

Wakefield College Annual Accounts 2007/08

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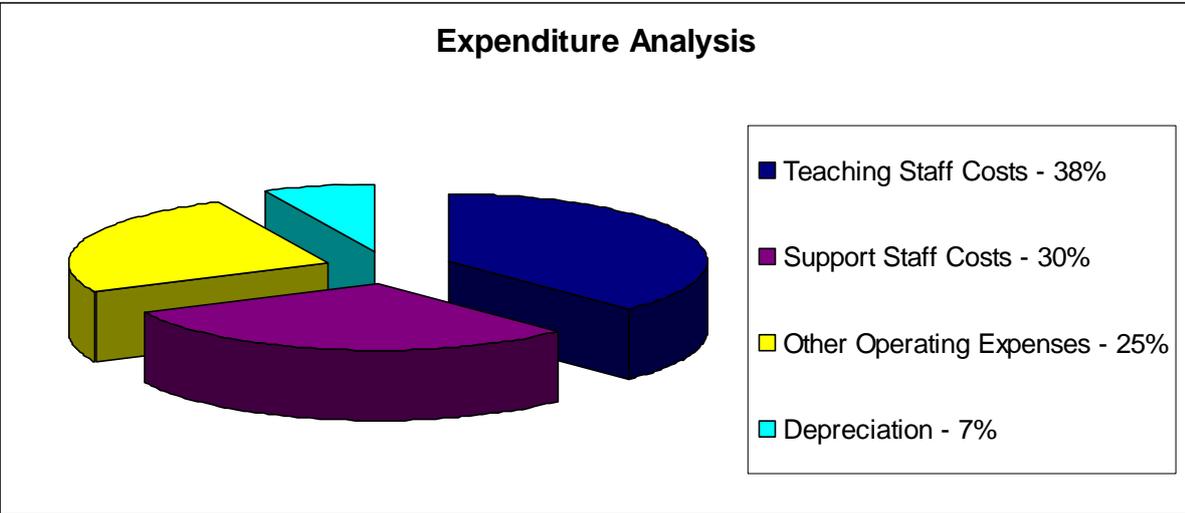
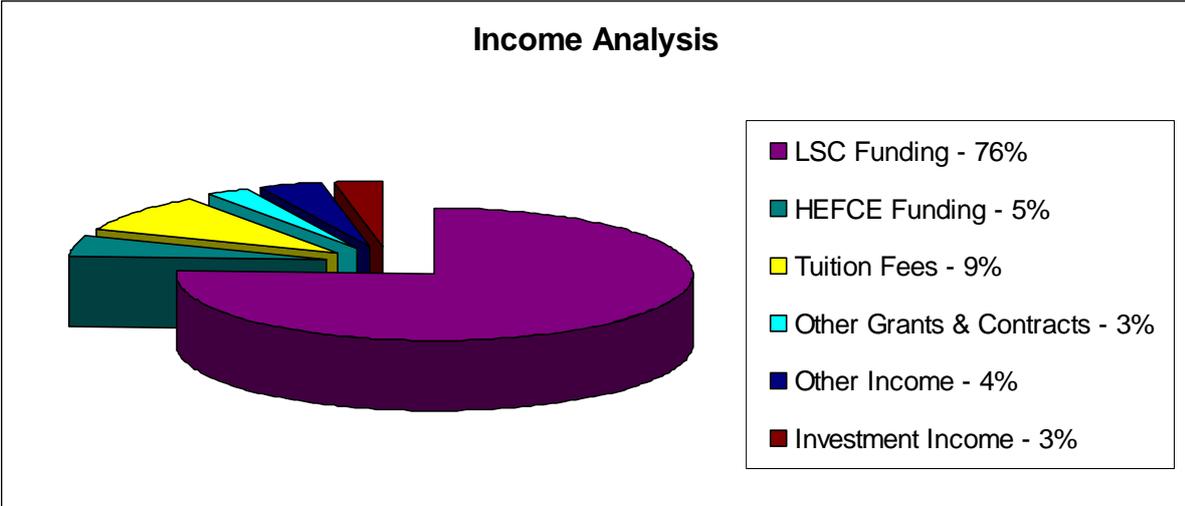
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Operating and Financial Review



Financial Headlines

- Operating surplus of £3.059m.
- £3.050m surplus on the partial disposal of the Whitwood Campus.
- £16.115m invested in the development of the Skills Xchange.
- Income growth of 5.8%.
- Expenditure growth of 4.8%.
- Historical cost surplus of £5.228m.
- 13 additional full-time equivalent teaching staff employed.
- 5 additional full-time equivalent support staff employed.

Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGY

Legal Status

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

Mission

The College's Mission in 2007-10 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.

Implementation of Strategic Plan

On 24 July 2007 the Corporation formally approved the College's Strategic Plan for the period 1 August 2007 to 31 July 2010. The College's strategic priorities for this period are:

- Meeting needs and improving choice.
- Putting the learning experience at the heart of what we do.
- Valuing the leaders, teachers, trainers and support staff of the future.

- Further developing a culture of quality and success.

Against each of these priorities specific objectives and supporting targets are set. The College set 26 specific priorities for achievement in 2007/08, with a total of 59 associated targets. Progress towards these targets is monitored and reported on regularly and the College is on target to achieve all of them. The College publishes an Annual Report that looks at the College's achievements, students' successes, other key facts and developments for the future. This report is available to view at www.wakefield.ac.uk/annualreport.

Financial Objectives

Key financial targets for the College are set each year as part of the strategic planning process. In July 2007 the following targets were defined to ensure sound financial health (category 'A' as evaluated by the Learning and Skills Council) was maintained:

1. **Meet funding body learner number and income targets.**

The College has met or exceeded the vast majority of funding body targets for 2007/08. Core Learning and Skills Council participation targets have been met for 16-18 provision, and contract volumes for Train to Gain provision have been exceeded. The College again increased the number of Higher Education Funding Council of England (HEFCE) funded learners during 2007/08.

2. **Increase fee income.**

Total fee income paid by or on behalf of learners increased by £158,000 between 2006/07 and 2007/08.

3. Develop new and sustainable sources of non-Learning and Skills Council income.

In both 2007/08 and 2006/07 non-Learning and Skills Council income comprised 24.3% of total turnover. The College continued to maximise income diversity during 2007/08, increasing revenues from HEFCE funded and franchised higher education provision. Fee income during the year has been maximised through careful marketing and the provision of a range of payment options to learners. The College has continued to promote itself to overseas students and the income this has generated has provided a further valuable revenue stream. Income from full-cost work has increased by 2% on 2006/07.

