

“transforming lives through learning”



REPORT AND FINANCIAL STATEMENTS

for the year ended 31 July 2010



wakefield college

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Wakefield College Report and Financial Statements for the Year Ended 31 July 2010

OPERATING AND FINANCIAL REVIEW

HIGHLIGHTS OF THE YEAR

- A very successful Ofsted inspection.
- Ranked 30th from a final shortlist of 75 public sector employers in the Sunday Times Best Companies Awards, number one employer from Yorkshire and Humberside.
- An Association of Colleges Beacon Award for Excellence in the Use of Technology.

FINANCIAL HEADLINES

- Operating deficit of £998,000.
- Income growth of 4.3%.
- Expenditure growth of 4.5%.
- 6 additional full-time equivalent teaching staff employed.
- 7 additional full-time equivalent support staff employed.
- 68.9% of income spent on staffing (excluding past service cost).
- £1,246,000 (6.9% of total staffing budget) spent on contract staff.
- Historical cost deficit of £148,000.

NATURE, OBJECTIVES AND STRATEGY

The members present their report and the audited financial statements for the year ended 31 July 2010.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Wakefield College. The College is an exempt charity for the purposes of the Charities Act 1993, as amended by the Charities Act 2006.

Mission

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

"transforming lives through learning..."

...inspiring young people, adults and employers through world-class learning and challenging them to fulfil their potential for the benefit of their communities"

The College is a general further education college with students engaged on a comprehensive range of Further and Higher Education programmes. The College is based at three main campuses: Thornes Park, Wakefield City Centre, and the skillsXchange at Glasshoughton.

Implementation of Strategic Plan

On 20 October 2009 the Corporation formally approved the College's Strategic Plan for the 2009/10 academic year. The College's strategic priorities for the period under review are:

- To inspire people to learn
- To be a great place to work
- To develop an outstanding reputation
- To plan and deliver exceptional buildings
- To be financially strong

Against each of these priorities specific objectives and supporting targets are set and progress monitored and reported to the Corporation each term.

Progress against the objectives set out in the plan for 2009/10 has been excellent with the vast majority of objectives met.

Key objectives achieved include:

- Piloted the new Foundation Learning curriculum to inform full roll-out in 2010/11
- Implemented an electronic progress tracking and monitoring system for advanced level students to promote retention and achievement
- Developed progression agreements to make sensible and attractive routes through learning available to students
- Committed to achieving the Investors in Careers standard
- Widened the range of Apprenticeships offered
- Begun work to ensure teaching staff workloads are appropriate
- Provided CPD which Ofsted deemed “excellent” to support quality improvement
- Won national Beacon Award sponsored by Becta for Excellence in the use of Technology
- Won one regional “evolution” award and shortlisted for one more
- Successfully implemented a dynamic volunteering programme for young people (vTalent)
- Made good progress in progressing plans to re-develop the Wakefield Campus.
- Ranked 30th from a final shortlist of 75 public sector employers in the Sunday Times Best Companies Awards, number one employer from Yorkshire and Humberside

The College publishes an Annual Report that looks at the College’s achievements, students’ successes, other key facts and developments for the future. The 2009/10 report is available to view at

<http://www.wakefield.ac.uk/AnnualReport/index.pdf>.

Financial Objectives

Key financial targets for the College are set each year as part of the strategic planning process. In July 2009 the following targets were defined to ensure sound financial health:

(i) Quantify an affordable level of investment into the City Centre Campus

A revised property strategy was approved by Governors in January 2010 and a financing plan prepared, which will involve the use of College reserves and external loan finance. Discussions have taken place with potential funders and the assumptions will be tested upon the completion of the master plan.

(ii) Staffing costs not to exceed 70% of income

Staffing costs for the year under review were 68.9% of income (2008/09 - 69%)

(iii) Retain a 'good' financial health

Retained

(iv) Achieve a reliance on LSC income of less than 80%

In 2009/10, 20.9% of income came from sources other than the LSC. (2008/09 - 21.9%)

(v) Continue to work towards the Treasury's target of making 95% of payments to suppliers within 30 days

The College paid 86.1% of its invoices within 30 days (2008/09 – 84.5%)

(vi) Trade debtor days (excluding LSC and HEFCE payments) not to exceed 30 days in 2009/10

Debtor days averaged 29.4 days during the year under review (2008/09 – 32.1 days).

Performance measures

The College regularly reviews performance in a number of key areas:

1. Learner number growth and achievement of funding targets

In 2009/10 the College achieved a growth in LSC/YPLA/SFA funded participation of 5.1%, with 469 additional learners enrolled compared to 2008/09.

2. Learner success rates

A Level pass rate was above 95% for the 6th consecutive year.

3. Teacher qualifications

At the end of 2009/10 99% of directly employed full time and fractional teaching staff either held or were working towards an accredited teaching qualification. The remaining 1 % accounted for new starters were subsequently enrolled on a suitable programme of study.

4. Employer engagement

The College enrolled 2,035 learners onto Train to Gain funded provision in 2009/10. (2008/09 – 2,279).

