



# **Report and Financial Statements**

**For the year ended 31 July 2013**

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# OPERATING AND FINANCIAL REVIEW

## HIGHLIGHTS OF THE YEAR

- A Level results the best ever at 95%;
- 16-18 recruitment up 10% on previous year;
- Apprenticeship starts up 19% on previous year;
- Over 3,000 people referred from Job Centre Plus to employability and skills for life courses;
- The former Wakefield Museum reopened after a £1m refurbishment as the Wakefield College Centre for Performing Arts (The Waterton Building). The new state of the art facilities include fully equipped dance and drama studios, as well as Wakefield's newest performance venue;
- The Children's University ("CU"), which now boasts 2,000 members and has links with 15 schools, held its first graduation at which 70 children graduated in front of over 200 people including families, school representatives, local dignitaries and CU patrons;
- Gaskells Training restaurant voted Wakefield's best restaurant for third year in succession;
- Wakefield College Community Day sees 500 staff involved in community projects across the District, making a real difference to a wide variety of local organisations;
- Successful funding audit;
- National Rugby League team champions for the second year in succession;
- External funding secured for volunteering project.

## FINANCIAL HEADLINES

- Reduction in income of 7.0%;
- Reduction in expenditure of 1.1%;
- 72.9% of income spent on staffing (including re-structuring costs);
- £1.0m (5.8% of total staffing budget) spent on contracted out staffing services;
- Operating deficit of £947,000;
- Property development costs of £650,000;
- Historical cost deficit of £300,000.

## NATURE, OBJECTIVES AND STRATEGY

The members present their report and the audited financial statements for the year ended 31 July 2013.

### 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 2011.

### Mission

The College's Mission for the year under review was:

"Transforming lives through learning....

....by enabling young people, adults and employers to fulfil their potential"

### Implementation of Strategic Plan

In July 2012 the Corporation formally approved the College's Strategic Plan for the period 1 August 2012 to 31 July 2015. The Corporation monitors performance against these plans which are reviewed and updated each year. The College's continuing strategic objectives are to:

- Be known as the leading post-16 provider of high quality teaching and learning in the Wakefield District;
- Become highly regarded by our communities;
- Connect with the Wakefield District in order to raise aspirations particularly in deprived areas;
- Be the major contributor to meeting the skills needs identified by the Wakefield District's employers; and
- Secure the College's long-term financial health in order to invest back into the Wakefield District.

Progress against the objectives set out in the plan for 2012/13 has been excellent with the vast majority of objectives met.

Key objectives achieved include:

- Success rates have improved substantially for 16-18 year olds at levels 1 and 3 and at level 3 for adults. These were areas of under-performance in 2011-12. The success rate gap for disadvantaged students at Level 3 closed;
- Significant increase in recruitment of 16-18 year olds (110% of target compared with 98% of target in 2011/12);
- High levels of student and parental satisfaction;

- High levels of employer satisfaction;
- The Harrison and Waterton Buildings opened to students. The Harrison Building was highly commended in the Wakefield Civic Society awards for refurbishment and extension of a public building and (LABC) Education sector highly commended it for quality of construction and workmanship;
- NEETs are at their lowest level ever recorded due in large part to the College's role in providing appropriate curriculum and collaboration with external agencies;
- Successful partnership with Freeston (with all students gaining employment or progressing to next level programme) and building on relationships with Crofton Academy and Lightwaves Community Trust;
- New curriculum footprints developed to ensure students develop their employability;
- 70% job outcome rate for Sector Based Work Academy participants;
- Full cost work increased by 6%;
- 2012/13 EFA and SFA allocations exceeded;
- High levels of staff utilisation recorded;
- New printing and copying strategy secured efficiencies and supported sustainability agenda;
- Enhanced Renewal Grant (ERG) secured from EFA to enable external refurbishment of Radcliffe Building;
- Teaching and learning strategy further embedded.

## Financial Objectives

Key financial targets for the College are set each year as part of the strategic planning process. In July 2012 the following targets were defined to ensure sound financial health:

**(i) Ensure the availability of cash resources to support the College's redevelopment programme**

Governors approved a property master plan that was presented for approval in January 2011. Phase One of that plan is now complete and has been financed from College reserves. An SFA Enhanced Renewal Grant will enable the College to complete the next phase of that plan in 2013/14. The speed of further progress will be determined by the College's ability to realise value from surplus assets, its ability to generate cash from operations, and to obtain appropriate and affordable external finance.

**(ii) Staffing costs not to exceed 69% of income**

The staffing costs for the year under review were 72.9% of income

(72.6% excluding restructuring costs of £92,000) (2011/12 – 67.9% and 67.2% excluding restructuring costs of £173,000).

**(iii) To retain a ‘good’ financial health**

During the year the Skills Funding Agency confirmed the College’s financial health as ‘outstanding’ for the year under review.

**(iv) To work towards achieving an ‘other income’ target of greater than 20%**

In 2012/13, 20.7% of income came from sources other than the funding bodies (2011/12 – 19.5%).

**(v) To continue to work towards the Treasury’s target of making 95% of payments to suppliers within 30 days.**

The College paid 95.4% of its invoices within 30 days (2011/12 – 91.5%).

**(vi) Trade debtor days (excluding funding body payments) will not exceed 35 days by the end of 2012/13.**

Debtor days averaged 21 days during the year under review (2011/12 – 24 days).

## **Performance Indicators**

FE Choices (formerly the “Framework for Excellence”) has four key performance indicators:

- Success rates;
- Learner destinations;
- Satisfaction survey (formerly “learner views”);
- Satisfaction survey (formerly “employer views”).

The College is committed to observing the importance of these measures and indicators and in addition is monitoring its performance through the completion of the annual Finance Record for the Skills Funding Agency. The current rating of Outstanding is considered an appropriate assessment.



## FINANCIAL POSITION

### Financial Results

The College produced an operating deficit in the year of £947,000 (2011/12 - operating surplus of £613,000).

The historical cost deficit for the period was £300,000 (2011/12: £1,260,000 surplus).

It should be noted that the surplus reported is after property related expenditure of £650,000 (2011/12 £830,000) which relates to other refurbishment works required at the Wakefield City Campus to support the College's property strategy.

The College's reserves at 31 July 2013 (excluding the revaluation reserve, the FRS17 pension reserve and restricted reserves) stood at £32,428,000 (31 July 2012: £32,298,000).

Tangible fixed asset additions during the year amounted to £3,365,000.

The College relies significantly on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2012/13 the funding bodies provided 79.3% of the College's total income (2011/12: 80.5%).

### Treasury Management

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

Wakefield College has a separate treasury management policy in place.

The College generated £143,000 (2011/12: £190,000) from the management of its cash balances.

A key focus of treasury management activity for the College is to ensure that resources are in place to support the property strategy.

## Cash Flows

There was a net cash outflow on operating activities of £71,000 during 2012/13 (2011/12: £1,855,000 cash inflow).