4. Implement improved financial monitoring and reporting, including value for money analysis.

The College developed additional monitoring systems to manage capital expenditure on the Skills Xchange campus. £294,000 of efficiency savings were demonstrated in 2006/07 and the College expects to be able to demonstrate an improvement on this for 2007/08. A full value for money report will be presented to Governors in early 2009.

Performance Indicators

Although the LSC continues to measure Further Education (FE) performance in terms of contribution to national targets, individual colleges are now required to submit development plans which are reviewed each year. These development plans focus on four headline targets, and progress towards achieving these:

1. Learner number growth and achievement of LSC funding targets

In 2007/08 the College achieved a growth in LSC funded participation of 3.86%, with 221 additional learners enrolled compared to 2006/07.

2. Learner success rates

Success rates improved by 1% to 69% in 2007/08.

3. Teacher qualifications

84% of teaching staff hold an accredited teaching qualification, and a further 14% are currently working towards one.

4. Employer engagement

The College enrolled 799 learners onto Train to Gain funded provision in 2007/08. This represented an increase of 51.6% on 2006/07.

Progress towards achieving these targets is monitored as part of the self-assessment process.

The LSC is moving towards a new system of performance measures for colleges, the "Framework for Excellence". This framework is intended to be implemented across all providers in 2008/09 and in the intervening period, pilot institutions are developing the measures to be employed. The College will be monitored against the draft measures alongside the existing measures. The framework has three dimensions:

- Responsiveness
- Effectiveness
- Finance

Each dimension has a number of performance indicators supported by performance measures such as the outcome from a learner survey or a qualification success rate. In deriving the overall performance rating, the

Framework gives equal weighting to each of the three dimensions.

The College is committed to observing the importance of the measures and indicators within the draft Framework and is monitoring these through the completion of the annual Finance Record for the LSC. As benchmarks develop so the College will be better placed to take appropriate action in the light of the overall performance rating.

FINANCIAL POSITION

Financial Results

The College generated an operating surplus in the year of £3,059,000 (2006/07 - operating loss of £207,000). This surplus is stated after accounting for the partial disposal of the Whitwood Campus in September 2007, which generated a profit of £3,050,000. The underlying operating position for 2007/08 was therefore a surplus of £9,000 (31 July 2007 – loss of £207,000).

The College's reserves on 31 July 2008 (excluding the revaluation reserve, the FRS17 pension reserve and restricted reserves) stood at £14,988,000 (31 July 2007 - £9,358,000).

The College's strategic and operational plans include the development of a new campus – the Skills Xchange, situated in the North East of the Wakefield District, which will open in early 2009. A new City Centre campus is also planned. The two sites together will provide state of the art facilities for learners, the ability to offer new curriculum opportunities, and will deliver significant financial savings on maintenance and running costs. The College has therefore assigned reserves to finance these developments in 2007/08 and beyond.

The College obtained a full valuation of its land and buildings as at 31 July 2008. This has resulted in an increase in fixed

asset values of £7,081,000. Tangible fixed asset additions during the 2007/08 financial year amounted to £16,712,000. The vast majority of this was expenditure on the Skills Xchange building, with the balance of £597,000 spent on equipment to improve College teaching and learning facilities.

Treasury Management

As described above, the College invested heavily in new infrastructure during the year ended 31 July 2008, and this had a material impact on the treasury management strategy. The College will fund a significant proportion of investment in the Skills Xchange from reserves, with the balance being made up of capital receipts from the disposal of the Whitwood campus and a modest contribution from the LSC.

Wakefield College has a published treasury management policy which requires that a formal treasury management plan is considered and approved by Governors on an annual basis. This plan considers management of cash flow, banking and investment activity, and the management of the risks associated with these.

Cash Flows

The College realised a net cash inflow on operating activities of £853,000 during 2007/08.

However, because of the significant investment undertaken in facilities, there was an overall decrease in the College cash position of £1,650,000 in the year to 31 July 2008. The resulting decline in the liquidity of the College was anticipated, and a substantial improvement in this will take place once the disposal of the Whitwood campus is completed. Until this time the College retains an appropriately robust operating position with regard to liquidity.

CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE

Student Numbers

In 2007/08 the College delivered LSC funded activity that produced £14,944,000 in recurrent grant funding (2006/07 - £14,444,000). The College had 6,132 LSC-funded and 4,798 non-LSC-funded students.

Student Achievement

Students achieved 84% of their qualification aims (2006/07 - 84%).

Curriculum Developments

The College offers a wide range of academic and vocational provision, which is responsive to local and regional needs.

During 2007/08 Wakefield College recorded a substantial growth in participation by 16-18 year old learners. The College manages the e2e contract for the Wakefield District and this has been expanded through the provision of summer schools targeted at young people in danger of becoming NEET (Not in Employment, Education or Training) and additional delivery in the South East of the district. The volume of apprenticeships for 16-18 year old learners has also increased significantly.

The volume of Train to Gain provision delivered by the College increased substantially during 2007/08 as a response to both the needs of local employers and LSC priorities. The College is working with a number of partners to bring a National Skills Academy in Logistics to Wakefield.

The College has an extensive range of international links at curriculum level and, in many programme areas students have

the opportunity not only to undertake visits but also to work abroad.

The College is involved actively in many effective partnerships, which increase educational opportunities for potential and current learners. For example, the National Diploma in Animal Management has been developed in collaboration with Askham Bryan College where there are excellent, specialist facilities. The College takes an active part in mapping curriculum provision and progression opportunities across the District with its partners, and identifying areas for further development. The College is also the lead partner for 7 of the Diploma lines being developed across the Wakefield District.

The College has also worked in partnership with Social Services and the Local Education Authority (LEA) on an LSC funded mentoring project to support care leavers and Early College Transfer students during transition into FE.

The College's higher education numbers have increased by around 20% over the last 2 years. This year the College is offering a full-degree in Business Management for the first time as well as new Foundation Degrees. A further 4 new Foundation Degrees are being planned for the next Academic year.

