



Annual Accounts
2003-2004

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Report of the Members of the Corporation for the period from 1 August 2003 to 31 July 2004

Wakefield College Corporation was established under the Further and Higher Education Act 1992. The College is an exempt charity for the purposes of the Charities Act 1993.

The College's Mission in 2003/04, as determined by its members, is:

"Our mission at Wakefield College is to transform lives and build prosperity by attracting young people, adults and employers into learning, and by inspiring them all with excellent opportunities to develop their knowledge and skills."

The College is a general further education college with students engaged on a comprehensive range of Further and Higher Education programmes. The College is based at a number of campuses across the District, with the three main campuses located at Whitwood, Thornes Park and Wakefield city centre.

Objectives

In 2003, the Corporation prepared a strategic plan for the period 1 August 2003 to 31 July 2006. This strategic plan includes a Property Strategy and financial forecasts. The Corporation monitors the performance of the College against these plans, which are reviewed and updated each year. The focus of the plan for this period is on four strategic priorities:

- meeting needs and improving choice;
- putting teaching and learning at the heart of what we do;
- developing the leaders, teachers, trainers and support staff of the future;
- further develop a culture of quality and success.

The College is on target for achieving these objectives.

The College publishes an Annual Report, which looks at the College's achievements, students' successes and developments for the future. This document is available to view at www.wakcoll.ac.uk/annualreport.

Performance Indicators

Performance indicators relating to key areas of the College's activity are set out in the Learning and Skills Council's (LSC's) publication '*Summary Statistics for Further Education Institutions: England 1999/2000*'. This document compares the performance of different colleges in the following areas:

- Achievement of funding target
- Percentage change in student numbers
- In-year retention rates
- Achievement rates
- Contribution to national targets.

Student Numbers

The majority of the College's funding is from the LSC and is funded according to the level of activity that it generates each year. In 2003/04, the College achieved 3,940 FTE learners against a target of 3,908.

Student Achievements

Students achieved 87% of their qualification aims (in 2002/2003: 86%).

Curriculum Developments

Methods of teaching and learning are under continuous review and development in order to ensure that the curriculum meets the needs of the local population. The College seeks to work in collaboration with local partners in meeting local needs.

Transparency Arrangements

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the full Corporation. Minutes of meetings are available from the College's website at www.wakcoll.ac.uk/foia, or from the Clerk to the Corporation at:

*Wakefield College,
Margaret Street,
Wakefield,
West Yorkshire,
WF1 2DH.*

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

Finances

The College generated an operating surplus of £437,000 for the year (2002/03 £1,204,000 surplus).

After accounting for the difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount, the result for the year is a transfer to reserves of £1,152,000 (2002/03 transfer to reserves of £9,225,000). The Income and Expenditure account balance stands at £7,410,000 (2002/03 £6,258,000) and a restricted reserve was created in 2002/03 of £5,232,000 for reinvestment by the College.

More diverse sources of funding are being sought, maximising opportunities to work with local businesses, in partnership with local agencies and developing the College's cohort of international students.

Post-Balance Sheet Events

There have been no significant post-balance sheet events.

Staff and Student Involvement

The College considers good communication with its staff to be very important. The College encourages staff and student involvement through membership of formal committees. Examples of the College's commitment are:

- staff and student representation on the Academic Board and its committees;
- a culture of consultation on key issues and policies;
- delegation of responsibility and accountability through the College's management structure;
- publication of the minutes of key decision-making groups;
- trades union recognition and consultation;
- regular publications of the staff newsletter;
- termly meetings led by the Principal for all staff;
- weekly time slot for staff meetings;
- regular team briefing sessions across the College.

Taxation

The College is an exempt charity for the purposes of the Charities Act 1993 and is not liable to Corporation Tax.

Employment of Disabled Persons

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion that are, as far as possible, identical to those for other employees.

The College commitment to the employment of people with disabilities was endorsed by the achievement of the Positive About Disabled People award, of which the Corporation is proud.

Disability Statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 2000 and in particular makes the following commitments:

- as part of the redevelopment of the buildings it is installing lifts and ramps so that eventually most of the facilities will be accessible to people with a disability;
- there is a register of specialist equipment which the College can make available for use by students;
- the admissions policy for all students is described in the College Charter. Appeals against a decision not to offer a place are dealt with under the complaints policy;
- the College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format;
- counselling and welfare services are available and described in the College Charter;
- a recent audit of the premises found that 98% of the College was now accessible to people with disabilities.

- the College's 'Adaptations of Materials' service can provide information/course materials in alternative media – for example Braille, enlarged text etc.

Planned Maintenance Programme

The maintenance of a high level of expenditure year on year on the College estate is becoming increasingly difficult given the College's financial position. Health and Safety is being prioritised within the annual works programme and use of the College maintenance team ensures value for money is achieved.

External sources of funding are being managed effectively to upgrade accommodation and in 2003/04 significant investment in refurbishment took place at the Thornes Park campus as part of the Centre of Vocational Excellence (CoVE) in Enterprise Management.

Two benchmarking exercise have taken place during 2003/04 – one with Ben Johnson Hill and one through Further Education Estates Management Statistics (FEEMS). The results show:

- Our estates related expenditure compares favourably with other colleges of a similar size and also with industry benchmarks;
- Our ratio of teaching/learning:other space is out of balance, with old buildings giving the college approximately 10,000 square metres too much space mostly in the form of office space, corridors and voids (other). Reducing office space and increasing teaching/learning space is required to rebalance the ratios;
- Fuel costs compare favourably owing to the benefit of being part of a buying consortium and bulk buying power.