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

5. Performance Indicators

The “Framework for Excellence” has three dimensions:

- Responsiveness
- Effectiveness
- Finance

Each dimension has a number of performance indicators supported by performance measures such as the outcome from a learner survey or a qualification success rate. The previous system of grading a college’s financial health has been incorporated into the framework.

The College is committed to observing the importance of the measures and indicators within the Framework and is monitoring the financial dimension through the completion of the annual Finance Record. The current rating of Good is considered an appropriate and acceptable outcome. As the Framework develops the College will be better placed to take appropriate action in the light of our performance against the different indicators.

FINANCIAL POSITION

Financial Results

The College produced an operating deficit in the year of £998,000 (2008/09 - operating deficit of £411,000).

The historical cost deficit for the period was £148,000 (2008/09: £9,926,000 surplus due to property sale).

It should be noted that the deficit reported is after property related expenditure of over £350,000, following the LSC’s decision in June 2009 not to allow the City Centre campus capital scheme to go ahead.

The College’s reserves on 31 July 2010 (excluding the revaluation reserve, the FRS17 pension reserve and restricted reserves) stood at £31,923,000 (31 July 2009 - £30,914,000).

Tangible fixed asset additions during the year amounted to £788,000. In total, £382,000 was spent on buildings, £273,000 on IT, £15,000 on vehicles, and £118,000 on general equipment.

The College has significant reliance on the LSC and its successor organisations for its principal funding source, largely from recurrent grants. In 2009/10 79% of total income was provided in this way (2008/09 – 78%).

The College's strategic and operational plans include the renewal and rationalisation of its estate.

The College obtained a full valuation of its land and buildings as at 31 July 2008.

Governance Arrangements

The Corporation conducts its business through a number of committees. Each committee has terms of reference which have been approved by the full Corporation. From July 2010 these committees are: Audit, Finance and Capital; Remuneration, and Search. An annual schedule of meetings is agreed for all the committees and minutes of all meetings 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 Margaret Street campus.

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 published Treasury Management Policy which requires that a formal treasury management plan is considered and approved by Governors on an annual basis.

The College generated £112,000 (2008/09: £75,000) from the management of its cash balances, a sum adversely affected by the low level of interest rates available throughout the year.

A key focus of treasury management activity for the College is to ensure that resources are in place to support the redevelopment of the City Centre Campus. It seems clear at the present time that financial support from the LSC's successor bodies will be minimal, and therefore redevelopment must take place with resources that the College generates for itself.

Cash Flows

The College realised a net cash inflow on operating activities of £456,000 during 2009/10 (2008/09 - £1,400,000).

The College's cash balances stood at £8,349,000 (31 July 2009 - £8,592,000). The College therefore has a reasonable base from which to consider its options for future investment.

CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE

Student Numbers and Examination Results

In 2009/10 the College delivered LSC activity that produced £15,879,000 in recurrent grant funding (2008/09 - £15,149,000). This funded 8,547 LSC learners. The College also had 1,057 learners funded through other LSC provision, and 1,675 non-LSC funded learners (2008/09 – 8,664,471 and 1,811 respectively).

For the sixth successive year, A level results exceeded 95%. Sixteen subjects achieved 100% pass rates this year, and Double Award A levels achieved 92.1%.

The overall AS level pass rate increased to nearly 81% with 5 subjects achieving a 100% pass rate.

Curriculum Developments

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

Ofsted inspected the College in May 2010. The report said that Wakefield College is rated “Outstanding” or “Good” in 22 of the 23 areas in which it was assessed, and praised the College for its “outstanding approach to working with partners, safeguarding, and equality and diversity.” A level pass rates were also described as “Outstanding”. Inspectors further complimented the College for its outstanding support for learners to improve their economic and social well-being and for the highly effective action it takes to prepare learners for employment and progression to higher education. The College’s ICT provision was also assessed, with the inspection team looking at both full and part-time provision at foundation, intermediate and advanced level. Overall, the area achieved a grade one, with inspectors describing outcomes for learners as “Outstanding”. The promotion of safeguarding and the promotion of equality and diversity were both rated “Outstanding.” Ofsted concluded that “all relevant statutory requirements are rigorously applied and closely monitored by appropriate departments.” The Inspection report also said that Wakefield College “is highly socially inclusive and makes all efforts to remove barriers to learning and contributes significantly to local regeneration”. The full report is available at www.ofsted.gov.uk.

During 2009/10 Wakefield College recorded a substantial growth in participation by 16-18 year old learners. The College managed the e2e contract for the Wakefield District and this was expanded through the provision of summer schools targeted at young people in danger of becoming NEET (Not in Employment, Education or Training) and additional delivery in the south east of the District.

Apprenticeships had their best year so far and 98% of the financial contract was achieved. The volume of apprenticeships starts reduced slightly by 2% on the previous year, however in the current economic climate this was still a positive result. 19+ numbers increased by 7 % and timely success rates for the year increased by 4% to a strong 68% final outcome.

The College is a spoke of the Yorkshire and Humber Skills Academy for Logistics.