New Principal

Heather MacDonald resigned from the position of Principal of Wakefield College in August 2008 to take up a similar position in another College. The College is currently in the process of recruiting a new Principal. In the meantime, Sue Griffiths has been appointed as Interim Principal.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to

the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2007 to 31 July 2008, the College paid 86.5% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Post-Balance Sheet Events

There have been no significant post-balance sheet events.

Future Developments

The College has agreed total LSC funding for the 2008/09 financial year of £19,209,890. Funding from the Higher Education Council for England has been confirmed £1,281,344 for the same period.

It is anticipated that participation levels for LSC, HEFCE, and directly funded provision will continue to increase in 2008/09 and beyond. Developments in the curriculum offer and the impact of new accommodation will drive this growth.

PRINCIPAL RISKS AND UNCERTAINTIES

The Corporation is ultimately responsible for the College's system of risk management and internal control and for ensuring its effectiveness. Assurance of this effectiveness is provided by the Finance, Employment and General Purposes (FE&GP) Committee, who are the designated risk committee and monitor the College's response to significant risks; the Audit Committee, who advise the Board on the adequacy of the College's whole system of internal control and its arrangements for risk management; the College's Internal Audit Service, who independently

monitor and review systems of internal and risk management control; and, the Senior Management Team (SMT) who has overall responsibility for the management, administration and implementation of the internal control and risk management processes.

A risk register is maintained at College level which is reviewed at least once a term by the Senior Management Team. Finance, Employment and General Purposes (FE&GP) Committee review the management of the most significant risks faced by the College at least once a term and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

Capital Projects

Any change to the anticipated capital receipts or the cost of borrowing in the future could significantly restrict future accommodation developments. Similarly, the redevelopment of the City Centre campus could also be jeopardised by the failure to secure adequate grant funding from the LSC. Because the City Centre campus will remain in use by students throughout its redevelopment, the College will need to ensure that the quality of student experience is not adversely affected.

The opening of the Skills Xchange in early 2009 presents a number of risks as well as considerable opportunities. The College needs to ensure that the Xchange opens on time and to budget, and that this process does not result in an unforeseen increase in operating costs or an unplanned reduction in income.

Funding Environment

The further education sector is going through a period of significant change. The 2008/09 financial year will see the introduction of a new LSC funding methodology that could well place constraints on how the College curriculum offer can develop. The ultimate impact of the new funding system remains unclear at the present time. However, it will certainly introduce new challenges for the management of key elements of provision, in particular that delivered in partnership with employers. Over the medium term, changes to machinery of government and the abolition of the LSC will present further risks to the College.

Quality of Provision

The College seeks to continue to improve learner success rates. The importance placed on this means that the risk of failing to achieve learner retention and achievement targets has been given high priority within the College risk management framework.

Equal Opportunities and Employment of Disabled Persons

Wakefield College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. The College's

Equality and Diversity Policy is published on the College's Internet site.

The College considers all applications 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 which are, as far as possible, identical to those for other employees.

Disability Statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Act 2001:

- As part of its property strategy, the College successfully bid to the LSC for additional funding for access improvements. A high percentage of our facilities are accessible for people with disabilities and we strive to continue to improve access.
- There is a register of specialist equipment which the College can make available for use by students.
- 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 referred to in the Student Charter.
- The College's 'Adaptations of Materials' service can provide information/course materials in alternative media – for example Braille, enlarged text, etc.

Disclosure of information to auditors

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

Signed on behalf of the Corporation:



Date: 9 December 2008
Chair: Cath Orange

Professional Advisors:

Financial Statements and Regularity
auditor:

Grant Thornton UK LLP
1 Whitehall Riverside
Whitehall Road
Leeds
LS1 4BN

Internal auditors:

MacIntyre Hudson
Peterbridge House
The Lakes
Northampton
NN4 7HB

Solicitors:

Eversheds
Cloth Hall Court
Infirmary Street
Leeds
LS1 2JB

Insurance Brokers:

Zurich Municipal Ltd
Hermes House
Southwood Crescent
Farnborough
Hants
GU14 0NJ

Bankers:

Close Brothers Ltd
10 Crown Place
London
EC2A 4FT

Bank of Scotland
116 Wellington Street
Leeds
LS1 4LT

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

Lloyds TSB Plc
1st Floor
31-32 Park Row
Leeds
LS1 5JD

Alliance and Leicester Commercial
Bank
Bootle
Merseyside
G1R 0AA

Members who served the Corporation since 1 August 2007

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

Name	Date of Appointment/ Re-appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served
Shirley ASTON	July 2007	4 years	-	Staff	Quality and Standards
Robin BARRON	October 2008	4 years	-	External	FEGP (from Oct 08)
Kanika BHASIN	December 06 Reappointed July 2007	1 year 1 year	July 2008	Student	-
Philip DRAZEN	August 2004	4 Years	July 2008	Business	Remuneration
Sue GRIFFITHS	August 2008	n/a	-	Interim Principal and Chief Executive	FEGP Q&S Search
Bob HARRAP	August 2004	4 Years	July 2008	Co-opted	FEGP Remuneration (from Oct 07)
Kevin HENRY	July 2006	4 Years	-	Business	FEGP (Vice Chair) Search (Vice Chair) Remuneration (from July 08)
Norman HOWE	July 2007	4 years	-	Community	Audit (Vice Chair until Nov 2008, Chair from Nov 2008)
Denise JEFFERY	October 2008	4 years	-	External	-
Sarah JOHNSON	November 2005	4 Years	-	Staff	Q&S (Vice Chair until July 08) Search (from July 08) Audit
Heather MacDONALD	October 1998	n/a	August 2008	Principal & Chief Executive	FEGP Q&S Search
Tasneem MAHMOOD	October 2008	1 year	-	Student	-
Andrew McCONNELL	October 2006	4 years	-	Business	Audit (Chair until Nov 2008)
Elaine McHALE	October 2006	4 Years	-	Local Authority	Q&S (Vice Chair from Sept 08)
John McLEOD	March 2006	4 Years	-	Community	Q&S (Chair) Remuneration (from July 08) FEGP (from Dec 07)
Mark MULCAHY	July 2007	4 years	-	Community	Q&S
Cath ORANGE	April 2006	4 Years	-	Business	Board (Chair) FEGP (Chair) Remuneration (Chair from April 08) Search
Lynn PERKIN	October 2007	4 years	-	Business	Audit (from Oct 07; Vice Chair from Nov 08)

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Name	Date of Appointment/ Re-appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served
Michele PHILLIPS	July 2008	4 years	-	External	FEGP (from July 08)
Steve SMITH	August 2004	4 Years	July 2008	Business	FEGP Remuneration
Adrian SPAWFORTH	April 2005	4 Years	-	Co-opted	Board (Vice Chair) FEGP Remuneration Search (Chair)
Darran TRAVIS	December 2007	4 years	June 2008	Local Authority	Audit (from April 2008)
Scott WALLACE	August 2004 Reappointed July 2008	4 Years	September 2008	Business	FEGP

C. Orange

**Cath Orange
Chair of Corporation**

9 December 2008

Statement of Corporate Governance and 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 the revised Combined Code on Corporate Governance issued by the London Stock Exchange in July 2006. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Corporation, 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 2008.