The College's cash balances (including invested amounts) stood at £7,240,000 (31 July 2012: £11,371,000). The College therefore has a reasonable base from which to consider its options for future investment.

## CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE

### Student Numbers

In 2012/13 the College delivered activity that produced £19,114,000 in funding body main allocation from the Education Funding Agency and Skills Funding Agency (2011/12 - £20,771,000). Total student numbers in year were 10,741, this includes main body funded learners in addition to learners funded from other sources (2011/12 – 10,075).

### Student achievements

Success rates for 16-18 year olds at levels 1 and 3 increased substantially in 2012-13, primarily as a result of improved information, advice and guidance (IAG), support and enhanced teaching and learning.

For adults, success rates increased significantly at level 3 and declined slightly at levels 1 and 2 where we experienced significant growth in enrolments.

Apprenticeship success declined slightly in 2012-13 but workplace learning again performed strongly although with reduced numbers.

Students on Higher Education courses continue to achieve well. Strong performance on the majority of provision has been maintained.

### Curriculum Developments

The College offers a wide range of academic and vocational provision, which is responsive to local and regional needs. With a focus on continuous improvement the following matters are worthy of note:



## **Performing Arts and Music**

- Students from the Performing Arts and Music Department came together to present their seventh festival of music, dance and theatre, marking the opening of the Mechanics' Theatre in the College's new Performing Arts Centre, formerly the Wakefield Museum.
- Performing Arts students starred in a showcase performance on a national stage at World Skills UK, and other key events.

## **Care and Early Years**

- The College's Higher Education provision in Early Years expanded with the introduction of a progression pathway from advanced level provision into the Foundation Degree in Young Childrens' Learning and Development.
- The successful validation of a Top-up BA (Hons) Early Years with Huddersfield University means that the College can now provide progression from Level 1 to Level 6 in Childcare / Early Years.
- All of the College's Foundation Degrees successfully completed a refocus with Leeds Metropolitan University as well as a new course in marketing management.

## **Science and Engineering**

- Provision in Motor Vehicle has benefited from a growth in interest in Automotive Refinishing courses, and the College is planning to offer a full-time progression pathway from September 2014.
- It has been another strong year for Engineering with the large number of part-time Higher Education students bucking the national trend.
- Relationships with local employers have resulted in an increase in bespoke training including short courses in mechanical engineering and welding/fabrication, and the successful introduction of Higher Apprenticeships in Engineering.
- Science students were invited to take part in a showcase event at World Skills UK, and their take on forensic science, 'Wakey the Dead,' was warmly received.
- The last year has seen substantial expansion of our course offer in support of the unemployed, and the introduction of our first level 4 apprenticeships.

## **Hospitality, Catering, Horticulture, Animal Care**

- Patisserie and confectionary programmes are being offered to enhance employability skills.

## **Sport**

- Our Athlete Development Programme has led to scholarships and national club signings and scholarship links have been established with Gloucester University and the Indiana Institute of Technology. Our Individual athletes have represented England or GB in numerous different sports.
- A second year programme has been adapted for sports students who are looking for a direct route into employment, and a number of other programmes have been refocused to equip learners for the job market.

## **Business and IT**

- Level 1 courses and tailored workshops are proving very successful in responding to the needs of local employers and unemployed people.

## **Hair and Beauty**

- A number of students reached the World Skills National Finals.

## **Inclusion and Partnerships**

- The FLEX curriculum has been redesigned to create a more inclusive and personalised approach.
- The Skills for Life year round curriculum was introduced to better meet community and JCP needs.
- Full initial assessment coverage has been achieved for all 16-18 full time learners.

## **Employability**

- The last year has seen substantial expansion of our course offer in support of the unemployed, and the introduction of our first level 4 apprenticeships.

## **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 financial year under review the College paid 95.4% of its invoices within 30 days (2011/12– 92%). The College incurred no interest charges in respect of late payment for this period.

## Post-Balance Sheet Events

In September 2013 the Education Funding Agency granted consent for the establishment of a Wakefield College Post 16 Centre at Crofton Academy. Curriculum delivery began in September 2013 and work is underway to develop a building on the Academy's site. This will be financed partly by a loan from the Academy and partly from College reserves.

In October 2013 Governors agreed the award of a contract to re-clad and refurbish the Radcliffe Building on the City Centre Campus. The work will involve improvements to the thermal efficiency of the building including the replacement of windows, and the provision of new science laboratories, at a total cost of £3,900,000 for which the SFA has already granted an Enhanced Renewal Grant of £1,300,000.

## Future Developments

The College has agreed total funding body income of £19.5m for the 2013/14 financial year. This includes funding from the Higher Education Council for England which has been confirmed at £470,000 for the same period.

Participation levels for funding body activity are expected to remain strong with 16-19 recruitment exceeding targets despite reductions in the overall cohort across the District.

The College is working hard to build relationships with local schools and with local employers to ensure that it is at the heart of the education, training and skills agenda. In this context the provision of opportunities for apprenticeships features very highly as does a range of other employer engagement activities.

As part of the estate rationalisation and redevelopment the College is considering possible financing options and their affordability for future development.

The further education sector faces continuing uncertainty over the period covered by the College's strategic plan, particularly in relation to funding and the impact of government policy. The College is responding positively to these challenges and in considering the strategies to be employed in addressing them, members have no concerns about the College's continued ability to be a successful provider of learning to its communities, nor about its ability to resource adequately its activities. The College has no borrowings and a

reasonable level of reserves, and so has a solid platform from which to continue its success.

In addition to the risk management arrangements outlined elsewhere in this review, and the robust approach taken to risk management, arrangements are in place to monitor closely the performance of its operations, and the College has a constant focus on growing income, controlling costs and achieving efficiencies to ensure that resources can be re-invested in core activities.

## Resources

The College has various resources that it can deploy in pursuit of its strategic objectives.

- Tangible resources include the College campuses at Thornes Park, Castleford and Wakefield City Centre.
- The College has £51.6m of tangible assets.
- Full time equivalent staff paid in year amounted to 508, of which 362 were teaching related.
- The College enjoys a high profile and good reputation within Wakefield and beyond.

## Principal risks and uncertainties

The College's ability to achieve its vision and strategic objectives will be affected by its capacity to mitigate the risks and uncertainties that it faces. The College has well-established systems of internal control, including financial, operational and risk management which are designed to protect the College's assets and reputation. The key elements of the College's risk management framework are identified in the Statement of Corporate Governance and Internal Control on page 16.

The College's risk environment is monitored regularly by College managers, the Principalship and Governors to ensure that any emerging risks are identified, prioritised and mitigated and opportunities are maximised. The broad categories of risk facing the College are outlined below. Not all of these factors are within the College's control.

- The increasingly competitive environment for recruitment of 16-18 year olds, HE students and for the delivery of training to employers.
- The degree to which the College can respond to changing needs and ensure that its curriculum offer is fresh and relevant.