Work on progressing the College Property Strategy is moving forward with the development of a bid to the LSC for replacing the Whitwood Campus with purpose-built new facilities. The new build will deliver efficiencies in running and maintenance costs.

	2003/04 £s	2004/05 £s	2005/06 £s	2006/07 £s	2007/08 £s
Annual works budget	230,000	205,000	210,125	215,378	220,762
Health and Safety	38,000	38,950	39,924	40,922	41,945
Maintenance team	147,473	146,112	154,597	160,853	164,874
TOTALS	415,473	390,062	404,646	417,153	427,581

Payment Performance

The College recognises the importance of paying suppliers within a reasonable timescale. Wherever possible suppliers are paid within the stipulated timescale.

Members who served the Corporation for the period 1 August 2003 to 31 July 2004

The Governors who served on the Board during the year were as follows:

Name	Date of Appointment/ Re-appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served
Gill BISHOP	October 2003	4 Years	-	Staff	Q&SC/Audit
Peter CLAYDON	June 2000	4 Years	May 2004	Business	Q&SC FE&GP Remuneration
Collet CHRISTIE	October 2002	4 Years	-	Co-opted	Q&SC
Margaret GODDARD	December 2000	4 Years	July 2004	Co-opted	Audit Remuneration Search
Suzanne GOODALL	December 2001	4 Years	-	Business	FE&GP
Maureen GREEN	October 1999	4 Years	September 2003	Staff	Q&SC
Mike HAWKER	July 2003	4 Years	-	Business	Board (Chair) FE&GP(Chair) Remuneration (Chair) Search
Mel HOLDSWORTH	October 2002	4 Years	-	Community	-
Chris HOLLINS	December 2001	4 Years	-	Community	FE&GP
Clive HUDSON	October 2000 (reappointed July 2004)	4 Years	-	Local Authority	Audit
Jim LYNCH	October 2002	4 Years	October 2003 (deceased)	Co-opted	Audit Remuneration
Heather MacDONALD	October 1998	n/a	-	Principal & Chief Executive	FE&GP Search Q&SC
Anne McCOWLIFF	September 2001	4 Years	-	Staff	-
John McLEOD	September 2003	4 Years	-	Local Authority	Audit (Chair) Q&SC
Sakina MULLA	October 2003	1 Year	July 2004	Student	-
George NAIRN-BRIGGS	July 2002	4 Years	-	Community	Search (Vice Chair)
Cath ORANGE	April 2002	4 Years	-	Business	FE&GP/Q&SC (Chair)
Helen PRICE	February 2003	4 Years	-	Business	FE&GP
Martin PRIME	July 2002	4 Years	-	Business	Board (Vice Chair) FE&GP (Vice Chair) Search (Chair) Remuneration (Vice Chair)
Andrew QUINLAN	June 2000	4 years	January 2004	Business	-

Mike Hawker
Chair of Corporation

Date: 18 January 2005

Professional Advisors:

Financial Statements auditors:

Grant Thornton UK LLP
St Johns Centre
110 Albion Street
Leeds
LS2 6LA

Funding auditors:

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Internal auditors:

RSM Robson Rhodes LLP
St George House
40 Great George Street
Leeds
LS1 3DQ

Solicitors:

Addleshaw Goddard
PO Box 8
Sovereign House
Sovereign Street
Leeds
LS1 1HQ

Insurance Brokers:

Opus Corporate Risk Ltd
Goodbard House
Infirmary Street
Leeds
LS1 2JS

Bankers:

Co-operative Bank plc
PO Box 101
1 Balloon Street
Manchester
M60 4EP

Close Brothers Ltd
10 Crown Place
London
EC2A 4FT

Corporate Governance Statement incorporating the Statement of Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Governors, the College 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 July 2004.

The Corporation

The composition of the Corporation is set out on page 7. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College, together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance, Employment and General Purposes, Quality and Standards, Remuneration, Search and Audit.

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

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad hoc basis.

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

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

Appointments to the Corporation

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

Members of the Corporation, with the exception of the Principal, are appointed for a term of office not exceeding four years.

Remuneration Committee

Under its terms of reference, the College's Remuneration Committee has a determined membership of five members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior postholders.

Details of remuneration for the year ended 31 July 2004 are set out in note 8 to the financial statements.

Audit Committee

The Audit Committee comprises four members of the Corporation (who exclude the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

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

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

The Audit Committee also advises the Corporation on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work.

Internal Control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public fund and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the College and the LSC. She is also responsible for reporting to the Corporation any material weaknesses or breakdown in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Wakefield College for the year ended 31 July 2004 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2004 and up to the date of approval of the Annual Report and Annual Accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

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

Review of effectiveness

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

- the work of the internal auditors;
- the work of the College Management Team within the College who have responsibility for the development and maintenance of the internal control framework;
- comments made by the College's financial statements auditors and the LSC-appointed funding auditors in their management letters and other reports.

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

The College Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The College Management Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes consideration of risk and control and receives reports thereon from the College Management Team. The Finance, Employment and General Purposes Committee and Audit Committees receive regular updates against action plans on risk monitoring and control. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its January 2005 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2004 by considering documentation from the College Management Team and internal audit, and taking account of events since 31 July 2004.