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 and General Purposes, Quality and Standards, Remuneration, Search and Audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available 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. The register is available for inspection at the above address.

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 Chairman and Principal 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, consisting of 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 are appointed for a term of office not exceeding four years.

Remuneration Committee

The Remuneration Committee comprises five members. The Committee's responsibilities include determining on behalf of the Corporation the specific remuneration packages of the Principal and other senior postholders.

Details of remuneration for the year ended 31 July 2008 are set out in Note 8 to the financial statements.

Audit Committee

The Audit Committee comprises five members of the Corporation. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, regularity 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.

The College'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.

Internal Control**Scope of responsibility**

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the

risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Wakefield College for the year ended 31 July 2008 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 ended 31 July 2008 and up to the date of approval of the annual report and accounts. This process is reviewed regularly 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.

Wakefield College has an Internal Audit Service (IAS), which operates in accordance with the requirements of the LSC *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 IAS provides the Governing Body with a report on internal audit activity in the College. The report includes the IAS's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

- The work of the internal auditors.
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework.
- Comments made by the College's financial statements auditors, the regularity auditors (for colleges in plan-led funding), the LSC-appointed funding auditors (for colleges outside plan-led funding) 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 auditor (and risk committee, where appropriate), and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Management Team (SMT) 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 Senior Management Team and the Audit Committee also receive regular reports from the IAS, 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 Finance, Employment and General Purposes Committee's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

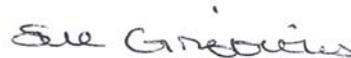
At the December 2008 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2008 by considering documentation from the Senior Management Team and the IAS, and taking account of events since 31 July 2008.

Going concern

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



Cath Orange, Chair
Tuesday 9 December 2008



Sue Griffiths, Interim Principal
Tuesday 9 December 2008

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 2007 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 also required to prepare a members' report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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 income and expenditure are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the 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:



Cath Orange, Chair
Tuesday 9 December 2008

Report of the Independent Auditor to the Corporation of Wakefield College

We have audited the financial statements of Wakefield College for the year ended 31 July 2008, which comprise the Income and Expenditure account, the Statement of Historical Cost Surpluses and Deficits, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 33. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the Corporation, as a body, in accordance with statutory requirements. Our audit work has been undertaken so that we might state to the Corporation, as a body, 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Members of the Corporation of Wakefield College and the Auditor

As described in the Statement of the Responsibilities of the Members of the Corporation, on page 17, the Corporation is responsible for preparing the Report of the Members and financial statements in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 2007 Statement of Recommended Practice – Accounting for Further and Higher Education. We also report to you if, in our opinion, the Report of the Members is not consistent with the financial statements, if the College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Report of the Members and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Accounting (UK and Ireland) 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.

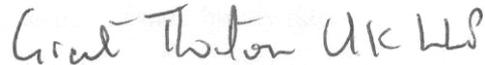
Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the College as at 31 July 2008 and of the College's surplus of income over expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education.

Signed:

Authorised signatory, Grant Thornton UK LLP



Grant Thornton UK LLP

Registered Auditor
Chartered Accountants
Leeds

9 December 2008

Report of the Independent Auditor on Regularity to the Corporation of Wakefield College and the Learning and Skills Council

In accordance with the terms of our engagement letter dated 21 June 2006 and further to the requirements of the Learning and Skills Council (LSC), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received of Wakefield College (the College) for the year ended 31 July 2008 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Corporation and the LSC. Our review work has been undertaken so that we might state to the Corporation and the LSC those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation and the LSC, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the members of the Corporation of Wakefield College and Auditors

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

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by the LSC. We report to you whether, in our

opinion, in all material respects, income and expenditure for the year ended 31 July 2008 have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

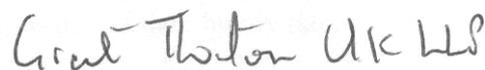
Basis of opinion

We conducted our review in accordance with the Audit Code of Practice and the Regularity Audit Framework issued by the LSC. Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's expenditure and income.

Opinion

In all material respects the expenditure and income for the year ended 31 July 2008 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Signed:



Grant Thornton UK LLP

Registered Auditors
Chartered Accountants
Leeds

9 December 2008

Wakefield College
Income and Expenditure Account
For the Period from 1 August 2007 to 31 July 2008

	Notes	2008 £000s	2007 As restated £000s
Income			
Funding Council grants	2	19,498	18,275
Tuition fees and education contracts	3	2,249	2,168
Other grants and contracts	4	680	590
Other income	5	932	920
Endowment and investment income	6	721	816
Total income		24,080	22,769
Expenditure			
Staff costs	7	16,191	15,324
Enhanced pension provision adjustment	7	151	23
Other operating expenses	9	6,034	6,054
Depreciation	12	1,695	1,575
Total expenditure		24,071	22,976
Surplus/(deficit) on continuing operations after depreciation of assets at valuation and before tax		9	(207)
Profit on disposal of assets		3,050	-
Surplus/(deficit) on continuing operations after depreciation of assets at valuation and disposal of assets but before tax.		3,059	(207)
Taxation	10	-	-
Surplus/(deficit) on continuing operations after depreciation of assets at valuation, disposal of assets and tax	11	3,059	(207)

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

Prior year income and expenditure have both been restated to more accurately reflect payments made to partner organisations. There is no impact on the reported deficit.