- The impact of government policy on various aspects of our operations and our funding, e.g. 24+ Adult Learning Loans, students loans for HE programmes, A Levels and Apprenticeship reforms, and changes to how high needs learners are funded.
- The extent to which the College can attract and retain high calibre skilled people to drive continuous improvement.
- The ability of the College to finance its estate renewal programme.
- The ability of managers to control costs in a difficult economic environment.

Our response to the risks has been:

- to expand collaborative provision and invest in state of the art facilities;
- to develop strategies to ensure students are retained and remain engaged with all aspects of their courses;
- to review processes and communications to ensure that students are fully informed of financial implications of their chosen path of study;
- to review curriculum footprints and refresh the curriculum; and
- to invest in the development of our staff and ensure that a variety of means are used to gain their commitment to the College's vision, mission and values.

## **Relationship with our partners, stakeholders and communities**

In common with other colleges and universities, Wakefield College contributes to and benefits from a broad range of important relationships. These include those with:

- Students;
- Parents or carers of students;
- Staff;
- Education sector funding bodies;
- Local employers;
- Local authorities;
- Local and regional partnerships;
- The local community;
- Other FE institutions, local schools and universities;
- Trade unions; and
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College internet site and by meetings.

## **Equality and Diversity 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. The College's Single Equality Scheme is published on the College's website and is monitored regularly.

The College considers all job 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 Acts 2001 and 2005.

- 98% of our facilities are accessible for people with disabilities and we strive to ensure all that is reasonably practicable is done to ensure access to people with disabilities.
- There is a register of specialist equipment which the College can make available for use by students with disabilities.

The College has made a significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities. There is a number of learning support workers who 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.



- The College's 'Adaptations of Materials' service can provide information/course materials in alternative media – for example Braille, enlarged text, etc.
- The College has signed up to the Ambitious about Autism Charter.

## DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the members of the Corporation on 10 December 2013  
and signed on its behalf by:

Kevin Henry



Chair of Corporation

## PROFESSIONAL ADVISORS

**Financial Statements and****Regularity auditor:**

Grant Thornton UK LLP  
2 Broadfield Court  
Sheffield  
S8 0XF

**Internal auditors:**

Baker Tilly (formerly RSM  
Tenon)  
Baker Tilly Business Services  
Limited  
2 Wellington Place  
Leeds  
LS1 4AP

**Solicitors:**

Eversheds  
Cloth Hall Court  
Infirmary Street  
Leeds  
LS1 2JB

**Insurance Brokers:**

Marsh Ltd  
1 Whitehall  
Whitehall Road  
Leeds  
LS1 4HR

**Bankers:**

Close Brothers Ltd  
10 Crown Place  
London  
EC2A 4FT

Bank of Scotland  
33 Old Broad Street  
London  
BX2 1LB

Lloyds Bank plc  
2nd Floor  
Lisbon House  
116 Wellington Street  
Leeds  
LS1 4LT

Santander UK plc  
Bootle  
Merseyside  
L30 4GB

Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP

## 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 UK Corporate Governance Code (“the Code”) issued by the Financial Reporting Council in June 2010. 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 Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2013. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times in carrying out its responsibilities. In carrying out its responsibilities, it takes full account of The English Colleges’ Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted in August 2012.

## MEMBERS WHO SERVED THE CORPORATION SINCE 1 AUGUST 2012

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
<b>Nasim ASLAM</b>	October 2010	4 years	-	External	Search
<b>Robin BARRON</b>	October 2008	4 years	October 2012	External	Finance and Capital
<b>Michael BASS</b>	October 2012	1 year	December 2012	Student	-
<b>Heather BECKHAM</b>	July 2011	4 years	-	Staff	-
<b>Paul CAMPBELL</b> (Vice Chair)	July 2009/ July 2013	4 years	-	External	Finance and Capital (Chair) to December 12 Remuneration (Vice Chair to March 13; Chair from March 13)

<b>Name</b>	<b>Date of Appointment/ Re-appointment</b>	<b>Term of Office</b>	<b>Date of Resignation</b>	<b>Status of Appointment</b>	<b>Committees Served</b>
<b>Bethany-Mae CURLEY</b>	October 2013	1 year		Student	-
<b>Kevin HENRY</b> (Chair)	July 2006/ July 2010/ July 2013*	17 mths	-	External	Remuneration Search
<b>Tim HOWE</b>	March 2009	4 years	March 2013	External	Finance and Capital to December 12
<b>Chloe JEFFERY</b>	August 2012	1 year	March 2013	Student	-
<b>Andrew McCONNELL</b>	October 2006/ October 2010	4 years	-	External	Audit Remuneration (Chair to March 13; Vice Chair from March 13)
<b>Shane O'DONNELL</b>	December 2011	4 years	-	Staff	-
<b>Cath ORANGE</b>	April 2002/ April 2006/ April 2010	4 years	-	External	Audit Remuneration
<b>Lynn PERKIN</b>	October 2007/ October 2011	2 years	October 2013	External	Finance and Capital (Vice Chair) to December 12
<b>Michele PHILLIPS</b>	July 2008/ July 2012	4 years	-	External	Audit (Vice Chair)
<b>Andy WALLHEAD</b>	May 2011	4 years	-	External	Audit (Chair)
<b>Jane WALTON</b>	October 2009/October 2013	4 years	-	External	Search (Chair)
<b>Shannon WOODHOUSE</b>	October 2013	1 year		Student	-
<b>Sam WRIGHT</b>	March 2011	n/a	-	Principal and Chief Executive	Finance and Capital to December 12 Search
Nils Elgar acts as Clerk to the Corporation					

\*Re-appointment made to synchronise with second term of office as Chair of Governors, both offices ending in December 2014.

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

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

The Corporation meets at least twice each term and some of its business is conducted through committees. Each committee has written terms of reference, which have been approved by the Corporation. These committees are Audit, Remuneration and Search. Decisions of these committees are formally reported to the Corporation. 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 Chair 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 four members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration except for the Principal and Staff/Student members. 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.

## **Audit Committee**

The Audit Committee comprises four members of 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 main FE funding bodies 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.

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, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

## **Finance and Capital Committee**

The Finance and Capital Committee comprised four members. The Committee's responsibilities included finance and capital investment. The Committee was disbanded on 31 December 2012 and duties delegated to other groups as considered appropriate: Board, Audit Committee and Principal / Deputy Principal.



## **Remuneration Committee**

The Remuneration Committee comprises four 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 2013 are set out in Note 8 to the financial statements.

