%). This has been analysed in Provisions for liabilities (see note 14).

Notes (continued)

8. Profit on ordinary activities before taxation

	2021		2020	
	Group	Company	Group	Company
	£	£	£	£
<i>Profit is stated after crediting:</i>				
Profit on disposal of tangible fixed assets	-	-	9,733	9,733
<i>And after charging:</i>				
Operating lease rentals on land & buildings	191,790	179,214	183,256	170,680
Depreciation on tangible fixed assets	173,461	161,436	161,462	149,437
Amortisation on other intangible fixed assets	46,380	-	32,143	-
Auditor's remuneration – audit services	29,200	20,000	30,650	21,450
Auditor's remuneration – non-audit services	25,800	18,650	32,884	26,584
Bad debt	(5,250)	-	9,905	-

9. Other intangible assets (group)

	Purchased computer software £	Total £
<u>Cost</u>		
1 April 2020	128,572	128,572
Additions – separately acquired	<u>56,949</u>	<u>56,949</u>
As at 31 March 2021	185,521	185,521
<u>Amortisation and impairment</u>		
1 April 2020	32,143	32,143
Amortisation charged in the year	<u>46,380</u>	<u>46,380</u>
As at 31 March 2021	78,523	78,523
<u>Carrying amount</u>		
As at 31 March 2021	106,998	106,998
As at 31 March 2020	96,429	96,429

Other intangible assets relate to the AoC Services website. The amortisation charges for the year are recognised within administrative expenses.

Notes (continued)

10. Tangible fixed assets

	Group			Company		
	Office Equipment	Motor Vehicles	Total	Office Equipment	Motor Vehicles	Total
	£	£	£	£	£	£
Cost						
As at 31 March 2020	665,108	-	665,108	596,906	-	596,906
Additions	103,336	-	103,336	103,336	-	103,336
Disposals	(55,343)	-	(55,343)	(55,343)	-	(55,343)
As at 31 March 2021	713,101	-	713,101	644,899	-	644,899
Depreciation						
As at 31 March 2020	428,715	-	428,715	374,688	-	374,688
Disposal	(55,343)	-	(55,343)	(55,343)	-	(55,343)
Charge for year	173,460	-	173,460	161,436	-	161,436
As at 31 March 2021	546,832	-	546,832	480,781	-	480,781
Net book value						
As at 31 March 2021	166,269	-	166,269	164,118	-	164,118
As at 31 March 2020	236,393	-	236,393	222,218	-	222,218

11. Subsidiary undertakings

	2021	2020
	£	£
Fixed asset investments		
AoC Services Ltd.	100	100
AoC Sport Ltd.	1	1
Trading results – (loss)/profit for the year		
AoC Services Ltd.	(26,586)	(144,788)
AoC Sport Ltd.	17,298	54,608
Reserves – as at 31 March		
AoC Services Ltd.	756,344	782,718
AoC Sport Ltd.	237,845	220,547

Notes (continued)

11. Subsidiary undertakings (continued)

The Company owns 100% of the £100 equity shareholding in AoC Services Ltd, a company registered in England and Wales on 22 July 1994. The Company made a (loss)/profit before tax for the year ended 31 March 2021 of £26,586 (2020: £(144,788)). AoC Sport Ltd is a not-for-profit company limited by guarantee.

The company also controls AoC Charitable Trust, a charity registered in England and Wales, and Scotland. The Charitable Trust is not included in the Group's Consolidated Accounts as it is immaterial to the group. A copy of those accounts is available from the company's website.

12. Debtors: amounts falling due within one year

	2021		2020	
	Group	Company	Group	Company
	£	£	£	£
Accrued income	139,990	-	80,410	-
Trade debtors	1,387,350	461,196	1,542,007	557,656
Amounts owed by subsidiary undertakings		18,168	-	135,066
Amounts owed by AoC Charitable Trust		-	52,632	-
Corporation tax accrual	16,909	-	16,909	-
Prepayments	382,977	81,836	245,207	75,335
Other debtors	310,528	308,792	343,246	343,246
	2,237,754	869,992	2,280,411	1,111,303

13. Creditors: amounts falling due within one year

	2021		2020	
	Group	Company	Group	Company
	£	£	£	£
Deferred income	2,917,479	2,020,084	2,675,917	1,899,791
Trade creditors	386,426	145,853	377,815	278,014
Amounts owed to subsidiaries	-	-	-	-
Amounts owed to AoC Charitable Trust	259	-	-	-
Corporation tax accrual	4,845	4,845	3,424	3,424
Other taxation and social security	166,913	151,306	156,343	138,500
VAT	172,885	36,419	123,320	40,176
Other creditors	2,698,974	2,698,722	2,451,851	2,449,214
Accruals	245,247	144,163	234,033	144,040
	6,593,028	5,201,392	6,022,703	4,953,159

Notes (continued)

AoC is party to a group VAT registration with other companies in the group, of which it is a member. At 31 March 2021, the amount due under this arrangement in respect of the group was £85,615 (2020: £80,881).