Wakefield College
Statement of Historical Cost Surpluses and Deficits
 For the Period from 1 August 2007 to 31 July 2008

	Notes	2008 £000s	2007 £000s
Surplus/(deficit) on continuing operations before tax		3,059	(207)
Realisation of property revaluation gains of previous years		1,350	-
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	20	819	715
Historical cost surplus for the period		5,228	508

Wakefield College
Statement of Total Recognised Gains and Losses
 For the Period from 1 August 2007 to 31 July 2008

		2008 £000s	2007 £000s
	Notes		
Surplus/(deficit) on continuing operations after depreciation of assets at valuation and disposal of assets and tax		3,059	(207)
Unrealised surplus on revaluation of land and buildings		8,136	4,159
Appreciation of endowment fixed assets	19	2	1
Actuarial (loss)/gain in respect of pension scheme		<u>(5,294)</u>	<u>1,214</u>
Total recognised gains relating to the period		<u>5,903</u>	<u>5,167</u>
Reconciliation			
Opening reserves and endowments		37,396	32,229
Total recognised gains for the year		5,903	5,167
Closing reserves and endowments		<u>43,299</u>	<u>37,396</u>

Wakefield College
Balance Sheet
 As at 31 July 2008

	Notes	2008 £000s	2007 £000s
Fixed Assets			
Tangible assets	12	59,524	37,722
Endowment asset investments	19	44	42
Current Assets			
Debtors	14	1,460	1,836
Investments	13	3,000	9,000
Cash at bank and in hand		1,022	2,674
		5,482	13,510
Less creditors: amounts falling due within one year	15	(5,772)	(5,991)
Net current assets		(290)	7,519
Total assets less current liabilities		59,278	45,283
Provisions for liabilities	17	(3,816)	(3,646)
Net assets excluding pension liability		55,462	41,637
Net pension liability	22	(7,881)	(2,185)
NET ASSETS INCLUDING PENSION LIABILITY		47,581	39,452
Deferred capital grants	18	4,282	2,056
Specific endowments	19	44	42
Reserves			
Income and expenditure account excluding pension reserve		14,988	9,358
Pension reserve		(7,881)	(2,185)
Income and expenditure account including pension reserve	21	7,107	7,173
Revaluation reserve	20	30,916	24,949
Restricted reserve	21	5,232	5,232
Total reserves		43,255	37,354
TOTAL		47,581	39,452

The financial statements on pages 21 to 46 were approved by the Corporation on 9 December 2008 and were signed on its behalf by

C. Orange

Cath Orange (Chair of the Corporation)

Sue Griffiths

Sue Griffiths (Interim Principal)

Wakefield College

Cash Flow Statement

For the period from 1 August 2007 to 31 July 2008

	Notes	2008 £000s	2007 £000s
Net cash inflow from operating activities	23	853	2,623
Returns on investments and servicing of finance	24	702	789
Capital expenditure and financial investment	25	(9,205)	(7,071)
Cash outflow before use of liquid resources and financing		(7,650)	(3,659)
Management of liquid resources	26	6,000	4,850
(Decrease)/increase in cash in the period		(1,650)	1,191
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the period		(1,650)	1,191
Cash inflow from decrease in liquid resources	26	(6,000)	(4,850)
Movement in net funds in period	27	(7,650)	(3,659)
Net funds at 1 August	27	11,716	15,375
Net funds at 31 July		4,066	11,716

Notes to the Financial Statements for the period 1 August 2007 to 31 July 2008

1 Statement of Principal Accounting Policies

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

Basis of Preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2007* (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published by the Learning and Skills Council (LSC), in the Accounts Direction Handbook.

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

The recurrent grants from the LSC and Higher Education Funding Council for England (HEFCE) represent the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the income and expenditure account.

Non-recurrent grants from the LSC or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and

amortised in line with depreciation over the life of the assets.

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

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

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. Income from specific endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to specific endowments.

Pension Schemes

Post-retirement benefits

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 TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated

in Note 22, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LGPS are measured using closing market values. LGPS 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 to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the LSC.

Tangible Fixed Assets

a. Land and Buildings

Land and buildings were revalued at 31 July 2008 at depreciated replacement cost by the District Valuer.

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily available. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 18 and 23 years.

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.

b. Assets Under Construction

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

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period in which it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

c. 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 inherited from the local education authority is included in the balance sheet at valuation.

Inherited equipment has been depreciated over its useful economic life to the College from incorporation and is now fully depreciated. All other equipment is depreciated over its useful economic life as follows:

- motor vehicles – 5 years on a straight line basis
- computer equipment – 3 years on a straight line basis
- other equipment – 3 years on a straight line basis
- fixtures, fittings and plant – 5 years on a straight line basis.

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

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.

Leased Assets

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

The College has no finance leases.

Investments

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

Stocks

Stocks are not valued as they are not considered to be significant.

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the date of the transaction. Monetary 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 receives no similar exemption in respect of value added tax. For this reason the College is generally unable to recover input VAT it suffers on goods and services

purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

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.

Agency Arrangements

The College acts as an agent in the collection and payment of Learner Support Funds. Related payments received from the LSC and subsequent disbursements to students are excluded from the Income and Expenditure Account and are shown separately in Note 32 to the Accounts, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

2 Funding Council Grants

Funding Council	Notes			2008	2007
		£000s LSC	£000s HEFCE	£000s TOTAL	As restated £000s TOTAL
Recurrent grant		14,944	1,187	16,131	15,423
Work-based learning		1,289	-	1,289	920
Entry to Employment	33	813	-	813	833
Releases of deferred capital grants	18	118	36	154	131
HE Development Fund		-	17	17	12
ESF Co-Financing		-	-	-	111
14-16 Flexibility fund		70	-	70	98
Golden Hellos		60	-	60	35
Learner Agreement Pilot		64	-	64	-
Train to Gain		701	-	701	587
Other funds		170	29	199	125
Total		18,229	1,269	19,498	18,275

Train to Gain income and expenditure has been restated to more accurately reflect payments to partner organisations. Total income claimed in the year and the related payments to partners was as follows:

	2008 £000s	2007 £000s
Train to Gain Income	974	632
Payments to non college partners	(273)	(45)
Total	701	587