Going Concern

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

Mike Hawker, Chair

Tuesday 18 January 2005

Heather MacDonald, Principal

Tuesday 18 January 2005

Statement of the responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum agreed between the LSC and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and which give a true and fair view of the state of affairs of the college and the result for that year.

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

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

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

Members of the Corporation are responsible for ensuring that funds from the LSC are used only in accordance with the Financial Memorandum with the LSC and any other conditions that the LSC may prescribe from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the LSC are not put at risk.

Signed on behalf of the Corporation.

Mike Hawker, Chair

Tuesday 18 January 2005

Independent Auditors' Report to the Corporation of Wakefield College

We have audited the financial statements of Wakefield College for the year ended 31 July 2004 which comprise the principal accounting policies, the income and expenditure account, the statement of recognised gains and losses, the statement of historical cost surpluses and deficits, the balance sheet, the cash flow statement and notes 2 to 34. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Corporation, in accordance with paragraph 20 of schedule 2 of the Further Education Corporations (Former Further Education Colleges) (Replacement of Instruments and Articles of Government) Order 2001, issued under the Further and Higher Education Act 1992. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Members of Wakefield College and Auditors

The College Corporation's responsibility for preparing the Members' Report and the financial statements in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions and applicable United Kingdom law and Accounting Standards, is set out in the statement of the members responsibilities on page 12.

Our responsibilities as independent auditors are established in the United Kingdom by applicable statute, relevant legal and regulatory requirements, the Auditing Practices Board and our profession's ethical guidance. We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions. We also report to you whether, in our opinion, in all material respects, monies expended out of funds from whatever source, administered by

the College for specific purposes have been properly applied for those purposes and, if appropriate, managed in compliance with relevant legislation and whether in our opinion, in all material respects, monies expended out of funds provided by the Learning and Skills Council and Higher Education Funding Council for England have been applied in accordance with the financial memorandum between the Learning and Skills Council and the Corporation of the College and the funding agreement with the Higher Education Funding Council for England and any other terms and conditions attached to them.

We also report to you if, in our opinion, the Members' Report is not consistent with the financial statements, if the College has not kept proper accounting records, the accounting records do not agree with the financial statements or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Members' Report (including the Corporate Governance statement) and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board and the Audit Code of Practice issued by the Learning and Skills Council. An audit includes examination, on a test basis, of evidence relevant to amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the College's Corporation in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the College as at 31 July 2004 and of the College's surplus of income over expenditure, recognised gains and losses and cashflows for the year then ended, and are properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions.

In our opinion, in all material respects, monies expended out of funds from whatever source administered by the College for specific purposes have been properly applied for those purposes and, if appropriate, managed in compliance with relevant legislation for the year ended 31 July 2004.

In our opinion, in all material respects, monies expended out of funds provided by the Learning and Skills Council and Higher Education Funding Council for England have been applied in accordance with the Financial Memorandum between the Learning and Skills Council and the Corporation of the College and the funding agreement with the Higher Education Funding Council for England and any other terms and conditions attached to them for the year ended 31 July 2004.

Grant Thornton UK LLP
Chartered Accountants and
Registered Auditors
Leeds

Date

Wakefield College

Income and Expenditure Account

For the Period from 1 August 2003 to 31 July 2004

	Notes	Year Ended 31 July 2004 £000s	Year Ended 31 July 2003 £000s
Income			
Funding Council grants	2	17,196	15,716
Tuition fees and education contracts	3	1,532	1,730
Other grant income	4	798	576
Other income	5	1,397	1,324
Investment income	6	574	373
Total income		21,497	19,719
Expenditure			
Staff costs	7	13,459	12,119
Exceptional restructuring costs	7	(42)	171
Other operating expenses	9	6,191	4,701
Depreciation	12	1,452	1,524
Total expenditure		21,060	18,515
Surplus on continuing operations after depreciation of assets at valuation and before tax		437	1,204
Profit on disposal of fixed assets		-	7,462
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets but before tax.		437	8,666
Taxation	10	-	-
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	11	437	8,666

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

Wakefield College

Statement of Total Recognised Gains and Losses

For the Period from 1 August 2003 to 31 July 2004

	Year Ended 31 July 2004 £000s	Year Ended 31 July 2003 £000s
Surplus on continuing operations after depreciation of assets at valuation disposal of assets and tax	437	8,666
Unrealised surplus on revaluation of fixed assets	-	11,246
Total recognised gains in the period	437	19,912
Reconciliation		
Opening reserves and endowments	35,179	15,267
Total recognised gains and losses for the year	437	19,912
Closing reserves and endowments	35,616	35,179

Wakefield College

Statement of Historical Cost Surpluses and Deficits

For the Period from 1 August 2003 to 31 July 2004

	Notes	Year Ended 31 July 2004 £000s	Year Ended 31 July 2003 £000s
Surplus on continuing operations before tax		437	8,666
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	20	<u>715</u>	<u>559</u>
Historical cost surplus for the period		<u>1,152</u>	<u>9,225</u>