The College has a broad range of international links at curriculum level and, in some programme areas students have the opportunity not only to undertake visits but also to work abroad. In 2009/10, the College welcomed 23 international students from countries including Russia, China, Vietnam, Nigeria, Pakistan and Malaysia who undertook a variety of full-time programmes.

We also welcomed 15 teachers from Shenyang University, China to further develop our links with them. The teachers undertook a short professional development programme. Three teachers and one student from the TNU University, Vietnam, visited to observe ICT teaching and learning as part of a Prime Minister’s Initiative funded project. This is the first year we have

welcomed two Russian State Programme students who are supported by the Ministry of Education in Bashkortostan, undertaking short professional development programmes. We also provided a two week teacher training programme for 12 students and one member of staff from Sochi University, Russia.

Our work with colleagues in Sweden, Finland and France enabled us to receive 48 students from these countries and arrange placements that varied between 1 to 4 weeks in duration and 44 Wakefield students had a similar experience within our EU partner countries. In addition to the above, 299 students have taken part in overseas residential visits to several EU countries and New York as part of their programmes supported by the College International Visits Fund.

The College is involved actively in many effective partnerships, which increase educational opportunities for potential and current learners. For example, the National Diploma in Animal Management is now operating in collaboration with Askham Bryan College. The College takes an active part in mapping curriculum provision and progression opportunities across the District with its partners, and identifying areas for further development. The College is also the lead partner for a number of Diploma lines across the Wakefield District, involved in the delivery of Diplomas in our own right and in collaboration with schools.

During the year a new Logistics Centre of Excellence was established in Castleford providing state of the art training for those working in the industry.

The College announced a major new partnership with Wakefield Football Club, which will provide a pathway for talented players from our Football Development Centres to progress to the Club's senior teams.

Wakefield College was the only FE College in Yorkshire and the Humber to be included among 18 schools and colleges named as the founding members of the 2012 Get Set Network aimed at involving young people in the excitement and inspiration of the 2012 Olympic Games.

The national Beacon Award for Excellence in the Use of Technology recognised the College's efforts to build an infrastructure where ILT is ubiquitous and, through CPD, development of corporate e-systems, the Virtual Learning Environment, and an ILT presence in strategic objectives, it underpins almost every activity. As a result, staff and learners confidently use reliable and accessible ILT, staff and learner satisfaction is high, teaching and learning is good and success rates are good. Our newest campus, the skillsXchange at Glasshoughton, exemplifies the effects of our strategic approach through its physical form, state of the art facilities and the learning activity our staff create within it.

The College was shortlisted for a Beacon Award for Equality and Diversity.

The College also initiated and hosted the inaugural Varsity Challenge in collaboration with New College, Pontefract.

The College received a grant to recruit full-time volunteers, aged 16-25, to enhance learner support services in the College. The grant has been awarded by The National Young Volunteers Service and the programme enables young volunteers to work towards a level 2 qualification.

The introduction of the Qualifications and Credit Framework, a national re-development of vocational qualifications, has enabled the College to review its curriculum offer in vocational areas and design provision to better meet students' needs. The College has invested significant time in considering the content of the QCF and applying it to our communities' needs.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2009 to 31 July 2010, the College paid 86.1% of its invoices within 30 days (2008/09 – 84.5%). The College incurred no interest charges in respect of late payment for this period.

Post-Balance Sheet Events

As previously described, the College is currently developing a revised property strategy that is intended to result in a rationalisation onto two sites. Phase 1 of this work will involve extensive refurbishment of one of the main buildings on the Margaret Street campus.

This building was vacated in October 2010 and subject to planning permission and other consents being obtained, and the proposed work commencing as planned during the 2010/11 financial year, the nature of the work may result in a significant charge to the 2010/11 accounts for accelerated depreciation.

Future Developments

The College has agreed total funding body income for the 2010/11 financial year of £22.3m. This includes funding from the Higher Education Council for England which has been confirmed at £1.4m for the same period.

Participation levels for LSC, HEFCE, and directly funded provision are expected to remain strong.

As indicated previously, in February 2009 the College opened its flagship building, the skillsXchange at Glasshoughton, which is the focus for much of its vocational work. Attention is now turning to how facilities of similar quality can be provided on the City Centre Campus. A critical element of this work will be to explore how strategic partnerships might assist the College to provide access to first class, industry standard facilities for learners. In considering the need to renew the City Centre Campus, senior managers and Governors have already considered possible financing options and their affordability.

The further education sector faces considerable uncertainty over the period covered by the College's strategic plan and in considering these uncertainties and 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 adequately resource 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.

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, Glasshoughton and Wakefield City Centre.
- The College has £53.1m of tangible assets.
- The actual number of people employed at 31 July 2010 was 711 people, 239 of whom are teaching staff.
- The College enjoys a high profile and good reputation within Wakefield and beyond.