3 Tuition Fees and Education Contracts		
	2008	2007
	£000s	£000s
UK Higher Education students	480	385
UK Further Education students	936	912
Non-European Union students	151	112
Total fees paid by or on behalf of individual students	1,567	1,409
Local Education Authority	231	217
Higher Education contracts	198	222
Other contracts	253	320
Sub-total	682	759
Total	2,249	2,168
4 Other Grants and Contracts		
	2008	2007
	£000s	£000s
European funds	266	111
Other funds	414	479
Total	680	590
5 Other Income		
	2008	2007
	£000s	£000s
Other income	847	826
Release of deferred Capital Grants (non-Funding Council)	85	94
Total	932	920
6 Endowment and Investment Income		
	2008	2007
	£000s	£000s
Investment income	653	789
Pension finance income	68	27
Total	721	816

7 Staff Costs

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

	2008	2007
	Number	Number
Teaching departments – teaching staff	235	222
Teaching departments – other staff	43	42
Teaching support services	73	66
Other support services	12	11
Administration and central services	110	113
Premises	40	41
Total	513	495
Staff Costs for the Above Persons	£000s	£000s
Teaching departments – teaching staff	7,816	7,455
Teaching departments – other staff	870	851
Teaching support services	1,430	1,301
Other support services	272	246
Administration and central services	3,265	3,206
Premises	717	675
Staff restructuring	67	94
FRS17 retirement benefit charge	470	309
Payroll sub-total	14,907	14,137
Contracted out staffing services	1,284	1,187
Sub-total	16,191	15,324
Enhanced pension provision adjustment	151	23
Total	16,342	15,347
Analysed as follows:		
Wages and salaries	12,238	11,765
Social Security costs	836	774
Other pension costs (including FRS17 adjustments of £470,000; 2007 £309,000)	1,833	1,598
Enhanced pension provision adjustment	151	23
Sub-Total	15,058	14,160
Contracted out staffing services	1,284	1,187
Total	16,342	15,347
Total staff costs, analysed by type of contract were:		
Employment costs for staff on permanent contracts	14,185	13,510
Employment costs for staff on short-term and temporary contracts	185	224
Contracted out staffing services	1,284	1,187
FRS17 retirement benefit charge	470	309
Restructuring costs	67	94
Enhanced pension provision adjustment	151	23
Total	16,342	15,347

An overall pay increase of 3.0% was made with effect from 1 February 2008, 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.

	2008	2007
	Number	Number
The number of senior post-holders including the Principal was:	3	4*
	2008	2007
	£000s	£000s
Senior post-holders' emoluments are made up as follows:		
Salaries	217	205
Pension contributions	28	25
	<hr/>	<hr/>
Total emoluments	245	230
	<hr/>	<hr/>

* There was a change in one senior post during the previous year.

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

	2008		2007	
	Number of senior post- holders	Number of other Staff	Number of senior post- holders	Number of other Staff
£70,001 to £80,000	1	2	-	2
£120,001 to £130,000	-	-	1	-
£130,001 to £140,000	1	-	-	-
	<hr/>			
Total	2	2	1	2
	<hr/>			

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

	2008	2007
	£000s	£000s
Salary	117	109
Pension contributions	16	15
Total emoluments	133	124

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 other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

9 Other Operating Expenses	2008	2007
	£000s	£000s
		As restated
Teaching departments	1,675	1,675
Teaching support services	90	85
Other support services	295	305
Administration and central services	1,089	1,052
General education expenditure	712	633
Premises costs – running costs	894	883
Premises costs – maintenance	231	267
Premises costs – rents and leases	-	46
Catering operations	69	67
Costs associated with property strategy	734	817
Interest on enhanced pension provision	226	203
Other expenses	19	21
Total	6,034	6,054

Other operating expenses have been restated to exclude Train to Gain partner payments as noted in note 1.

	2008	2007
	£000s	£000s
Other operating expenses include:		
Auditors' remuneration		
- internal audit	17	16
- financial statements and regularity audit	14	14
Hire of other assets – operating leases	86	95

10 Taxation

The members do not believe the College was liable for any Corporation tax arising out of its activities during this period (2006/07 – nil).

11 Surplus/(Deficit) on Continuing Operations for the Period

The surplus/(deficit) on continuing operations for the period is made up as follows:

	2008 £000s	2007 £000s
College's surplus/(deficit) for the period	<u>3,059</u>	<u>(207)</u>

12 Tangible Fixed Assets

	Freehold Land and Buildings £000s	Equipment £000s	Total £000s
Cost or valuation at 1 August 2007	36,542	8,539	45,081
Additions	16,115	597	16,712
Disposals	(1,350)	(954)	(2,304)
Surplus on revaluation	7,081	-	7,081
At 31 July 2008	<u>58,388</u>	<u>8,182</u>	<u>66,570</u>
Depreciation			
At 1 August 2007	-	7,359	7,359
Charge for period	1,055	640	1,695
Eliminated in respect of disposals	-	(953)	(953)
Eliminated on revaluation	(1,055)	-	(1,055)
At 31 July 2008	<u>-</u>	<u>7,046</u>	<u>7,046</u>
Net book value at 31 July 2008	<u>58,388</u>	<u>1,136</u>	<u>59,524</u>
Net book value at 31 July 2007	<u>36,542</u>	<u>1,180</u>	<u>37,722</u>
Inherited	7,027	-	7,027
Financed by capital grant	3,610	466	4,076
Revalued	23,889	-	23,889
Other	23,862	670	24,532
Net book value at 31 July 2008	<u>58,388</u>	<u>1,136</u>	<u>59,524</u>

Land and buildings with a net book value of £3,610,414 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 LSC, to surrender the proceeds.

The College's land and buildings were valued at 31 July 2008 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 £35,422,300. These have been included in the financial statements at depreciated replacement cost, as determined by the District Valuer.

The College disposed of part of the land at the Whitwood site during the year. The proceeds of £4,400,000 have been reinvested in the new Skills Xchange Campus at Glasshoughton. The sale for the remainder of the Whitwood site has been agreed.

Included within Freehold Land and Buildings additions are assets under the course of construction of £22,965,000 which have not been depreciated.

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

	£000s
Cost	12,386
Aggregate depreciation based on cost	<u>(5,359)</u>
Net book value based on cost	<u>7,027</u>

13 Investments

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

14 Debtors

	2008	2007
	£000s	As restated £000s
Amounts falling due within one year:		
Trade debtors	386	686
Prepayments and accrued income	322	466
Amounts owed by the LSC	<u>752</u>	<u>684</u>
Total	<u>1,460</u>	<u>1,836</u>

The 2007 figures have been restated to disclose separately the amounts owed by the LSC.