Wakefield College

Balance Sheet

As at 31 July 2004

	Notes	Year Ended 31 July 2004 £000s	Year Ended 31 July 2003 £000s
Fixed Assets			
Tangible assets	12	<u>29,360</u>	<u>30,422</u>
Current Assets			
Debtors	14	1,260	865
Investments		13,995	12,498
Endowment asset investments		40	40
Cash at bank and in hand		<u>296</u>	<u>966</u>
		<u>15,591</u>	<u>14,369</u>
Creditors: amounts falling due within one year	15	<u>(3,675)</u>	<u>(3,805)</u>
Net current assets		<u>11,916</u>	<u>10,564</u>
Total assets less current liabilities		41,276	40,986
Provisions for liabilities and charges	17	<u>(3,512)</u>	<u>(3,518)</u>
NET ASSETS		<u>37,764</u>	<u>37,468</u>
Deferred capital grants	18	<u>2,148</u>	<u>2,289</u>
Endowments – specific	19	<u>40</u>	<u>40</u>
Reserves			
Revaluation reserve	20	22,934	23,649
Restricted reserve	21	5,232	5,232
Income and expenditure account	21	<u>7,410</u>	<u>6,258</u>
Total reserves		<u>35,576</u>	<u>35,139</u>
TOTAL		<u>37,764</u>	<u>37,468</u>

The financial statements on pages 15 to 38 were approved by the Corporation on Tuesday 18 January 2005 and were signed on its behalf by

Mike Hawker (Chair of the Corporation)

Heather MacDonald (Principal)

Wakefield College

Cash Flow Statement

	Notes	Year Ended 31 July 2004 £000s	Year Ended 31 July 2003 £000s
Net cash inflow from operating activities	23	484	801
Returns on investments and servicing of finance	24	574	373
Capital expenditure and financial investment	25	(231)	9,221
Cash inflow before use of liquid resources and financing		827	10,395
Management of liquid resources	26	(1,497)	(12,498)
Financing		-	-
Decrease in cash in the period		(670)	(2,103)
Reconciliation of net cash flow to movement in net funds			
Decrease in cash in the period		(670)	(2,103)
Cash outflow from liquid resources	26	1,497	12,498
Movement in net funds in period	27	827	10,395
Net funds at 1 August	27	13,504	3,109
Net funds at 31 July		14,331	13,504

Notes to the Financial Statements for the period from 1 August 2003 to 31 July 2004

1 Statement of Principal Accounting Policies

Basis of Preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice (SORP): Accounting for Further and Higher Education Institutions* and in accordance with applicable Accounting Standards. They conform to guidance published by the Learning and Skills Council (LSC), in Circular 03/08.

Basis of Accounting

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

Recognition of Income

Income from tuition fees, grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Income receivable from the Learning and Skills Council is recognised in line with the latest estimates of grant receivable for an academic year. The final grant allocation is determined in the subsequent February, following an audit of the College's activity.

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

Learner Support Accounting Policy

The College acts as agent in the collection and payment of learner support funds. Related payments received from the Learning and Skills Council and HEFCE and subsequent disbursements to students are excluded from the

income and expenditure account and are shown separately in note 33.

Pension Schemes

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

Contributions to the schemes are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of present and future pensionable payroll.

The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method for LGPS and quinquennial valuations using a prospective benefit method for TPS.

Tangible Fixed Assets

a. Land and Buildings

Land and buildings are stated in the balance sheet at valuation on the basis of depreciated replacement cost, as the open market value for existing use is not readily available. The most recent valuation was at 31 July 2003. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 19 and 27 years. Leasehold land and buildings are amortised over the period of the lease. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July 2004. They are not depreciated until they are brought into use. The cost of improvements related to leasehold properties is depreciated over the life of the lease.

b. Equipment

Equipment costing less than £500 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Equipment is depreciated over its useful economic life as follows:

- Motor vehicles at the rate of 20 per cent per year on a straight line basis;
- Computer equipment and general equipment at the rate of 33.3 per cent per year on a straight line basis.

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

c. Fixtures and Plant

Fixtures and plant are depreciated at the rate of 20 per cent per year on a straight line basis.

Where fixtures and plant have been acquired with the aid of specific grants and they are capitalised, they are depreciated in accordance with the above policy. The related grant is credited to a deferred capital grant account and it is released to the income and expenditure

account over the expected useful economic life of the related asset.

d. Works of Art

Works of Art are not depreciated, as it is considered that the asset's value will maintain or appreciate.

Leased Assets

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Stocks

Stocks have not been valued as at 31 July 2004 or 31 July 2003 as they are not significant.

Investments

Current asset investments represent money held in short-term deposit accounts. Endowment asset investments represent money held in short-term deposit accounts.

Maintenance of Premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred. The College has a maintenance programme that is reviewed on an annual basis.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

Taxation

The College is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act (ICTA) 1988.

Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College is exempted from levying VAT on most of the services it provides to students. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased.

Liquid Resources

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

Provisions

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

2 Funding Council Grants

Funding Council	Year ended		Year ended	Year ended
	£000s	£000s	31 July 2004	31 July 2003
	LSC	HEFCE	TOTAL	TOTAL
Recurrent grant	13,123	686	13,809	12,454
Adjustment to recurrent funding relating to previous years	(24)	-	(24)	839
Work-based learning	389	-	389	450
Entry to Employment	1,350	-	1,350	-
Releases of deferred capital grants (LSC)	200	6	206	218
FE Standards funds	25	-	25	272
Rationalisation funds	9	-	9	-
HE Development Fund	-	21	21	20
Teaching Pay Initiative	388	-	388	298
Basic Skills Quality Initiative	-	-	-	21
Local Initiative Funds	-	-	-	347
Local Intervention and Development Funds	51	-	51	-
Centres for Vocational Excellence	338	-	338	61
Success for All	71	-	71	-
ESF Co-Financing	193	-	193	151
Contribution to additional costs of Teachers' pension scheme	25	-	25	99
14-16 Flexibility fund	113	-	113	49
16-18 Special Grant	-	-	-	138
IT grant	36	-	36	53
Other funds	196	-	196	246
Total	16,483	713	17,196	15,716