Principal risks and uncertainties

The College's ability to achieve our vision and strategic objectives may be affected by a number of threats arising from our financial and operating environment, and our capacity to mitigate the risks and uncertainties that these threats may create. The College therefore has a well-established risk management framework in place that forms an integral part of the strategic planning process. The key elements of the framework are identified in the Statement of Corporate Governance and Internal Control on page 22.

Outlined below is a description of the principal risks and uncertainties that may affect the College in the coming year. Not all these factors are within our control and the challenge for the College will be to manage the impact of these uncertainties on key elements of our strategic direction. The College's risk environment will therefore continue to be monitored regularly by College managers, the Senior Team and Governors to ensure that any emerging risks are identified, prioritised and mitigated and opportunities are maximised.

The UK Economy and Government Policy

The College relies heavily on continued government funding, currently from the Skills Funding Agency, Young People's Learning Agency and the Higher Education and Funding Council for England (HEFCE). The results of the Comprehensive Spending Review are likely to impact significantly on elements of our funding and potentially on the College's ability to deliver its curriculum, and its property and financial plans. The impact of spending cuts may also have a negative impact on employee engagement and morale.

This risk will be mitigated by:

- maintaining and managing key relationships with our various funding bodies and partners;
- ensuring robust curriculum planning and quarterly business reviews to take account of emerging changes;
- revising the College's three year financial plan incorporating Comprehensive Spending Review outcomes;
- rigorous management of costs, informed by up to date benchmarking; and
- ensuring clear communication and consultation with staff and stakeholders.

Capital Developments

The College's property strategy has been revised since the Learning and Skills Council's difficulties with the college rebuilding programme in June 2009. Our strategy continues to focus on meeting regional and local skills needs and contributing to the regeneration of the Wakefield City Centre. Our new plan recognises the impact of reduced capital receipts, and the need to drive efficiencies to be able to service debt. A key priority is to maintain appropriate learning environments during re-development so that the quality of the student experience is not adversely affected.

This risk will be mitigated by:

- continuing to improve financial management and forecasting by regular updating of the financial plan and medium term financial strategy, incorporating cost improvements and investment plans;
- active treasury management to ensure liquidity;
- on-going dialogue with potential funding partners;
- proactive management of the College's estate and disposal options;
- Developing estate management systems to ensure best use of resources;

Qualifications and Training

The Qualifications and Credit Framework (QCF) will impact on how we plan and deliver our courses, and what funding we receive. Even at this stage of the new academic and financial year, there are a number of uncertainties that prevent us from quantifying the true impact. The new Government's emphasis on increasing the number of adult apprenticeships will require the College to engage more local employers to offer training places. This may prove difficult in the current economic climate. The College will ensure that it can respond to the changes in qualifications and training by:

- forming appropriate and effective strategic partnerships and working collaboratively with others;
- focusing on those priority sectors which will continue to benefit from public funding;
- seeking alternative sources of income through marketing and business development activities;
- promoting apprenticeships;
- reviewing staffing needs in curriculum areas 'at risk';
- ensuring that resources are managed effectively in order to take account of any emerging changes.

Tuition Fee Policy

Ministers have confirmed that the fee assumption will increase from 42.5% in 2008/09, to 47.5% in 2009/10 and 50% in 2010/11. In line with the majority of other colleges, Wakefield College will seek to increase tuition fees in accordance with the rising fee assumptions. The price elasticity of adult learning is not yet fully understood. The risk for the College is that demand falls off as fees increase. This would impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students.
- Close monitoring of the demand for courses as prices change.

Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS17.

Other Risks

The College will seek to mitigate the impact of the continuing economic pressures by pursuing increased efficiency and cost-effectiveness in all areas of our work. We will do this by:

- ensuring that key systems and core business processes support our need for accurate financial and learner data on which decisions are made;
- ensuring that we can monitor the delivery and achievement of funding targets, contract values and qualifications; and
- developing effective quality assurance systems to ensure continued compliance with audit requirements.

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
- Funding bodies
- Local employers
- Local authorities
- Government Offices/Regional Development Agencies
- The local community
- Other FE institutions, schools and universities
- Trade unions
- Professional bodies

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. This Scheme will be implemented, resourced and 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 Act 2001 and 2005:

- As part of its property strategy, the College successfully bid to the LSC for additional funding for access improvements. 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. The College is now registered with the Disabled-Go website.
- There is a register of specialist equipment which the College can make available for use by students with disabilities.

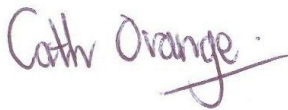
The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There is a number of learning support workers who provide a variety of support for learning. There is a continuing programme of staff development 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.
- Counselling and welfare services are available and referred to in the Learner Charter.
- The College's 'Adaptations of Materials' service can provide information/course materials in alternative media – for example Braille, enlarged text, etc.

DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the members of the Corporation on 14 December 2010
and signed on its behalf by:



Cath Orange
Chair of Corporation

Professional Advisors:

Financial Statements and Regularity auditor:

Grant Thornton UK LLP
2 Broadfield Court
Sheffield
S8 0XF

Internal auditors:

Tenon Group Plc
The Poynt
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Solicitors:

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Leeds
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Insurance Brokers:

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Hermes House
Southwood Crescent
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GU14 0NJ

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Close Brothers Ltd
10 Crown Place
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EC2A 4FT

Bank of Scotland
116 Wellington Street
Leeds
LS1 4LT

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

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

Alliance and Leicester
Commercial Bank
Bootle
Merseyside
G1R 0AA

Cater Allen
9 Nelson Street
Bradford
West Yorkshire
BD1 5AN

MEMBERS WHO SERVED THE CORPORATION SINCE 1 AUGUST 2009

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
Nasim ASLAM	October 2010	4 years	-	External	-
Shirley ASTON	July 2007	4 years	-	Staff	Audit Committee (to Jul 10)
Robin BARRON	October 2008	4 years	-	External	FEGP (to Jul 10) Search (from Aug 10)
Cllr Peter BOX	March 2009	4 years	01/10/10	External	-
Paul CAMPBELL	July 2009	4 years	-	External	FEGP (to Jul 10) Audit (from Aug 10) Remuneration (Vice Chair from Mar 10)
Janet DELVE	Dec 2010	4 years	-	Staff	-
Sue GRIFFITHS	August 2008	n/a	-	Principal and Chief Executive	FEGP (to Jul 10) Finance and Capital (from Aug 10) Search
Kevin HENRY	July 2006 / Jul 2010	4 years	-	External	Board (Vice Chair) FEGP (to Jul 10; Chair to Jul 10) Finance and Capital (from Aug 10; Chair from Sep 10) Search (to Jul 10; Chair to Jul 10) Remuneration
Norman HOWE	July 2007	4 years	-	Community	Audit (Chair) Search (to Jul 10; Vice Chair)
Tim HOWE	March 2009	4 years	-	External	FEGP (to Jul 10) Finance and Capital (from Aug 10)

Sarah JOHNSON	November 2005	4 years	October 2009	Staff	Audit Search
Andrew McCONNELL	October 2006/ October 2010	4 years	-	External	Audit Remuneration (Chair to Mar 10)
Elaine McHALE	October 2006	4 years	April 2010	Local Authority	
Stephanie MITCHELL	August 2010	1 year		Student	
Mark MULCAHY	July 2007	4 years	July 2010	Community	Audit
Cath ORANGE	April 2006 / April 2010	4 years	-	External	Board (Chair) FEGP (to Jul 10) Finance and Capital (from Aug 10) Remuneration (Chair from Mar 10) Search (Chair from Sep 10)
Lynn PERKIN	October 2007	4 years	-	Business	Audit (Vice Chair)
Michele PHILLIPS	July 2008	4 years	-	External	FEGP (to Jul 10; Vice Chair) Finance and Capital (from Aug 10)
Owen POWELL	August 2010	1 year		Student	
Lucy SHARP	December 2010	1 year	July 2010	Student	
Kirston TAYLOR	October 2010	1 year	July 2010	Student	
Jane WALTON	October 2009	4 years	-	External	Search (from Oct 2009; Vice Chair from Sep 10)

C. Orange

Cath Orange
Chair of Corporation
14 December 2010

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

In the opinion of the Corporation, the College complies with all the provisions of the Combined Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2010.

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and General Purposes (replaced by the Finance and Capital Committee in July 2010), Remuneration, Search and Audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Wakefield College
Margaret Street
Wakefield
West Yorkshire
WF1 2DH

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

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

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

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

There is a clear division of responsibility in that the roles of the 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.

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 2010 are set out in Note 8 to the financial statements.

Audit Committee

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

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

Internal Control

Purpose of the Statement

The purpose of this statement is to assist the understanding of the framework within which the College's system of internal control is managed and reviewed, and the main components of the system.

Scope of Responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. This includes reviewing financial, strategic, operational, regulatory and compliance controls and risk management procedures. In recognition of this responsibility, procedures have been implemented to ensure that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the College. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable not absolute assurance against material misstatement or loss.

The Corporation has designated the Audit Committee as the Risk Committee. Its role is to advise the Board on the adequacy and effectiveness of the College's whole system of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness. The Audit Committee also approve the Risk Management Policy and Strategy; agree on an annual basis the significant risks

to which the College is exposed; and, ensure that the control environment is sufficient to manage these risks effectively.

The Corporation has delegated day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between Wakefield College and the LSC and its successor organisations. 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 College acknowledges the risks inherent in its business and is committed to managing those risks that pose a significant threat to the achievement of its strategic objectives and financial health. The system of internal control is an ongoing process designed to identify and evaluate those risks that the Corporation consider to be significant to the College in terms of:

- securing the earning capacity, funding and assets of the College;
- safeguarding staff and learners to prevent injury and harm;
- protecting service delivery and quality;
- ensuring the integrity and resilience of information systems;
- protecting the image and reputation of the College;
- ensuring probity and sound ethical conduct;
- avoiding financial loss through fraud and corruption;
- avoiding criminal prosecution and civil litigation;
- ensuring effective corporate governance;

And to manage them efficiently, effectively and economically.