15 Creditors: Amounts Falling Due Within One Year

	2008	2007
	£000s	£000s
Payments received on account	2,762	3,472
Trade creditors	124	367
Other taxation and social security	298	460
Pension creditor	82	224
Accruals	<u>2,506</u>	<u>1,468</u>
Total	<u>5,772</u>	<u>5,991</u>

Payments received on account include a deposit for the sale of the remainder of the Whitwood site of £1,100,000.

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

	Enhanced Pension £000s
At 1 August 2007	3,646
Transferred from income and expenditure account	377
Expenditure in the period	<u>(207)</u>
At 31 July 2008	<u>3,816</u>

The enhanced pension provision relates to the cost of staff who have already left the College's employ. This provision has been recalculated in accordance with the LSC Circular 05/02.

The principal assumptions for this calculation are:

	2008	2007
Price inflation	3.88%	3.74%
Discount rate	2.0%	2.5%

18 Deferred Capital Grants

	ERDF £000s	LSC £000s	Other £000s	Total £000s
At 1 August 2007				
- Land and buildings	833	726	120	1,679
- Equipment	-	263	114	377
Cash received:				
- Land and buildings	-	2,314	-	2,314
- Equipment	-	36	115	151
Released to income and expenditure account:				
- Land and buildings	(44)	(26)	(5)	(75)
- Equipment	-	(92)	(72)	(164)
At 31 July 2008	<u>789</u>	<u>3,221</u>	<u>272</u>	<u>4,282</u>
Land and buildings	789	3,014	115	3,918
Equipment	-	207	157	364
At 31 July 2008	<u>789</u>	<u>3,221</u>	<u>272</u>	<u>4,282</u>

19 Specific Endowments

	£000s
As at 1 August 2007	42
Investment interest	3
Payments	(1)
	<hr/>
As at 31 July 2008	44
	<hr/> <hr/>

These funds represent a prize fund.

20 Revaluation Reserve

	2008	2007
	£000s	£000s
At 1 August	24,949	21,505
Transfer from revaluation reserve to general reserve in respect of:		
- surplus on revaluation of land and buildings	8,136	4,159
- depreciation on revalued assets	(819)	(715)
- assets disposed	(1,350)	-
	<hr/>	<hr/>
At 31 July	30,916	24,949
	<hr/> <hr/>	<hr/> <hr/>

21 Income and Expenditure and Restricted Reserves

	Income and Expenditure Account	Restricted	2008 Total	2007 Total
	£000s	£000s	£000s	£000s
At 1 August	7,173	5,232	12,405	10,683
Surplus/(deficit) for the year	3,059	-	3,059	(207)
Transfer from revaluation reserve	2,169	-	2,169	715
Actuarial (loss)/gain in respect of pension scheme	(5,294)	-	(5,294)	1,214
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July	7,107	5,232	12,339	12,405
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

22 Pension and Similar Obligations

The College's employees belong to two principal pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Yorkshire Pension Fund. Both are defined benefit schemes.

	2008	2007
	£000s	£000s
Teachers Pension Scheme contribution	895	847
Local Government Pension Scheme:		
Contributions paid	484	490
FRS17 charge	<u>470</u>	<u>309</u>
Charge to the Income and Expenditure Account (staff costs)	954	799
Less amounts recognised as enhanced pension payments	(7)	(29)
Timing difference on additional Local Government Pension Scheme accruals	(9)	(19)
Total Pension Cost for Year	<u>1,833</u>	<u>1,598</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the TPS was 31 March 2004 and of the LGPS was 31 March 2007.

Contributions amounting to £65,000 (2007: £190,000) were payable to the scheme and are included in creditors.

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. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is normally assessed no less than every four 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 2004
Actuarial method	Prospective Benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Market value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the notional value of the assets	98.88%

Following the implementation of Teachers' Pension (Employers' Supplementary Contributions) Regulations 2000 the Government Actuary carried out a further review on the level of employers' contributions. For the period 1 August 2007 to 31 July 2008 the employer contribution was 14.1%. The employee rate was 6.4% for the same period. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

FRS17

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 its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of anticipated contribution rates.

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 2008 was £725,000 (2007 - £683,000) of which employer's contributions totalled £468,000 (2007 - £442,000) and employees' contributions totalled £257,000 (2007 - £241,000). The agreed contribution rates for future years are 11.6% (12.3% from April 2009 and then 12.9% from April 2010). Employee contributions are between 5.25% and 7.2% dependant on the full time equivalent salary.

FRS17

Principal Actuarial Assumptions	2008	2007
Rate of increase in salaries	5.55%	4.95%
Rate of increase for pensions in payment/inflation	3.8%	3.2%
Discount rate for scheme liabilities	5.9%	5.8%
Inflation assumption	3.8%	3.2%

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

	At 31 July 2008	At 31 July 2007
<i>Retiring today/current pensioners:</i>		
Males	20.3	19.7
Females	24.0	22.6
<i>Retiring in 20 years/future pensioners:</i>		
Males	21.3	22.2
Females	25.0	25.0

The assets and liabilities in the scheme (of which the college's share is estimated to be 0.22%) and the expected rates of return were:

	Long-term rate of return expected 2008	Value 2008 £000s	Long-term rate of return expected 2007	Value 2007 £000s
Equities	7.5%	10,829	7.5%	12,147
Bonds				
- Government	4.8%	1,574	4.9%	1,313
- Other	5.9%	731	5.8%	640
Property	6.5%	731	6.5%	854
Cash	5.0%	716	5.75%	591
Other	7.5%	1,320	7.5%	870
Total Market Value of Assets		15,901		16,415
Present value of scheme liabilities		<u>(23,782)</u>		<u>(18,600)</u>
Deficit in the scheme		<u>(7,881)</u>		<u>(2,185)</u>

	2008 £000s	2007 £000s
Analysis of the amount charged to income and expenditure account		
Employer service cost (net of employer contributions)	(229)	(264)
Past service cost	<u>(241)</u>	<u>(45)</u>
Total operating charge	<u>(470)</u>	<u>(309)</u>
Analysis of pension finance income/(cost)		
Expected return on pension scheme assets	1,167	927
Interest on pension liabilities	<u>(1,099)</u>	<u>(900)</u>
Pension finance income	<u>68</u>	<u>27</u>