3 Tuition Fees and Education Contracts		
	Year Ended 31 July 2004	Year Ended 31 July 2003
	£000s	£000s
UK Higher Education students	299	341
UK Further Education students	666	698
Sub-total	965	1,039
Local Education Authority	105	89
Higher Education contracts	107	178
Other contracts	355	424
Sub-total	567	691
Total	1,532	1,730

4 Other Grants and Contracts		
	Year Ended 31 July 2004	Year Ended 31 July 2003
	£000s	£000s
European funds	231	67
Other funds	567	509
Total	798	576

5 Other Income		
	Year Ended 31 July 2004	Year Ended 31 July 2003
	£000s	£000s
Catering operations	521	506
Other income	771	680
Release of deferred Capital Grants (non-LSC)	105	138
Total	1,397	1,324

6 Investment Income		
	Year Ended 31 July 2004	Year Ended 31 July 2003
	£000s	£000s
Investment income	574	373
Total	574	373

7 Staff Costs

The average number of persons (including senior post holders) employed by the College during the period, expressed as full-time equivalent, was:

	Year ended 31 July 2004 Number	Year ended 31 July 2003* Number
Teaching departments – teaching staff	264	249
Teaching departments – other staff	88	79
Teaching support services	8	9
Other support services	78	95
Administration and central services	70	55
Premises	37	38
Catering operations	14	12
Total	559	537
	£000s	£000s*
Staff Costs for the Above Persons		
Teaching departments – teaching staff	7,545	7,099
Teaching departments – other staff	1,258	1,156
Teaching support services	138	145
Other support services	1,705	1,478
Administration and central services	1,962	1,442
Premises	574	587
Catering operations	201	189
Staff restructuring	76	23
Sub-total	13,459	12,119
SSAP24 adjustment	(42)	171
Total	13,417	12,290
*The analysis of prior year comparatives has been adjusted in order to more accurately reflect the allocation between categories		
Analysed as follows:		
Wages and salaries	11,651	10,688
Social Security costs	703	579
Other pension costs	1,105	852
SSAP24 adjustment	(42)	171
Total	13,417	12,290
Employment costs for staff on permanent contracts	12,154	11,095
Employment costs for staff on short-term and temporary contracts	1,229	1,001
Restructuring costs	76	23
SSAP24 adjustment	(42)	171
Total	13,417	12,290

The SSAP24 adjustment relates to the recalculation of the SSAP24 provision in accordance with guidance received from the Learning and Skills Council.

A general pay award of 4.0% was made with effect from 1 August 2003, approved by the Corporation.

8 Emoluments of Senior Post Holders and Members

Senior post-holders are defined as the Principal and holders of the other senior posts whom the Board have selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Board of Governors.

	Year ended 31 July 2004	Year ended 31 July 2003
The number of senior post-holders including the Principal was:	Number 4*	Number 3
Senior post-holders emoluments are made up as follows:	Year ended 31 July 2004	Year ended 31 July 2003
Salaries	£	£
Pension contributions	179,222	158,172
	22,459	15,661
Total emoluments	201,681	173,833

* A temporary senior post-holder was appointed during the maternity leave of a permanent post-holder.

The number of staff, including senior post-holders and the Principal, who received emoluments in the following ranges was:

	Year ended 31 July 2004		Year ended 31 July 2003	
	Number of senior post- holders	Number of other Staff	Number of senior post- holders	Number of other Staff
£50,000 to £60,000	1	2	1	2
£60,001 to £70,000	-	1	-	-
£90,001 to £100,000	-	-	1	-
£100,001 to £110,000	1	-	-	-
Total	2	3	2	2

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

	Year ended 31 July 2004	Year ended 31 July 2003
	£	£
Salary	90,000	84,972
Pension contributions	12,150	8,189
Total emoluments	102,150	93,161

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

The members of the Corporation, other than the Principal and the staff members, did not receive any payment from the College.

Overseas Activities

The following costs were incurred during 2003/04 in respect of overseas activities which were carried out in accordance with the strategy approved by the Governing body:

	Total cost	Contributions received	Net costs to College
	£	£	£
Members	-	-	-
Senior post-holders	-	-	-
Other higher paid staff	1,363	707	656
Total	1,363	707	656

9 Other Operating Expenses

	Year ended 31 July 2004	Year ended 31 July 2003
	£000s	£000s
Teaching departments	2,512	1,084
Teaching support services	84	86
Other support services	307	317
Administration and central services	1,069	1,163
General education expenditure	547	482
Premises costs – running costs	685	709
Premises costs – maintenance	317	194
Premises costs – rents and leases	59	54
Catering operations	368	374
Interest on SSAP24 provision	213	195
Other expenses	30	43
Total	6,191	4,701

Other operating expenses include:

Auditors' remuneration

- internal audit	23	17
- external audit	13	12
- other services from either internal or external audit	-	128
Loss on disposal of tangible fixed assets	11	7

Hire of plant and machinery – operating leases	-	17
Hire of other assets – operating leases	122	130

10 Taxation

The members do not believe the College was liable for any Corporation tax arising out of its activities during this period (2002/03 - nil).