The system of internal control, therefore, provides for a documented and auditable trail of accountability and should provide impetus for continuous improvement across the College's operations. 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, not absolute, assurance of effectiveness. Because of the limitations that are inherent in any system of internal control, procedures are designed to manage rather than eliminate these risks and can only provide reasonable, rather than absolute, assurance against material misstatement or loss.

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:

Objective Setting

The College's Operational Plan is formulated from a Strategic Plan that includes the annual identification of risks. Strategic objectives support the College's mission and have been communicated to employees in order to provide effective direction on risk assessment and control issues.

Event Identification

Internal and external events which could impact upon the achievement of the College's objectives and the needs of our stakeholders are identified as part of the annual strategic planning process and on an on-going basis. College Managers have been alerted to the need to consider risks as part of their everyday business and risks are routinely identified as part of any proposals for new business; major capital projects; approval of new curriculum offer; authorisation of the recruitment of new staff and other changes to the staffing establishment; procurement of new suppliers and contractors; areas susceptible to fraud and/or irregularity; and College activities which may have health and safety issues.

Risk Assessment

The College has identified a risk management strategy designed to integrate risk management into the culture of the College and manage risk in accordance with best practice. In order to implement the risk management strategy, the College has adopted a risk management policy in line with advice from the internal auditors. This includes a scoring methodology so that inherent and residual risks can be consistently identified and prioritised. The College produces an annual risk management plan, each July, in which the College identifies the risks to the achievement of its strategic and operational objectives and prioritises them to form a risk register. This exercise takes place on an

annual basis to ensure that risks remain aligned with the College's strategic priorities.

Risk Response

Risk Management has been incorporated into the corporate planning and decision making processes of the College and in the operations of the Academies, Schools and Service Areas. Within the College, day-to-day management of operational risk is an intrinsic part of every manager's role and annual risk training is provided to assist staff in managing risk appropriate to their responsibilities, goals and objectives.

Control Activities

The Deputy Principal: Finance and Resources is responsible for ensuring that the College has comprehensive budgeting systems and an annual budget. The Senior Team are responsible, individually and collectively, for ensuring that the College's operations are managed within budget. They demonstrate, through actions as well as policies, the necessary commitment to competence and integrity and to fostering a climate of trust within the College. These include:

- clearly defined financial regulations and procedures including protocols for capital investment and other major developments;
- a strategic and financial planning cycle involving staff at levels of the College in the setting of objectives and actions and the allocation of resources;
- rigorous quarterly reviews of business areas to evaluate performance, assess areas of risk and opportunity and take appropriate action;
- a comprehensive 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 and learning and service areas including plans to mitigate performance issues;
- 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 community;
- integrated College Information Systems designed to provide information and analysis to management to support decisions and monitor progress towards policies, strategies and targets.

Information and Communication

Regular reports are prepared by management which allow the Corporation to monitor the key strategic, business and financial activities and risks. This includes periodic and annual financial reports which indicate financial performance against forecasts; monthly monitoring of targets (financial, student recruitment and retention, financial management accounts, income, staffing costs and staff utilisation); investigation of significant variances from budget and termly reviews of identified risks.

Monitoring

There are ongoing processes, embedded within the College's business operations, which monitor effective application of the policies, processes and activities related to internal control and risk management. As part of the College's standard performance monitoring arrangements, the Senior Team receive regular reports that enable them to monitor key risks throughout the year and provide appropriate information to the Corporation. All papers and reports presented to the Senior Team are linked to key risks. They are intended to identify any emerging risks for which mitigating action can be promptly implemented.

The Senior Team and the Audit Committee receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area provides a high-level review of the arrangements for internal control.

The Corporation ensures that the meeting 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 Senior Team.

The College has an internal audit service 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 following reports:

Source	Area	Assurance
Internal Audit Service (RSM Tenon)	Internal Control, Governance and Risk Management	Reasonable
Audit Committee	Internal Control, Governance and Risk Management	Adequate and Effective
Financial Statements and Regularity Auditor (Grant Thornton)	Annual Accounts and College's deficit of income over expenditure	True and Fair
College Senior Management	Risk Management	Effective in identifying, evaluating and managing the College's significant risks
Skills Funding Agency	Financial Management and Control	Good
Ofsted Inspection Report	Overall effectiveness	Grade 2 - Good
	Capacity to improve	Grade 2 - Good
	Outcomes for learners	Grade 2 - Good
	Quality of provision	Grade 2 - Good
	Leadership & management	Grade 2 - Good
	Safeguarding	Grade 1 – Outstanding
Equality and diversity		Grade 1 - Outstanding
Sunday Times Best Companies Award	Employee satisfaction	30th overall and the number one employer from Yorkshire and Humberside

Source	Area	Assurance
Health and Safety Executive	Work Related Stress	Compared well overall with the other organisations assessed
College Self-Assessment Report	Quality of Provision	Many above benchmark and improving success rates. Above national average A Level achievements
	Learner Satisfaction	High and improving levels of learner satisfaction
	Leadership and Management	Very good

Other sources of assurance will be generated as a result of other activity such as the College Self-Assessment Report (due December 2010), Ofsted Inspection, Integrated Quality Enhancement and Review and Investors in People.