## **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 funding bodies. 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 on-going 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 2013 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 2013 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

### **The Internal Control and Risk Management Framework**

The College encourages the taking of measured risk that may provide opportunities to meet one or more of its objectives. The internal control and risk management framework is designed to: integrate risk management into the culture of the College; raise awareness of the need for risk management; encourage a positive approach to risk taking; support improved decision-making, innovation and performance; and, manage risk in accordance with best practice. The framework continues to evolve and enables the College to respond to a variety of strategic, operational, financial, commercial, regulatory and reputational risks. It provides assurances to successive levels of management and, ultimately, the Board. The key components of the risk and control framework include:

- clearly defined financial regulations and procedures including protocols for capital investment and other major developments;
- a strategic and financial planning and budgeting cycle involving staff at all levels of the College in the setting of objectives and actions and the allocation of resources;
- rigorous termly reviews of business areas to evaluate performance, assess areas of risk and opportunity and take appropriate action;
- a comprehensive anti-bribery policy, fraud policy and response plan, 'whistle-blowing' policy and disaster management and business continuity plan, which have been communicated to staff so that they are aware of the procedures for reporting significant risk issues and control failings to appropriate levels of management;
- continuing professional development and identification of personal objectives and operational tasks through annual appraisal, linked to the achievement of the College's strategic objectives and management of key risks;
- a College-wide approach to evaluating the quality of teaching, learning and assessment, and service areas including plans to address issues of poor performance;
- a high profile health and safety management system, led by the Principal, which actively promotes the commitment to and development of good health and safety;

- a human resources strategy designed to meet the needs of the College in achieving its objectives whilst responding to changes in legislation;
- estates management based on a property strategy formulated to meet the needs of the College and its community;
- integrated management information systems designed to provide accurate and timely data and analysis to management to support decisions and monitor progress towards policies, strategies and targets.

The Corporation ensures that its business calendar and agendas enable risk management and internal control to be considered on a regular basis during the year so that there is a full risk and control assessment before reporting on 31 July each year. This includes reports on the effectiveness of risk management by the Audit Committee and Principalship.

The College has an Internal Audit Service (IAS) which operates in accordance with the requirements of the LSC's Audit Code of Practice and submits regular reports, which include their independent opinion on the adequacy and effectiveness of the system of internal control along with recommendations for improvement. The work of the internal audit service is informed by the College's analysis of risk, and annual internal audit plans are based on this analysis. The internal audit annual and strategic plans are approved by the Board. The Head of Internal Audit (HIA) provides the Governing Body with an annual report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

### **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 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, the appointed funding auditors in their management letters and other reports;

- Health and Safety Committee; and
- College Self-Assessment Report.

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 a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior 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 senior 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 a regular item for consideration of risk and control and receives reports 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 its December 2013 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2013 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2013.

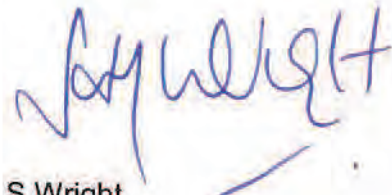
### Going Concern

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.

Approved by order of the members of the Corporation on 10 December 2013 and signed on its behalf:



K Henry  
Chair of Corporation



S Wright  
Principal



## 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 between the Skills Funding Agency/Education Funding Agency 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 and with the Accounts Direction for 2012/13 financial statements issued jointly by the Skills Funding Agency and the Education Funding Agency, 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 an Operating and Financial Review which describes what it is trying to do and how it is trying to achieve 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 the assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that 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 Skills Funding Agency/Education Funding Agency are used only in accordance with the Financial Memorandum with the Skills Funding Agency/Education Funding Agency and any other conditions may be prescribed 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 from the Skills Funding Agency/Education Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 10 December 2013 and signed on its behalf by:



Kevin Henry

Chair of Corporation



## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WAKEFIELD COLLEGE

We have audited the financial statements ("the financial statements") of Wakefield College for year ended 31 July 2013 which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses, the statement of historical cost surpluses and deficits and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. 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 Corporation of Wakefield College and Auditor**

As described in the Statement of the responsibilities of the members of the corporation, on page 24, the College's Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporation; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Operating and Financial Review to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 July 2013 and of the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice : Accounting for Further and Higher Education.

**Opinion on other matters prescribed by the revised Joint Audit Code of Practice (Part 1) issued jointly by the Skills Funding Agency and the Education Funding Agency and the Audit Code of Practice issued by the Learning and Skills Council**

In our opinion:

- proper accounting records have been kept, and
- the financial statements are in agreement with the accounting records.

*Gr Thornton UK LLP*

Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Sheffield

16 December 2013

## INDEPENDENT AUDITOR'S REPORT ON REGULARITY TO THE CORPORATION OF WAKEFIELD COLLEGE AND THE CHIEF EXECUTIVE OF SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 5 November 2012 and further to the requirements of the Chief Executive of Skills Funding, we have performed procedures to obtain assurance about whether, in all material respects, the expenditure and income of Wakefield College ('the College') for the year ended 31 July 2013 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 Chief Executive of Skills Funding. Our work has been undertaken so that we might state to the Corporation and the Chief Executive of Skills Funding 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 Chief Executive of Skills Funding, 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 College's Corporation is responsible, under the requirements of the Further & 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 work are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice, as amended by the Joint Audit Code of Practice, and the Regularity Audit Framework issued by the Learning and Skills Council. We report to you whether, in our opinion, in all material respects, the College's expenditure and income for the year ended 31 July 2013 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Basis of opinion**

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

## Opinion

In our opinion, in all material respects, the expenditure and income for the year ended 31 July 2013 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

*Grant Thornton UK LLP*

Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Sheffield

*16* December 2013

# INCOME AND EXPENDITURE ACCOUNT

**For the Period from 1 August 2012 to 31 July 2013**

	Notes	2013 £000s	2012 £000s
<b>Income</b>			
Funding body grants	2	20,043	22,149
Tuition fees and education contracts	3	3,224	2,677
Other grants and contracts	4	232	201
Other income	5	557	795
Endowment and investment income	6	180	248
<b>Total income</b>		<b>24,236</b>	<b>26,070</b>
<b>Expenditure</b>			
Staff costs	7	17,679	17,695
Other operating expenses	9	5,372	5,817
Depreciation	11	2,132	1,945
<b>Total expenditure</b>		<b>25,183</b>	<b>25,457</b>
(Deficit)/surplus for the year, before and after tax, within income and expenditure reserve		<b>(947)</b>	<b>613</b>

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

## STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

**For the Period from 1 August 2012 to 31 July 2013**

	Notes	2013 £000s	2012 £000s
(Deficit)/surplus on continuing operations before tax		(947)	613
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	20	647	647
<b>Historical cost (deficit)/surplus for the period</b>		<b>(300)</b>	<b>1,260</b>

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

**For the Period from 1 August 2012 to 31 July 2013**

	Notes	2013 £000s	2012 £000s
(Deficit)/surplus on continuing operations after depreciation of assets at valuation and tax		(947)	613
Actuarial gain/(loss) in respect of pension scheme	22	2,316	(4,369)
<b>Total recognised gain/(loss) relating to the period</b>		<b>1,369</b>	<b>(3,756)</b>
<b>Reconciliation</b>			
Opening reserves and endowments		38,022	41,778
Total recognised gain/(loss) for the year		1,369	(3,756)
<b>CLOSING RESERVES AND ENDOWMENTS</b>		<b>39,391</b>	<b>38,022</b>