The membership subscription period for the Association runs from the 1 August to the 31 July and, as such, four months of the subscription is treated as deferred income. Deferred income is fully released to income in the subsequent year.

Other creditors include deferred project income carried forward. During the year the Association successfully bid for a significant number of projects and hence the substantial level of funds carried forward. These balances represent income relating to specific projects that have a timescale to completion of several years. Included within other creditors is an amount due to the LPFA pension fund of £67,207 (2020: £50,086). This has been paid since the year end.

14. Provisions for liabilities

GROUP	Deferred tax
	£
1 April 2020	20,616
Utilised in year	-
31 March 2021	<u>20,616</u>

GROUP

Provisions for deferred tax has been made as follows:

	2021	2020
	£	£
Deferred tax liabilities	22,624	20,616
Total	<u>22,624</u>	<u>20,616</u>

The major deferred tax liabilities and assets recognised by the Group are:

	2021	2020
	£	£
Accelerated capital allowances	20,616	20,616
Other	2,008	-
Total	<u>22,624</u>	<u>20,616</u>

The deferred tax liability of £22,624 (2020: £20,616) is expected to reverse within 12 months and relates to fixed asset timing differences and pension creditors.

The movement in deferred tax comprises of:

	2021	2020
	£	£
Opening deferred tax liability/(asset)	20,616	3,919
Charged to profit or loss	2,008	16,697
Closing deferred tax liability/(asset)	<u>22,624</u>	<u>20,616</u>

There was no unprovided deferred taxation at 31 March 2021 (2020: nil).

Notes (continued)

15. Financial instruments

The carrying amount of the Association of Colleges financial instruments at 31 March were:

	2021		2020	
	Group	Company	Group	Company
	£	£	£	£
Financial assets				
Debt instruments measured at amortised	1,837,867	769,988	1,965,663	900,902
Total	1,837,867	769,988	1,965,663	900,902
Financial liabilities				
Measured at amortised cost	3,334,090	2,988,736	3,065,119	2,871,268
Total	3,334,090	2,988,736	3,065,119	2,871,268

16a. Accumulated reserve

	2021		2020	
	Group	Company	Group	Company
	£	£	£	£
1 April	(11,125,806)	(12,128,181)	(10,002,761)	(11,096,104)
Retained loss for the year	(396,510)	(385,216)	(1,123,045)	(1,033,077)
31 March	(11,522,316)	(12,513,397)	(11,125,806)	(12,128,181)

16b. Movement in members' fund

	2021		2020	
	Group	Company	Group	Company
	£	£	£	£
(Loss)/profit for the year	(396,510)	(385,216)	(1,123,045)	(1,033,077)
Opening members' fund	(8,598,806)	(9,602,182)	(6,926,761)	(8,020,105)
	(8,995,316)	(9,987,398)	(8,049,806)	(9,053,182)
Pension actuarial gain/(loss)	(7,894,000)	(7,894,000)	(549,000)	(549,000)
	(16,889,316)	(17,881,398)	(8,598,806)	(9,602,182)

Notes (continued)

17. Reconciliation of profit after tax to net cash generated from/(used in) operations

	2021		2020	
	Group	Company	Group	Company
	£	£	£	£
(Loss)/profit after tax	(396,510)	(385,216)	(1,123,045)	(1,033,077)
Adjustments for:				
Depreciation of tangible fixed assets	173,461	161,436	161,462	149,437
Amortisation of intangible assets	46,380	-	32,143	-
(Profit) on sale of fixed assets		-	(9,733)	(9,733)
Defined benefit pension schemes	447,000	447,000	856,000	856,000
(Decrease)/Increase in provision		-	-	-
Interest receivable	(6,788)	(5,939)	(37,822)	(34,037)
Interest payable	276,000	276,000	244,000	244,000
Taxation	6,853	4,845	3,212	3,424
Operating cash flows before movements in	546,396	498,126	126,217	176,014
Decrease/(increase) in debtors	113,016	241,311	1,362,557	549,318
(Decrease)/increase in creditors	499,963	248,232	548,093	805,629
Cash generated from/(used in) operations	1,159,375	987,669	2,036,867	1,530,961

Cash and cash equivalents

	2021		2020	
	Group	Company	Group	Company
	£	£	£	£
Cash and cash equivalents represent:-				
Cash at bank	7,829,315	6,899,783	6,828,280	6,014,355

18. Pensions and similar obligations – Group and Company

The Association's employees may elect to hold a personal money purchase scheme to which the Association will contribute, or they may elect to be members of the London Pensions Fund Authority (LPFA) pension fund.