Capacity to Handle Risk

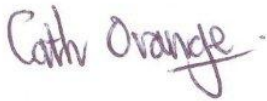
During the year, periodic reviews of the risk register have been conducted by the Governing Body, Senior Team and risk owners. Independent and objective assurance on the effectiveness of control systems has been provided by internal audit through risk-based audits and reviews of internal control. Internal audit also conducted an independent review of the College's risk management framework in October 2009, which provided additional assurance of the College's capacity to manage risk. These support the conclusion that there is no indication of any major control weakness that would lead to qualification of this statement on internal control.

The effectiveness of the system of internal control for the year ended 31 July 2010 and the period up to the date of approval of the Annual Accounts was reviewed in December 2010 by the governing body, specifically for the purposes of this statement, in line with the criteria set out in the Turnbull guidance on the Combined Code. The Corporation is of a view that there is a formal ongoing process, which accords with the Turnbull guidance, for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2010 and up to the date of approval of the annual report and accounts.

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 14 December 2010 and signed on its behalf:



Cath Orange
Chair of Corporation



Sue Griffiths
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 agreed between the LSC and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and with the Accounts Direction used by the LSC which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

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

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

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

Signed on behalf of the Corporation:



Cath Orange
Chair of Corporation
14 December 2010

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF WAKEFIELD COLLEGE

We have audited the financial statements of Wakefield College for the year ended 31 July 2010, which comprise the income and expenditure account, the statement of historical cost surpluses and deficits, the statement of total recognised gains and losses, the balance sheet, the cash flow statement, and the related notes on pages 38 to 68. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the Corporation, as a body, in accordance with statutory requirements. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

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

As described in the Statement of the responsibilities of the members of the corporation, on page 32, the College's Corporation is responsible for preparing the Report of the Members and financial statements in accordance with the 2009/10 Accounts Direction, the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

We read the Report of the Members and consider whether it is consistent with the financial statements. We consider the implications for our report if we become aware of any apparent misstatement or inconsistencies within the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Skills Funding Agency's Joint Code of Practice (June 2010). An audit includes examination, on a test basis, of evidence relevant to amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the College's Corporation in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the College as at 31 July 2010 and of the College's deficit of income over expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the 2009/10 Accounts Direction issued jointly by the Chief Executive of Skills Funding and the Young Person's Learning Agency and the 2007 Statement of Recommended Practice - Accounting for Further and Higher Education.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Sheffield

15 December 2010

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

In accordance with the terms of our engagement letter dated 19 October 2009 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 disbursed and income received of Wakefield College ('the College') for the year ended 31 July 2010 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 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 are 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 Skills Funding Agency's Joint Audit Code of Practice (June 2010) and the Regularity Audit Framework issued by the Chief Executive of Skills Funding. We report to you whether, in our opinion, in all material respects, expenditure and income for the year ended 31 July 2010 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 Skills Funding Agency's Joint Audit Code of Practice (June 2010) and the Regularity Audit Framework issued by the Chief Executive of Skills Funding. Our work 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 2010 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

CJ R W W

Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Sheffield

15 December 2010

INCOME AND EXPENDITURE ACCOUNT

For the Period from 1 August 2009 to 31 July 2010

	Notes	2010 £000s	2009 £000s
Income			
Funding body income	2	21,775	20,703
Tuition fees and education contracts	3	2,421	2,341
Other grants and contracts	4	688	501
Other income	5	759	1,078
Endowment and investment income	6	112	75
Total income		25,755	24,698
Expenditure			
Staff costs	7	17,734	17,107
Other operating expenses	9	6,017	6,114
Depreciation	13	2,387	2,019
Interest and other finance costs	10	615	361
Total expenditure		26,753	25,601
Deficit on continuing operations prior to costs relating to the property strategy		(998)	(903)
Property strategy costs		-	(1,168)
Grant support for property strategy costs		-	850
Deficit on continuing operations after depreciation of assets at valuation and exceptional items but before tax		(998)	(1,221)
Profit on disposal of fixed assets		-	810
Deficit on continuing operations after depreciation of assets at valuation, exceptional items and disposal of assets but before tax	11	(998)	(411)
Taxation		-	-
Deficit on continuing operations after depreciation of assets at valuation, disposal of assets and tax	12	(998)	(411)

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

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

For the Period from 1 August 2009 to 31 July 2010

	Notes	2010 £000s	2009 £000s
Deficit on continuing operations before tax		(998)	(411)
Realisation of property revaluation gains of previous years		-	9,487
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	21	850	850
Historical cost (deficit)/surplus for the period		(148)	9,926

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the Period from 1 August 2009 to 31 July 2010

	Notes	2010 £000s	2009 £000s
Deficit on continuing operations after depreciation of assets at valuation and disposal of assets and tax		(998)	(411)
Depreciation of endowment fixed assets	20	(1)	-
Pension scheme gain on change from RPI to CPI		2,940	-
Actuarial gain/(loss) in respect of pension scheme		148	(3,852)
Total recognised gain/(loss) relating to the period		2,089	(4,263)
Reconciliation			
Opening reserves and endowments		39,036	43,299
Total recognised gains for the year		2,089	(4,263)
Closing reserves and endowments		41,125	39,036

In its June 2010 budget, the Government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The College has considered the LGPS scheme rules and associated members' literature and has concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL'). At the date of these financial statements, the Urgent Issues Task Force (UITF) is in the process of consulting widely on the accounting treatment for this change and is expected to issue a final Abstract towards the end of 2010. Should the Abstract call for a different accounting treatment it may be necessary to reflect any change as a prior period adjustment in the financial statements for the following year.