	2008 £000s	2007 £000s
Amount recognised in the statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	(2,163)	847
Experience (losses)/gains on scheme liabilities	(1,044)	-
Change in financial and demographic assumptions underlying the scheme liabilities	(2,087)	367
Actuarial (loss)/gain recognised in STRGL	<u>(5,294)</u>	<u>1,214</u>

	2008	2007
	£000s	£000s
Movement in deficit during year		
Deficit in scheme at 1 August	(2,185)	(3,117)
Movement in year:		
Current service charge	(713)	(754)
Employer contributions	484	490
Past service cost	(241)	(45)
Net interest/return on assets	68	27
Actuarial (loss)/gain	(5,294)	1,214
	<hr/>	<hr/>
Deficit in scheme at 31 July	(7,881)	(2,185)
	<hr/> <hr/>	<hr/> <hr/>

Asset and liability reconciliation	2008	2007
	£000s	£000s
Reconciliation of liabilities		
Liabilities at start of period	18,600	17,291
Current service cost	713	754
Interest cost	1,099	900
Employee contributions	257	248
Actuarial loss/(gain)	3,131	(367)
Benefits paid	(259)	(271)
Past service cost	231	-
Curtailments and settlements	10	45
	<hr/>	<hr/>
Liabilities at end of period	23,782	18,600
	<hr/> <hr/>	<hr/> <hr/>

Included within the closing liability is £124,000 relating to unfunded obligations

Reconciliation of assets		
Assets at start of period	16,415	14,177
Expected return on assets	1,167	925
Actuarial (loss)/gain	(2,163)	847
Employer contributions	484	490
Employee contributions	257	248
Benefits paid	(259)	(272)
	<hr/>	<hr/>
Assets at end of period	15,901	16,415
	<hr/> <hr/>	<hr/> <hr/>

	2008	2007	2006	2005	2004
History of experienced gains and losses					
Actuarial (losses)/gains on assets:					
Amount £000s	(2,163)	847	993	1,446	251
% of scheme assets	13.6%	5.2%	7%	12.1%	2.7%
Experience gains/(losses) on scheme liabilities:					
Amount £000s	(1,044)	-	(458)	1,001	-
% of scheme liabilities	4.4%	N/A	2.6%	6.7%	N/A
Total amount recognised in STRGL:					
Amount £000s	(5,294)	1,214	(181)	298	13
% of scheme liabilities	22.3%	6.5%	1%	2%	0.1%

23 Reconciliation of Operating Surplus/(Deficit) to Net Cash Inflow from Operating Activities

	Note	2008 £000s	2007 £000s
Surplus/(deficit) on continuing operations after depreciation of assets at valuation		3,059	(207)
Loss on disposal of fixed assets		(3,050)	-
Depreciation	12	1,695	1,575
Deferred capital grants released to income	18	(239)	(225)
Pension cost less contribution payable	22	470	309
Decrease/(increase) in debtors		642	(407)
(Decrease)/increase in creditors		(1,173)	2,369
Increase in provisions	17	170	25
Interest receivable	6	(721)	(816)
Net cash inflow from operating activities		853	2,623

24 Returns on Investments and Servicing of Finance

	2008 £000s	2007 £000s
Interest received	702	789
Net cash inflow from returns on investments and servicing of finance	702	789

25 Capital Expenditure and Financial Investment

	2008	2007
	£000s	£000s
Purchase of tangible fixed assets	(15,757)	(7,692)
Receipt from sale of inherited assets	4,400	-
Deferred capital grants received	2,150	619
Increase in endowment assets	2	2
	<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment	(9,205)	(7,071)
	<hr/> <hr/>	<hr/> <hr/>

26 Management of Liquid Resources

	2008	2007
	£000s	£000s
Disposal of short-term deposits	(6,000)	(4,850)
	<hr/>	<hr/>

27 Analysis of Changes in Net Funds

	At 1	Cashflows	As at 31
	August		July 2008
	2007		
	£000s	£000s	£000s
Endowment asset	42	2	44
Cash in hand and at bank	2,674	(1,652)	1,022
Current asset investments	9,000	(6,000)	3,000
	<hr/>	<hr/>	<hr/>
Total	11,716	(7,650)	4,066
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

28 Post Balance Sheet Events

There have been no significant post-balance sheet events.

29 Capital Commitments

	2008	2007
	£000s	£000s
Contracted for at 31 July	6,371	22,417
	<hr/>	<hr/>

Capital commitments include the contracts in place for the Skills Xchange.

30 Financial Commitments

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

	As at 31	As at 31
	July 2008	July 2007
	£000s	£000s
Other		
Expiring within one year	7	4
Expiring between two and five years inclusive	44	87
	<hr/>	<hr/>
Total	51	91
	<hr/> <hr/>	<hr/> <hr/>

31 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. However, 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.

32 Learner Support Funds

	2008	2007
	£000s	£000s
Access Funds		
Learning and Skills Council grants	193	183
Disbursed to students	(147)	(131)
Administration costs	(9)	(9)
Amount consolidated in financial statements	<u>(26)</u>	<u>(11)</u>
Balance unspent as at 31 July	<u>11</u>	<u>32</u>
Other Learner Support Funds		
Learning and Skills Council grants – Childcare	82	62
Disbursed to students	(74)	(70)
Administration costs	(4)	(3)
Amount consolidated in financial statements	<u>-</u>	<u>-</u>
Balance unspent as at 31 July	<u>4</u>	<u>(11)</u>
HEFCE Funds		
Council grants	14	18
Funds brought forward from previous year	1	-
Disbursed to students	(6)	(8)
Administration costs	(1)	(1)
Amount consolidated in financial statements	<u>-</u>	<u>-</u>
Funds carried forward to following year	<u>(1)</u>	<u>(1)</u>
Balance unspent as at 31 July	<u>7</u>	<u>8</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.

33 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:

	2008	2007
	£000s	£000s
Contract sum-learning programmes	806	830
Development funding	7	3
	<hr/>	<hr/>
Total	813	833
	<hr/> <hr/>	<hr/> <hr/>
Represented by:		
Amounts paid to sub-contractors – learning programmes	491	479
Amounts paid to Wakefield College – learning programmes	124	120
Development fund activity	7	3
Administration and management of e2e contract	191	231
	<hr/>	<hr/>
Total	813	833
	<hr/> <hr/>	<hr/> <hr/>

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