11 Surplus On Continuing Operations for the Period

	Year ended 31 July 2004	Year ended 31 July 2003
	£000s	£000s
The surplus on continuing operations for the period is made up as follows:		
College's surplus for the period	437	8,666

12 Tangible Fixed Assets

	Freehold Land & Buildings £000s	Equipment £000s	Total £000s
Cost or valuation at 1 August 2003	29,819	7,026	36,845
Additions	-	551	551
Disposals	-	(289)	(289)
Reclassification of expenditure	(150)	-	(150)
At 31 July 2004	29,669	7,288	36,957
Depreciation			
At 1 August 2003	109	6,314	6,423
Charge for period	1,023	429	1,452
Eliminated in respect of disposals	-	(278)	(278)
At 31 July 2004	1,132	6,465	7,597
Net book value at 31 July 2004	28,537	823	29,360
Net book value at 31 July 2003	29,710	12	30,422
Inherited	8,083	-	8,083
Financed by capital grant	1,608	489	2,097
Revalued	14,851	-	14,851
Other	3,995	334	4,329
Net book value at 31 July 2004	28,537	823	29,360

The reclassification of expenditure relates to minor works which had previously been included as an addition to tangible fixed assets. Following clarification of the treatment of such works, they are now accounted for as revenue expenditure.

Land and buildings with a net book value of £1,607,474 have been funded by Exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the FEFC, to surrender the proceeds.

The net book value of tangible fixed assets includes the amounts derived from a revaluation of the College's estate, which took place at 31 July 2003.

The College's land and buildings were valued at 31 July 2003 at depreciated replacement cost by the District Valuer in accordance with the RICS Appraisal and Valuation Standards as published by the Royal Institution of Chartered Surveyors. The revalued amount was £29.4m. These have been included in the financial statements at depreciated replacement cost, as determined by the District Valuer.

If land and buildings had not been revalued they would have been included at the following amount:

	£000s
Cost	12,836
Aggregate depreciation based on cost	4,303
Net book value based on cost	8,533

13 Investments

Current asset investment represent funds held in short-term deposit accounts.

14 Debtors

	Year ended 31 July 2004	Year ended 31 July 2003
	£000s	£000s
Amounts falling due within one year		
Trade debtors	402	556
Other debtor	229	-
Prepayments and accrued income	629	309
Total	1,260	865

15 Creditors: amounts falling due within one year

	Year ended 31 July 2004	Year ended 31 July 2003
	£000s	£000s
Payments received on account	2,599	1,415
Trade creditors	153	405
Other taxation and social security	227	209
Accruals	696	835
Provision for clawback of recurrent funding	-	941
Total	3,675	3,805

16 Analysis of Borrowings of the College

The College had no bank loans, overdrafts or finance leases at the balance sheet date.

17 Provisions for Liabilities and Charges

	SSAP24 £000s	Other £000s	Total £000s
At 1 August 2003	3,493	25	3,518
Provision made in year	170	-	170
Transferred (to)/from income and expenditure during the year	(184)	8	(176)
At 31 July 2004	3,479	33	3,512

Other provisions relate to a potential liability for additional holiday pay and follows guidance issued by the Association of Colleges. This provision is reviewed each year.

18 Deferred Capital Grants

	ERDF £000s	LSC £000s	Other £000s	Total £000s
At 1 August 2003				
- Land and buildings	1,025	721	140	1,886
- Equipment	30	346	27	403
Cash received:				
- Land and buildings (reclassification of grant)	-	(150)	-	(150)
- Equipment	-	179	141	320
Released to income and expenditure account:				
- Land and buildings	(48)	(29)	(5)	(82)
- Equipment	(24)	(172)	(33)	(229)
At 31 July 2004	983	895	270	2,148
Land and buildings	977	542	135	1,654
Equipment	6	353	135	494
At 31 July 2004	983	895	270	2,148

An analysis of capital grants received from the Learning and Skills Council during 2003/04 is set out below:

	£000s
Centres for Vocational Excellence	107
IT infrastructure	9
Rationalisation	26
Standards Fund	7
Other	30
Total	179

The reclassification of expenditure relates to minor works which had previously been included as an addition to tangible fixed assets. Following clarification of the treatment of such works, they have been included as revenue expenditure.

19 Specific Endowments

	£000s
As at 1 August 2003	40
Investment interest	1
Transfers	(1)
As at 31 July 2004	40

These funds represent a prize fund.

20 Revaluation Reserve

	Year ended 31 July 2004	Year ended 31 July 2003
	£000s	£000s
At 1 August 2003	23,649	14,733
Revaluations in this period	-	11,245
Transfer from revaluation reserve to general reserve in respect of:		
- disposals	-	(1,770)
- depreciation on revalued assets	(715)	(559)
At 31 July 2004	22,934	23,649

21 Income and Expenditure and Restricted Reserves

	Income and Expenditure Account £000s	Restricted £000s	Year ended 31 July 2004 Total £000s	Year ended 31 July 2003 Total £000s
At 1 August 2003	6,258	5,232	11,490	494
Surplus for the year	437	-	437	8,666
Transfer from revaluation reserve to income and expenditure account	715	-	715	2,330
At 31 July 2004	7,410	5,232	12,642	11,490

22 Pension and Similar Obligations

The College's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). The total pension cost for the period was £1,105,000 (2003 - £844,000).