## BALANCE SHEET

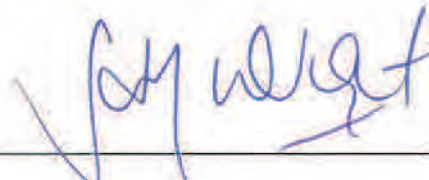
	Notes	2013 £000s	2012 £000s
<b>Fixed Assets</b>			
Tangible assets	11	51,613	50,381
Endowment asset investments	19	42	42
<b>Current Assets</b>			
Debtors	13	677	794
Investments	12	6,110	8,860
Cash at bank and in hand	27	1,130	2,511
		7,917	12,165
<b>Less: Creditors - amounts falling due within one year</b>	14	(3,529)	(6,049)
<b>Net current assets</b>		<b>4,388</b>	<b>6,116</b>
<b>Total assets less current liabilities</b>		<b>56,043</b>	<b>56,539</b>
Less: Creditors - amounts falling due after more than one year	15	(244)	-
Less: Provisions for liabilities	17	(3,668)	(3,695)
<b>Net assets excluding pension liability</b>		<b>52,131</b>	<b>52,844</b>
Net pension liability	22	(8,460)	(10,346)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<b>43,671</b>	<b>42,498</b>
Deferred capital grants	18	4,280	4,476
Specific endowments	19	42	42
<b>Reserves</b>			
Income and expenditure account excluding pension reserve	21	32,428	32,298
Pension reserve	22	(8,460)	(10,346)
Income and expenditure account including pension reserve	21	23,968	21,952
Revaluation reserve	20	15,381	16,028
<b>Total reserves</b>		<b>39,349</b>	<b>37,980</b>
<b>TOTAL FUNDS</b>		<b>43,671</b>	<b>42,498</b>

The financial statements on pages 30 to 60 were approved and authorised for issue by the Corporation on 10 December 2013 and were signed on its behalf by:

K Henry  
Chair of Corporation



S Wright  
Principal



## CASH FLOW STATEMENT

**For the period from 1 August 2012 to 31 July 2013**

	Notes	2013 £000s	2012 £000s
<b>Net cash (outflow)/inflow from operating activities</b>	23	(71)	1,855
Returns on investments and servicing of finance	24	182	201
Capital expenditure and financial investment	25	(4,242)	(2,951)
<b>Cash outflow before use of liquid resources and financing</b>		<b>(4,131)</b>	<b>(895)</b>
Management of liquid resources	26	2,750	2,640
<b>(Decrease)/increase in cash in the period</b>		<b>(1,381)</b>	<b>1,745</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
(Decrease)/increase in cash in the period		(1,381)	1,745
Cash outflow from liquid resources	26	(2,750)	(2,640)
Movement in net funds in period	27	(4,131)	(895)
Net funds at 1 August	27	11,413	12,308
<b>Net funds at 31 July</b>		<b>7,282</b>	<b>11,413</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 AUGUST 2012 TO 31 JULY 2013

## 1 Accounting Policies

### 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), the Accounts Direction for 2012/13 financial statements and in accordance with applicable Accounting Standards.

### Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

### Going Concern

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

The College funded Phase 1 of the redevelopment of the Wakefield campus and the Harrison building was opened to students in October 2012. The Property Strategy details the development of the Wakefield campus over 5 phases which will allow for the redevelopment to progress over a number of years, subject to the availability of adequate financing.

Enhanced Renewal Grant funding of £1.3m has been secured from the Skills Funding Agency which will support the next phase of the Property Strategy at a total cost of £3.9m.

The College's financial forecast shows a breakeven budget for 2013/14 excluding any further investment in additional property improvements.

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

## Recognition of Income

The recurrent grant from HEFCE represents the funding allocation attributable to the current financial year and is credited directly to the income and expenditure account.

Funding body recurrent grants are recognised in line with the best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the beginning of December following the year end, and the results of the funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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

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

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

## 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 deficit. 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 funding bodies.

### **Tangible Fixed Assets**

#### ***Land and buildings***

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis.

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 17 and 58 years. 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.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

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

#### ***Assets under construction***

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

**Subsequent expenditure on existing fixed assets**

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period 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.

**Equipment**

Unless items have been grouped then 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 on a straight line basis as follows:

- motor vehicles – 5 years
- computer equipment – 3 years
- other equipment – 3 years
- furniture, fixtures and plant – from 5 to 15 years

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

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.

**Investments and Endowment Assets**

Listed investments held as fixed assets or endowment assets are stated at market value. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

**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 considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

### Liquid Resources

Liquid resources include sums on short-term deposits with recognised banks, 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 Discretionary Support Funds. Related payments received from the funding bodies 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 BODY GRANTS

	2013 £000s	2012 £000s Reclass ification
Education Funding Agency recurrent grant	13,634	15,002
Skills Funding Agency recurrent grant	4,760	4,578
HEFCE recurrent grant	929	1,378
Education Funding Agency non recurrent grants	188	99
Skills Funding Agency non recurrent grants	266	886
Releases of deferred capital grants (note 18)	266	206
<b>Total</b>	<b>20,043</b>	<b>22,149</b>

Foundation learning and 16-18 Learner Responsive Income of £141,000 included above within Education Funding Agency recurrent grant of £13,634,000 excludes payments to partner organisations. Total income claimed in the year and the related payments to partners was as follows:

	2013 £000s	2012 £000s
Education Funding Agency recurrent grant	391	390
Payments to non-College partners	(250)	(259)
<b>Total</b>	<b>141</b>	<b>131</b>

Workplace Learning and Adult Learner Responsive Income of £32,000 included within Skills Funding Agency recurrent grant of £4,760,000 above excludes payments to partner organisations. Total income claimed in the year and the related payments to partners was as follows:

	2013 £000s	2012 £000s Reclass ification
Skills Funding Agency recurrent grant	201	417
Payments to non-College partners	(169)	(282)
<b>Total</b>	<b>32</b>	<b>135</b>

2012 figures have been reclassified to show partner income only for SFA grants.