LPFA

LPFA is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The pension cost is assessed every three years in accordance with the advice of an independent qualified actuary. The latest available actuarial valuation of the scheme was performed as at 31 March 2019 using the market-related method. The valuation was carried out by Barnett Waddingham and a summary of the relevant sections of their report follows.

Notes (continued)

The agreed contribution rates for future years are 15.6% (2020: 15.6%) for employers and range between 5.5% and 12.5% for employees, depending on pensionable salary. The total contribution expected to be made to the LPFA by the AoC Group for the year to March 2021 is £491,156.

Valuation assumptions

The major categories of plan assets as a percentage of total plan assets as at 31 March 2021 are shown below:

Year ended:	31 March 2021 % p.a.	31 March 2020 % p.a.
Equities	54%	54%
Target return funds	24%	26%
Alternative assets	-	-
Cash	5%	3%
Other bonds	17%	17%

The London Pension Fund Authority Retirement Benefits Scheme is an independently administered pension scheme. It is a defined benefit scheme based on final pensionable salary. Life expectancy is based on the Continuous Mortality Investigation's model, CMI_2020. Based on these assumptions, the average future life expectancies at age 65 are summarised as below:

	Males	Females
Current pensioners	22.6 years	24.5 years
Future pensioners	24.1 years	26.1 years

The pension cost is assessed in accordance with the advice of an independent professionally qualified actuary using the projected accrued benefit method and is not materially different from that arising from the current employer's contribution rate.

Retirement benefits

Under the transitional requirements of FRS102, the Association is required to disclose further information on assets and liabilities of the scheme on a market value basis at the end of the accounting period. The information is set out below:

Actuarial assumptions	2021	2020	2019	2018	2017
Discount rate at 31 March	2.00%	2.35%	2.4%	2.6%	2.8%
Salary increase rate	3.85%	2.85%	3.9%	3.8%	4.2%
Pension increase rate/inflation	2.85%	1.85%	2.4%	2.3%	2.7%

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the balance sheet date whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

Notes (continued)

Amounts recognised in the balance sheet	2021 £(000)	2020 £(000)
Fair value of employer assets	30,520	26,496
Present value of funded liabilities	51,134	38,493
Net liability	(20,614)	(11,997)

Amounts recognised in profit or loss accounts	2021 £(000)	2020 £(000)
Current service cost	982	1,389
Contributions by employer	(569)	(568)
Net interest on the defined liability	276	244
Administration expenses	34	35
Total	723	1,100

Reconciliation in the present value of the defined benefit obligation	2021 £(000)	2020 £(000)
Opening defined benefit obligation	38,493	37,515
Current service cost	982	1,020
Interest cost	898	893
Contributions by members	268	262
Actuarial gains/(losses)	11,716	(904)
Liabilities assumed/(extinguished) on settlements	-	-
Estimated benefits paid (net of transfers in)	(813)	(752)
Change in demographic assumptions	(410)	459
Closing defined benefit obligation	51,134	38,493

Reconciliation of fair value of employer assets	2021 £(000)	2020 £(000)
Opening fair value of employer assets	26,496	27,167
Interest on assets	622	649
Contributions by members	268	262
Contributions by employer	569	568
Return on assets less interest	3,506	(750)
Administration expenses	(34)	(35)
Benefits paid (net of transfers in and including unfunded)	(813)	(1,121)
Settlement process received/(paid)	-	-
Other actuarial gains/(losses)	(94)	(244)
Closing fair value of employer assets	30,520	26,496

The total return on the fund assets for the year to 31 March 2021 is £4,128,000 (2020: £(101,000)).

Notes (continued)

Re-measurements in other comprehensive income		
	2021	2020
	£(000)	£(000)
Return on Fund assets in excess of interest	3,506	(750)
Change in financial assumptions	(12,213)	4,565

Amounts for the current & previous periods	2021	2020	2019	2018	2017
	£(000)	£(000)	£(000)	£(000)	£(000)
Value of plan assets	30,520	26,496	27,167	21,643	20,525
Defined benefit obligation	(51,134)	(38,493)	(37,515)	(32,043)	(31,581)
Deficit	(20,614)	(11,997)	(10,348)	(10,400)	(11,056)
Experience loss/(gains) on liabilities	-	-	-	-	(629)
Experience adjustments on plan assets	-	-	-	-	-

19. Commitments under operating leases

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

	2021		2020	
	Group	Company	Group	Company
	£	£	£	£
Amounts due:				
Within 1 year	273,550	273,550	269,552	269,552
Between 1 and 5 years	273,550	273,550	303,263	303,263
Total	547,100	547,100	572,815	572,815

20. Controlling party

As at 31 March 2021, the Group was not controlled by one single controlling party.