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972.

SSAP 24

The pensions cost is assessed every five years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2001
Actuarial method	Prospective Benefits
Investment returns per annum	7.0% per annum
Salary scale increases per annum	5.0% per annum
Market value of assets at date of last valuation	£142,880 million

Proportion of members' accrued benefits covered by the actuarial value of the assets 100%

Following the implementation of Teachers' Pension (Employers' Supplementary Contributions) Regulation 2000 the Government Actuary carried out a further review on the level of employers' contributions. This rate throughout the year was 13.5%. An appropriate SSAP24 provision in respect of unfunded pensioners' benefits is included in provisions.

FRS 17

Under the definitions set out in Financial Reporting Standards 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for the scheme as if it were a defined contribution scheme.

Local Government Pension Scheme (LGPS)

The LGPS (West Yorkshire Pension Fund) is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2004 was £636,000 of which employer's contributions totalled £405,000 and employees' contributions totalled £231,000. The agreed contribution rates for future years are 10.5% for employers and 6% for employees.

SSAP 24

The pensions cost is assessed every three years in accordance with the advice of a qualified independent actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2001
Actuarial method	Projected Unit
Investment returns per annum	4.4%
Pension increases per annum	3.8%
Salary scale increases per annum	2.3%
Market value of assets at date of last valuation	£4,666 million

Proportion of members' accrued benefits covered by the actuarial value of the assets 107%

FRS 17

The following information is based upon a full actuarial valuation of the Fund at 31 March 2001 updated to 31 July 2004 by a qualified independent actuary.

	At 31 July 2004	At 31 July 2003
Inflation	2.8%	2.5%
Rate of increase in salaries	4.3%	4.0%
Rate of increase for pensions	2.8%	2.5%
Discount for liabilities	5.7%	5.5%

The assets in the scheme (of which the College's share is estimated at 0.2%) and the expected rate of return were:

	Long-term rate of return expected as at 31 July 2004	Value at 31 July 2004 £000s	Long-term rate of return expected at 31 July 2003	Value at 31 July 2003 £000s
Equities	7.5%	3,452,000	7.5%	2,896,000
Bonds - Government	5.0%	520,000	4.7%	486,000
- Other	5.7%	102,000	5.5%	118,000
Property	6.5%	242,000	6.5%	209,000
Other	4.5%	330,000	3.75%	376,000
Total Market Value of Assets		4,646,000		4,085,000

	Year Ended 31 July 2004 £000s	Year Ended 31 July 2003 £000s
College's estimated asset share	9,405	8,286
Present value of scheme liabilities	(12,540)	(11,252)
Deficit in the scheme	(3,135)	(2,966)

Under the transitional arrangements of FRS17, no provision has been made by the College for its share of the deficit of the scheme. If provision were made, the following entries would be made:

Balance Sheet Presentation

	Year ended 31 July 2004 £000s	Year ended 31 July 2003 £000s
*Net assets excluding FRS17 pension	37,764	37,468
Net pension liability	(3,135)	(2,966)
Net assets including FRS17 pension asset	34,629	34,502

Reserves Note

	Year ended 31 July 2004 £000s	Year ended 31 July 2003 £000s
*Income and expenditure account excluding FRS17 pension liability	7,410	6,258
Pension reserve	(3,135)	(2,966)
Income and expenditure account including FRS17 pension liability	4,275	3,292

*Amounts exclude SSAP24 provisions for LGPS scheme underfunding included within the College balance sheet.

Under the transitional arrangements of FRS17, the College's pension charge for the year calculated under FRS17 assumptions is not included in the financial statements (as this is currently calculated on SSAP24 basis). If the charge had been included on an FRS17 basis, the following entries would be made.

	Year ended 31 July 2004 £000s	Year ended 31 July 2003 £000s
Analysis of the amount charged to income and expenditure account		
Service cost	(529)	(413)
Total operating charge	(529)	(413)

	Year ended 31 July 2004 £000s	Year ended 31 July 2003 £000s
Analysis of net return on pension scheme		
Expected return on pension scheme assets	566	569
Interest on pension liabilities	(630)	(571)
Net return	(64)	(2)

	Year ended 31 July 2004 £000s	Year ended 31 July 2003 £000s
Amount recognised in the statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	251	(167)
Experience gains and losses arising on the scheme liabilities	-	-
Change in financial and demographic assumptions underlying the scheme liabilities	(238)	(1,027)
Actuarial gain/(loss) recognised in STRGL	13	(1,194)

	Year ended 31 July 2004 £000s	Year ended 31 July 2003 £000s
Movement in surplus during year		
Deficit in scheme at 1 August	(2,966)	(1,729)
Movement in year:		
Current service charge	(529)	(413)
Contributions	411	372
Past service costs	-	-
Net interest/return on assets	(64)	(2)
Actuarial gain/(loss)	13	(1,194)
Deficit in scheme at 31 July	(3,135)	(2,966)

	Year ended 31 July 2004 £000s	Year ended 31 July 2003 £000s	Year ended 31 July 2002 £000s
History of experienced gains and losses			
Difference between the expected and actual return on assets:			
Amount £000s	251	(167)	(1,886)
% of scheme assets	2.7%	2%	24.6%
Experience gains and losses on scheme liabilities:			
Amount £000s	-	-	-
% of scheme liabilities	N/A	N/A	N/A
Change in financial and demographic assumptions underlying the scheme liabilities	(238)	(1,027)	-
% of scheme liabilities	1.9%	9.1%	N/A
Total amount recognised in STRGL:			
Amount £000s	13	(1,194)	(1,886)
% of scheme liabilities	0.1%	10.6%	20.1%