### 3 TUITION FEES AND EDUCATION CONTRACTS

	2013	2012
	£000s	£000s
UK Higher Education students	1,320	765
UK Further Education students	1,276	1,152
Non-European Union students	44	138
<b>Total fees paid by or on behalf of individual students</b>	<b>2,640</b>	<b>2,055</b>
Higher Education contracts	53	116
Other contracts	280	246
Apprenticeship contracts	251	260
<b>Sub-total</b>	<b>584</b>	<b>622</b>
<b>Total</b>	<b>3,224</b>	<b>2,677</b>

### 4 OTHER GRANTS AND CONTRACTS

	2013	2012
	£000s	£000s
European funds	132	115
Other funds	100	86
<b>Total</b>	<b>232</b>	<b>201</b>

### 5 OTHER INCOME

	2013	2012
	£000s	£000s
Other income	486	657
Release of deferred Capital Grants (non-Funding Council) (note 18)	71	138
<b>Total</b>	<b>557</b>	<b>795</b>

## 6 ENDOWMENT AND INVESTMENT INCOME

	2013 £000s	2012 £000s
Other investment income	143	190
Investment income from specific endowment asset	1	1
<b>Sub Total</b>	<b>144</b>	<b>191</b>
Pension finance income (note 22)	36	57
<b>Total</b>	<b>180</b>	<b>248</b>

## 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:

	2013 Number	2012 Number
Teaching departments – teaching staff	239	237
Teaching departments – other staff	51	54
Teaching support services	72	75
Other support services	6	6
Administration and central services	105	106
Premises	35	36
<b>Total</b>	<b>508</b>	<b>514</b>

	2013 £000s	2012 £000s
<b>Staff Costs for the Above Persons</b>		
Teaching departments – teaching staff	8,986	8,748
Teaching departments – other staff	1,144	1,198
Teaching support services	1,755	1,842
Other support services	236	218
Administration and central services	3,172	3,260
Premises	744	747
Staff restructuring	92	173
FRS17 retirement benefit charge (note 22)	466	311
Enhanced pension provision adjustment	65	90
<b>Payroll sub-total</b>	<b>16,660</b>	<b>16,587</b>
Contracted out staffing services	1,019	1,108
<b>Total</b>	<b>17,679</b>	<b>17,695</b>

## 7 STAFF COSTS (CONTINUED)

	2013 £000s	2012 £000s
<b>Analysed as follows:</b>		
Wages and salaries	13,523	13,494
Social Security costs	928	926
Other pension costs (including FRS17 adjustments of £466,000 (2012: £311,000))	2,052	1,904
Enhanced pension provision adjustment	65	90
Restructuring costs	92	173
<b>Sub-Total</b>	<b>16,660</b>	<b>16,587</b>
Contracted out staffing services	1,019	1,108
<b>Total</b>	<b>17,679</b>	<b>17,695</b>
<b>Total staff costs, analysed by type of contract were:</b>		
Employment costs for staff on permanent contracts	15,334	15,695
Employment costs for staff on short-term and temporary contracts	703	318
Contracted out staffing services	1,019	1,108
FRS17 retirement benefit charge	466	311
Restructuring costs	92	173
Enhanced pension provision adjustment	65	90
<b>Total</b>	<b>17,679</b>	<b>17,695</b>

## 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 governance of the College relating to the appointment and promotion of staff who are appointed by the Board of Governors.

	2013 Number	2012 Number
The number of senior post-holders including the Principal was:	3	3
	<b>2013 £000s</b>	<b>2012 £000s</b>
Senior post-holders' emoluments are made up as follows:		
Salaries	240	234
Pension contributions	33	32
<b>Total emoluments</b>	<b>273</b>	<b>266</b>

## 8 EMOLUMENTS OF SENIOR POST HOLDERS AND MEMBERS (CONTINUED)

The number of staff, including senior postholders and the Principal, who received emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	2013		2012	
	Number of senior post-holders	Number of other Staff	Number of senior post-holders	Number of other Staff
£60,001 to £70,000	-	5	-	-
£80,001 to £90,000	1	-	1	-
£110,001 to £120,000	-	-	1	-
£120,001 to £130,000	1	-	-	-
<b>Total</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>-</b>

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

	2013 £000s	2012 £000s
Salary	123	120
Pension contributions	17	17
<b>Total emoluments</b>	<b>140</b>	<b>137</b>

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's 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

	2013 £000s	2012 £000s
Teaching departments	1,202	1,277
Teaching support services	119	98
Other support services	304	384
Administration and central services	777	942
General education expenditure	864	779
Premises costs – running costs	954	884
Premises costs – maintenance	328	355
Catering operations	11	54
Costs associated with property strategy	650	830
Interest on enhanced pension provision	144	195
Other expenses	19	19
<b>Total</b>	<b>5,372</b>	<b>5,817</b>

Other operating expenses include:

Auditors' remuneration

- internal audit	22	20
- financial statements audit	16	16
- taxation compliance services provided by financial statements auditors	-	3
- other services provided by the internal auditors	18	17
Hire of other assets – operating leases	47	67

## 10 TAXATION

The members do not believe the College was liable for any Corporation tax arising out of its activities during this period (2011/12 – £nil).



## 11 TANGIBLE FIXED ASSETS

	Assets under course of Construction £000s	Leasehold Improve ments £000s	Freehold Land and Buildings £000s	Equipment £000s	Total £000s
<b>Cost or valuation at 1 August 2012</b>	4,489	-	46,337	6,732	57,558
Additions	-	1,100	1,022	1,243	3,365
Transfers	(4,489)	-	4,489	-	-
Disposals	-	-	-	(1,747)	(1,747)
<b>At 31 July 2013</b>	<b>-</b>	<b>1,100</b>	<b>51,848</b>	<b>6,228</b>	<b>59,176</b>
<b>Depreciation at 1 August 2012</b>	-	-	1,308	5,869	7,177
Charge for period	-	12	1,468	652	2,132
Eliminated in respect of disposals	-	-	-	(1,746)	(1,746)
<b>At 31 July 2013</b>	<b>-</b>	<b>12</b>	<b>2,776</b>	<b>4,775</b>	<b>7,563</b>
<b>Net book value at 31 July 2013</b>	<b>-</b>	<b>1,088</b>	<b>49,072</b>	<b>1,453</b>	<b>51,613</b>
Net book value at 31 July 2012	4,489	-	45,029	863	50,381
Inherited	-	-	4,023	-	4,023
Financed by capital grant	-	-	3,705	517	4,222
Revalued	-	-	11,358	-	11,358
Other	-	-	29,986	936	30,922
Leased	-	1,088	-	-	1,088
<b>Net book value at 31 July 2013</b>	<b>-</b>	<b>1,088</b>	<b>49,072</b>	<b>1,453</b>	<b>51,613</b>

Land and buildings with a net book value of £3,705,247 (2012: £3,686,794) have been partly financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of its Financial Memorandum, to surrender the proceeds.

The College's land and buildings were valued at 31 July 2011 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 £46,336,800. These have been included in the financial statements at depreciated replacement cost, as determined by the District Valuer.

Included within freehold land and building additions are costs relating to the Harrison building; the first phase of the city centre redevelopment. Remaining costs yet to be paid to the contractor are included in note 28 - Capital Commitments.

## 11 TANGIBLE FIXED ASSETS (CONTINUED)

Leased building additions relate to the major refurbishment costs associated with the Waterton building; the former museum now leased to the College.

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

	£000s
Cost	38,659
Aggregate depreciation based on cost	<u>(3,304)</u>
<b>Net book value based on cost</b>	<b><u>35,355</u></b>

## 12 INVESTMENTS

Current asset investments represent funds held in short-term deposit accounts of £6,110,000 (2012: £8,860,000).