21. Remuneration of key management personnel

The total remuneration of the directors and the regional directors, who are considered to be the key management personnel of the Company, was £1,302,305 (2020: £1,682,575) of which national insurance and pension costs were £372,466 (2020: £306,467).

Notes (continued)

22. Related party transactions

The following transactions occurred during the period and relate to the membership subscriptions payable by the colleges to which each director (during their term as director of the Association of Colleges) relates and for the services provided by AoC Services Ltd and AoC Sport Ltd.

The AoC has taken advantage of the exemption available in FRS 102 (33.15) not to provide information relating to transactions between itself as the holding Company and its wholly owned trading subsidiaries, AoC Services Ltd and AoC Sport Ltd.

No guarantees have been given or received.

Director	Related Party	2020/21				2019/20			
		Transactions During Year		Balance Outstanding @ YE		Transactions During Year		Balance Outstanding @ YE	
		AOC	SERVICES	AOC	SERVICES	AOC	SERVICES	AOC	SERVICES
W.Baldwin	Brighton Hove and Sussex VI Form College	10,444	630	-	-	-	4,039	-	3,740
S.Barnes	Nelson & Colne College	50,697	2,371	-	-	20,499	20,148	-	718
A.Berry	Bridgwater and Taunton College	-	-	-	-	-	-	-	-
A.Bravo	Basingstoke College of Technology	18,324	1,171	-	-	-	1,198	-	1,198
S.Dicketts	Activate Learning from 01/08/20	-	3,960	-	300	-	-	-	-
S.Duncan	East Durham College	18,697	300	-	150	18,320	922	-	359
A.Foulkes	The Sheffield College	47,700	1,740	-	-	-	538	-	179
S.Higginson	Wirral Metropolitan College	20,866	15,470	-	9,150	-	1,028	-	478
S. Mahmood	Luminate Education Group	-	-	-	-	-	-	-	-
G.McDonald	New City College London	51,000	2,220	-	360	43,516	10,007	-	745
S.Parrett	London South East Colleges from 02/12/20	-	5,886	-	5,886	-	-	-	-
C.Peasgood	City College Norwich	50,697	10,157	-	361	21,772	14,993	-	5,438
J.Sharma	Walsall College	42,859	1,530	-	-	37,145	2,422	-	-
E.Thinnesen	Sunderland College	46,401	1,950	-	450	51,000	83,852	-	1,585
D.Whitemore	SMB Group	27,501	840	-	840	-	-	-	-
D.Williams	Herefordshire, Ludlow and North Sh from 10/03/21	-	-	-	-	-	-	-	-

Director	Related Party	2020/21		2019/20	
		Transactions During Year		Transactions During Year	
		SPORT	SPORT	SPORT	SPORT
W.Baldwin	Brighton Hove and Sussex VI Form College	-	-	-	-
S.Barnes	Nelson & Colne College	-	-	435	-
A.Berry	Bridgwater and Taunton College	-	-	-	-
A.Bravo	Basingstoke College of Technology	-	-	-	-
S.Dicketts	Activate Learning from 01/08/20	-	-	-	-
S.Duncan	East Durham College	-	-	130	-
A.Foulkes	The Sheffield College	2,920	-	400	-
S.Higginson	Wirral Metropolitan College	-	-	-	-
S. Mahmood	Luminate Education Group	-	-	-	-
G.McDonald	New City College London	-	-	1,240	300
S.Parrett	London South East Colleges from 02/12/20	-	-	-	-
C.Peasgood	City College Norwich	-	-	-	-
J.Sharma	Walsall College	-	-	550	-
E.Thinnesen	Sunderland College	-	-	730	10
D.Whitemore	SMB Group	-	-	-	-
D.Williams	Herefordshire, Ludlow and North Sh from 10/03/21	-	-	-	-

During the year, the Association contributed £40,000 (2020: £60,000) to the AoC Charitable Trust.

The AoC has appointed a member to the Board of Education and Training Foundation. As such, the related party transactions during the year have totalled £987,289 (2020: £2,280,649) and the balance remaining at the year-end is £223,974 (2020: £454,077).