23 Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

	Note	Year Ended 31 July 2004 £000s	Year Ended 31 July 2003 £000s
Surplus on continuing operations after depreciation of assets at valuation		437	8,666
Loss/(Profit) on disposal of fixed assets		11	(7,462)
Depreciation	12	1,452	1,524
Deferred capital grants released to income	18	(311)	(356)
Increase in debtors	14	(395)	(59)
Decrease in creditors	15	(130)	(1,352)
(Decrease)/increase in provisions	17	(6)	213
Interest receivable	6	(574)	(373)
Net cash inflow from operating activities		484	801

24 Returns on Investments and Servicing of Finance

	Year Ended 31 July 2004 £000s	Year Ended 31 July 2003 £000s
Interest received	574	373
Net cash inflow from returns on investments and servicing of finance	574	373

25 Capital Expenditure and Financial Investment

	Year ended 31 July 2004 £000s	Year ended 31 July 2003 £000s
Purchase of tangible fixed assets	(401)	(536)
Sales of tangible fixed assets	-	9,316
Deferred capital grants received	170	441
Net cash (outflow)/inflow from capital expenditure and financial investment	(231)	9,221

26 Management of liquid resources

	Year ended 31 July 2004 £000s	Year ended 31 July 2003 £000s
Purchase of short-term deposits	1,497	12,498

27 Analysis of Changes in Net Funds

	At 1 August 2003 £000s	Cashflows £000s	At 31 July 2004 £000s
Cash in hand and at bank	966	(670)	296
Endowment asset investments	40	-	40
	1,006	(670)	336
Current asset investments	12,498	1,497	13,995
Total	13,504	827	14,331

The significant increase in funds during 2003/04 arises mainly from receipt of retrospective ESF funding in the year.

28 Post Balance Sheet Events

There have been no significant post-balance sheet events.

29 Capital Commitments

	Year ended 31 July 2004 £000s	Year ended 31 July 2003 £000s
Contracted for at 31 July	58	192

30 Financial Commitments

The College had annual commitments under non-cancellable operating leases as follows:

Other	2003/04 £000s	2002/03 £000s
Expiring within one year	2	16
Expiring between two and five years inclusive	120	130
Total	122	146

31 Contingent Liability

As a result of a ruling by the European Court of Justice (ECJ) in the Preston case relating to indirect sex discrimination, the employer has an obligation to provide pension scheme benefits for part-time employees. There is therefore a potential liability to provide additional benefits for service before the pension scheme rules were changed to allow access for part-time employees.

The extent of the liability will depend on the service completed by those part-time employees who have registered a valid claim for benefits within the necessary timescales. It is not currently known with certainty how many part-time employees have registered and whether any financial impact that may materialise will be significant. Therefore no provision has been made, but the accounts include a disclosure as a prudent approach to the potential liability.

32 Related Party Transactions

Due to the nature of the College's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is inevitable that transactions may take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under Financial Reporting Standard 8 Related Party Disclosures.

33 Learner Support Funds

	Year ended 31 July 2004 £000s	Year ended 31 July 2003 £000s
Access Funds		
Learning and Skills Council grants	247	192
Interest earned	-	-
Disbursed to students	(218)	(161)
Staffing	-	-
Administration costs	(12)	(10)
Audit fees	-	-
Amount consolidated in financial statements	<u>(10)</u>	<u>(6)</u>
Balance unspent as at 31 July	<u>7</u>	<u>15</u>
Other Learner Support Funds		
Learning and Skills Council grants – Childcare	139	94
Interest earned	-	-
Disbursed to students	(15)	(20)
Staffing	-	-
Administration costs	(7)	(5)
Audit fees	-	-
Amount consolidated in financial statements	<u>(78)</u>	<u>(29)</u>
Balance unspent as at 31 July	<u>39</u>	<u>40</u>
HEFCE Funds		
Council grants	29	27
Funds brought forward from previous year	3	-
Interest earned	-	-
Disbursed to students	(12)	(13)
Administration costs	(1)	(1)
Amount consolidated in financial statements	<u>(10)</u>	<u>(9)</u>
Funds carried forward to following year	<u>4</u>	<u>2</u>
Balance unspent as at 31 July	<u>5</u>	<u>2</u>

Learning and Skills Council and HEFCE grants are available solely for students. In the majority of instances, the College acts only as paying agent. In these circumstances, the grants and related disbursements are, therefore, excluded from the Income and Expenditure Account.

34 Entry to Employment

The College is the lead contractor for the Entry to Employment provision (e2e) in the Wakefield District on behalf of the Learning and Skills Council. The provision is sub-contracted to other training providers in the Wakefield District, but is accounted for by Wakefield College. The contract sum can be analysed:

	Year ended 31 July 2004 £000s	Year ended 31 July 2003 £000s
Contract sum-learning programmes	1,300	-
Development funding	50	-
Total	1,350	-
represented by:		
Amounts paid to sub-contractors – learning programmes	1,166	-
Amounts paid to Wakefield College – learning programmes	44	-
Development fund activity	50	-
Admin and management of e2e contract	90	-
Total	1,350	-