## 13 DEBTORS

	2013 £000s	2012 £000s
Amounts falling due within one year:		
Trade debtors	240	241
Prepayments and accrued income	355	407
Amounts owed by the Skills Funding Agency	<u>82</u>	<u>146</u>
<b>Total</b>	<b><u>677</u></b>	<b><u>794</u></b>

## 14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £000s	2012 £000s
Other loans	90	-
Payments received on account	1,428	1,473
Trade creditors	125	133
Taxation and social security	273	292
Pension creditor	244	237
Accruals	1,369	2,772
Amounts owed to the Education Funding Agency/Skills Funding Agency	-	1,142
<b>Total</b>	<b>3,529</b>	<b>6,049</b>

## 15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £000s	2012 £000s
Other loans	244	-
<b>Total</b>	<b>244</b>	<b>-</b>

## 16 BORROWINGS

	2013 £000s	2012 £000s
Other loans are repayable as follows:		
In one year or less	90	-
Between one and two years	90	-
Between two and five years	154	-
<b>Total</b>	<b>334</b>	<b>-</b>

The loan is repayable by instalments falling due between 1 March 2013 and 1 September 2016 totalling £334,000. This loan is unsecured and attracts no interest.

## 17 PROVISIONS FOR LIABILITIES

	<b>Enhanced Pension £000s</b>
<b>At 1 August 2012</b>	3,695
Transferred from income and expenditure account:	
- Interest cost	143
- Actuarial loss	65
Expenditure in the period	(235)
	<hr/>
<b>At 31 July 2013</b>	<b>3,668</b>
	<hr/> <hr/>

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

The principal assumptions for this calculation are:

	<b>2013</b>	<b>2012</b>
Price inflation	3.74%	3.74%
Discount rate	2.50%	2.50%

## 18 DEFERRED CAPITAL GRANTS

	<b>ERDF £000s</b>	<b>Funding Body £000s</b>	<b>Other £000s</b>	<b>Total £000s</b>
<b>At 1 August 2012</b>				
- Land and buildings	562	3,501	95	4,158
- Equipment	-	78	240	318
Cash received:				
- Land and buildings	-	(308)	-	(308)
- Equipment	-	308	141	449
Released to income and expenditure account:				
- Land and buildings	(35)	(83)	-	(118)
- Equipment	-	(183)	(36)	(219)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July 2013</b>	<b>527</b>	<b>3,313</b>	<b>440</b>	<b>4,280</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Land and buildings	527	3,110	95	3,732
Equipment	-	203	345	548
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July 2013</b>	<b>527</b>	<b>3,313</b>	<b>440</b>	<b>4,280</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 19 SPECIFIC ENDOWMENTS

	2013 £000s	2012 £000s
<b>As at 1 August</b>	42	42
Expenditure for year	(1)	(1)
Income for year	1	1
<b>As at 31 July</b>	<b>42</b>	<b>42</b>

These funds represent a prize fund. These funds are restricted and are held as cash balances.

## 20 REVALUATION RESERVE

	2013 £000s	2012 £000s
<b>At 1 August</b>	16,028	16,675
Transfer from revaluation reserve to general reserve in respect of depreciation on revalued assets	(647)	(647)
<b>At 31 July</b>	<b>15,381</b>	<b>16,028</b>

## 21 INCOME AND EXPENDITURE RESERVE

	2013 £000s	2012 £000s
<b>At 1 August</b>	21,952	25,061
(Deficit)/surplus for the year	(947)	613
Transfer from revaluation reserve in respect of depreciation on revalued assets	647	647
Actuarial gain/(loss) in respect of pension scheme	2,316	(4,369)
<b>At 31 July</b>	<b>23,968</b>	<b>21,952</b>
Balance represented by:		
Pension reserve	(8,460)	(10,346)
Income and expenditure account reserve	32,428	32,298
	<b>23,968</b>	<b>21,952</b>

## 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.

	2013 £000s	2012 £000s
Teachers Pension Scheme contribution	963	971
Local Government Pension Scheme:		
Contributions paid	645	650
FRS17 charge	466	311
Charge to the Income and Expenditure Account (staff costs)	1,111	961
Less: amounts recognised as enhanced pension payments	(8)	(8)
Less: amounts recognised as restructuring	(14)	(20)
Timing difference on additional Local Government Pension Scheme accruals	-	-
<b>Total Pension Cost for Year</b>	<b>2,052</b>	<b>1,904</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS was 31 March 2010.

Contributions amounting to £205,000 (2012: £198,000) were payable to the Schemes at 31 July and are included within creditors.

### Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.



## The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as you go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

## Scheme Changes

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

The Proposed Final Agreement can be found at:

<http://media.education.gov.uk/assets/files/ppt/t/tps%20proposed%20final%20agreement.pdf>

The pension costs paid to TPS in the year amounted to £963,000 (2012: £971,000)

### FRS17

Under the definitions set out in Financial Reporting Standard 17 (FRS17) 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 the 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 funds administered by Bradford Metropolitan District Council. The total contribution made for the year ended 31 July 2013 was £916,000 of which employer's contributions totalled £624,000 and employees' contributions totalled £292,000. The agreed contribution rates for future years are 13.3%. Employee contributions are between 5.5% and 7.5% dependent on the full time equivalent salary.

## FRS17

### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2010 and updated to 31 July 2013 by a qualified independent actuary.

	Funded 2013	Unfunded 2013	Funded 2012	Unfunded 2012
Rate of increase in salaries	4.6%	-	4.6%	-
Rate of increase for pensions in payment/inflation	2.7%	2.6%	2.1%	1.8%
Discount rate for scheme liabilities	4.5%	4.2%	4.1%	3.9%
CPI inflation assumption	2.7%	2.6%	2.1%	1.8%

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 2013	At 31 July 2012
<i>Retiring today/current pensioners:</i>		
Males	22.1	22.0
Females	24.3	24.1
<i>Retiring in 20 years/future pensioners:</i>		
Males	23.9	23.8
Females	26.2	26.1

The assets and liabilities in the scheme and the expected rates of return were:

	Long-term rate of return expected 2013	Value  2013 £000s	Long-term rate of return expected 2012	Value  2012 £000s
Equities	7.8%	18,407	7.5%	14,759
Bonds				
- Government	3.3%	2,875	2.5%	2,808
- Other	4.0%	1,437	3.2%	1,204
Property	7.3%	756	7.0%	760
Cash	0.9%	958	1.4%	591
Other	7.8%	782	7.5%	992
<b>Total Market Value of Assets</b>		<b>25,215</b>		<b>21,114</b>
Present value of scheme liabilities				
- Funded		(33,547)		(31,336)
- Unfunded		(128)		(124)
<b>Deficit in the scheme</b>		<b>(8,460)</b>		<b>(10,346)</b>

	2013 £000s	2012 £000s
<b>Analysis of the amount charged to income and expenditure account</b>		
Employer service cost	(1,098)	(941)
Past service cost	(13)	(20)
<b>Total operating charge</b>	<b>(1,111)</b>	<b>(961)</b>
<b>Analysis of pension finance cost</b>		
Expected return on pension scheme assets	1,342	1,478
Interest on pension liabilities	(1,306)	(1,421)
<b>Pension finance income</b>	<b>36</b>	<b>57</b>

<b>Amount recognised in the statement of total recognised gains and losses (STRGL)</b>	<b>2013 £000s</b>	<b>2012 £000s</b>
Actual return less expected return on pension scheme assets	2,446	(1,131)
Experience loss on scheme liabilities	(10)	(106)
Change in financial and demographic assumptions underlying the scheme liabilities	(120)	(3,132)
<b>Actuarial gain/(loss) recognised in STRGL</b>	<b>2,316</b>	<b>(4,369)</b>

	<b>2013 £000s</b>	<b>2012 £000s</b>
<b>Movement in deficit during year</b>		
Deficit in scheme at 1 August	(10,346)	(5,723)
Movement in year:		
Current service charge	(1,098)	(941)
Employer contributions	645	650
Past service cost	(13)	(20)
Pension finance income	36	57
Actuarial gain/(loss)	2,316	(4,369)
<b>Deficit in scheme at 31 July</b>	<b>(8,460)</b>	<b>(10,346)</b>

<b>Asset and liability reconciliation</b>	<b>2013 £000s</b>	<b>2012 £000s</b>
<b>Reconciliation of liabilities</b>		
<b>Liabilities at start of period</b>	<b>31,460</b>	<b>26,810</b>
Current service cost	1,098	941
Interest cost	1,306	1,421
Employee contributions	293	293
Actuarial loss	130	3,238
Benefits paid	(625)	(1,263)
Past service cost	13	20
<b>Liabilities at end of period</b>	<b>33,675</b>	<b>31,460</b>

Included within the closing liability is £128,000 relating to unfunded obligations.

<b>Asset and liability reconciliation</b>	<b>2013</b>	<b>2012</b>
	<b>£000s</b>	<b>£000s</b>
<b>Reconciliation of assets</b>		
<b>Assets at start of period</b>	21,114	21,087
Expected return on assets	1,342	1,478
Actuarial gain/(loss)	2,446	(1,131)
Employer contributions	645	650
Employee contributions	293	293
Benefits paid	(625)	(1,263)
<b>Assets at end of period</b>	<b>25,215</b>	<b>21,114</b>

The estimated value of employer contributions for the year ended 31 July 2014 is £650,000.

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>History of experience gains and losses</b>					
Actuarial gains/(losses) on assets:					
Amount £000s	2,446	(1,131)	506	1,294	(1,843)
% of scheme assets	9.7	(5.4)	2.4	7.0	
Experience (losses)/gains on scheme liabilities:					
Amount £000s	(10)	(106)	4,082	179	(47)
% of scheme liabilities	-	(0.4)	15.2	0.6	
Total amount recognised in STRGL:					
Amount £000s	2,316	(4,369)	5,450	148	(3,852)
% of scheme liabilities	6.9	(13.9)	20.3	0.5	



## 23 RECONCILIATION OF OPERATING DEFICIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Note	2013 £000s	2012 £000s
(Deficit)/surplus on continuing operations after depreciation of assets at valuation		(947)	613
Depreciation	11	2,132	1,945
Deferred capital grants released to income	18	(337)	(344)
Pension cost less contribution payable	22	466	311
Decrease/(increase) in debtors		79	(52)
Decrease in creditors		(1,257)	(420)
(Decrease)/increase in provisions	17	(27)	50
Interest receivable	6	(143)	(190)
FRS17 pension finance income	6	(36)	(57)
Endowment income receivable	6	(1)	(1)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(71)</b>	<b>1,855</b>

## 24 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2013 £000s	2012 £000s
Interest received	181	200
Endowment income received	1	1
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>182</b>	<b>201</b>

## 25 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2013 £000s	2012 £000s
Purchase of tangible fixed assets	(4,383)	(3,591)
Deferred capital grants received	141	640
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(4,242)</b>	<b>(2,951)</b>

## 26 MANAGEMENT OF LIQUID RESOURCES

	<b>2013</b>	<b>2012</b>
	<b>£000s</b>	<b>£000s</b>
Placing of short-term deposits	(2,750)	(2,640)
	<b>(2,750)</b>	<b>(2,640)</b>

## 27 ANALYSIS OF CHANGES IN NET FUNDS

	<b>At 1 August 2012</b>	<b>Cashflows</b>	<b>As at 31 July 2013</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Endowment asset	42	-	42
Cash in hand and at bank	2,511	(1,381)	1,130
Current asset investments	8,860	(2,750)	6,110
<b>Total</b>	<b>11,413</b>	<b>(4,131)</b>	<b>7,282</b>

## 28 CAPITAL COMMITMENTS

	<b>2013</b>	<b>2012</b>
	<b>£000s</b>	<b>£000s</b>
Contracted for at 31 July	253	1,379

## 29 FINANCIAL COMMITMENTS

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

	Land and Buildings As at 31 July 2013 £000s	Other As at 31 July 2013 £000s	Land and Buildings As at 31 July 2012 £000s	Other As at 31 July 2012 £000s
Expiring within one year	1	11	-	1
Expiring between two and five years inclusive	6	21	-	13
<b>Total</b>	<b>7</b>	<b>32</b>	<b>-</b>	<b>14</b>

The land and buildings costs relate to the 25 year lease of an old museum building. This is considered a finance lease as the College benefits from the use of the property but has no committed expenditure or obligation. The College has made alterations in the year which have been capitalised as at Note 11.

## 30 CONTINGENT LIABILITY

The College has received grant income over a number of years. The funding bodies have clawback arrangements in place for many of the grants and the College may have to pay monies back in the event of an audit taking place.

## 31 RELATED PARTY TRANSACTIONS

Owing 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 AMOUNTS DISBURSED AS AGENT

	2013 £000s	2012 £000s
Funding body grants – hardship	795	582
Funds brought forward from previous year	119	-
	914	582
Disbursed to students	(786)	(363)
Administration costs	(40)	(29)
Amount consolidated in financial statements	(48)	-
Funds carried forward to following year	(24)	(119)
<b>Balance unspent as at 31 July</b>	<b>16</b>	<b>71</b>
Funding body grants - childcare	169	79
Disbursed to students	(79)	(64)
Administration costs	(8)	(4)
<b>Balance unspent as at 31 July</b>	<b>82</b>	<b>11</b>
Funding body grants – HEFCE	16	18
Funds brought forward from previous year	-	1
Disbursed to students	(3)	(3)
Administration costs	-	(1)
<b>Balance unspent as at 31 July</b>	<b>13</b>	<b>15</b>

Funding body 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.