BALANCE SHEET

	Notes	2010 £000s	2009 £000s
Fixed Assets			
Tangible assets	13	53,118	54,718
Endowment asset investments	20	43	44
Current Assets			
Debtors	15	1,051	909
Investments	14	8,000	8,500
Cash at bank and in hand		349	92
		9,400	9,501
Less creditors: amounts falling due within one year	16	(2,961)	(4,106)
Net current assets		6,439	5,395
Total assets less current liabilities		59,600	60,157
Provisions for liabilities	18	(3,577)	(3,879)
Net assets excluding pension liability		56,023	56,278
Net pension liability	23	(10,570)	(12,501)
NET ASSETS INCLUDING PENSION LIABILITY		45,453	43,777
Deferred capital grants	19	4,328	4,741
Specific endowments	20	43	44
Reserves			
Income and expenditure account excluding pension reserve		31,923	30,914
Pension reserve		(10,570)	(12,501)
Income and expenditure account including pension reserve	22	21,353	18,413
Revaluation reserve	21	19,729	20,579
Total reserves		41,082	38,992
TOTAL		45,453	43,777

The financial statements on pages 38 to 68 were approved by the Corporation on 14 December 2010 and were signed on its behalf by:

Cath Orange

Sue Griffiths

Cath Orange (Chair of the Corporation)

Sue Griffiths (Principal)

CASH FLOW STATEMENT

For the period from 1 August 2009 to 31 July 2010

	Notes	2010 £000s	2009 £000s
Net cash inflow from operating activities	24	456	1,400
Returns on investments and servicing of finance	25	50	72
Capital expenditure and financial investment	26	(750)	3,098
Cash (outflow)/inflow before use of liquid resources and financing		(244)	4,570
Management of liquid resources	27	500	(5,500)
Increase/(decrease) in cash in the period		256	(930)
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the period		256	(930)
Cash (inflow)/outflow from liquid resources	27	(500)	5,500
Movement in net funds in period	28	(244)	4,570
Net funds at 1 August	28	8,636	4,066
Net funds at 31 July		8,392	8,636

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 AUGUST 2009 TO 31 JULY 2010

1 Statement of Principal Accounting Policies

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

Basis of Preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2007* (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published in the 2009/10 Accounts Direction Handbook.

Basis of Accounting

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

Recognition of Income

The recurrent grant from the Higher Education Funding Council for England (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 best estimates for the period and relate to what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element 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 end of November following the year end. Employer responsive grant income is recognised based on a year end reconciliation of income claimed and actual delivery. 16-18 learner-responsive funding is not normally subject to a reconciliation and is, therefore, not subject to contract adjustments.

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

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

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

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

Pension Schemes

POST-RETIREMENT BENEFITS

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

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

ENHANCED PENSIONS

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

Tangible Fixed Assets

A. LAND AND BUILDINGS

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

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable.

Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 18 and 50 years.

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

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 the fixed asset may not be recoverable.

B. ASSETS UNDER CONSTRUCTION

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to the year end. 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 increased
- Asset capacity has increased
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

C. EQUIPMENT

Equipment costing less than £500 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at valuation.

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

- motor vehicles – 5 years
- computer equipment – 3 years
- other equipment – 3 years
- furniture, fixtures and plant – 5 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.

The College has no finance leases.

Investments

Current asset and endowment asset investments represent money held in short-term deposit accounts. The Corporation allocates monies held as current asset investments when they are held in interest bearing accounts and are not intended to be used on demand.

Stocks

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

Foreign Currency Translation

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

Taxation

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 as amended by the Charities Act 2006 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of value added tax. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

Liquid Resources

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

Provisions

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

Agency Arrangements

The College acts as an agent in the collection and payment of Learner Support Funds. Related payments received from the LSC and its successor organisations and subsequent disbursements to students are excluded from the Income and Expenditure Account and are shown separately in Note 33 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

	Notes	2010	2010	2010	2009
Funding Body		£000s Successor Funding Bodies	£000s HEFCE	£000s TOTAL	£000s TOTAL
Recurrent grant		15,879	1,303	17,182	16,476
Apprenticeships		1,358	-	1,358	1,158
Entry to Employment	34	1,086	-	1,086	897
Releases of deferred capital grants	19	249	49	298	215
HE Development Fund		-	-	-	41
14-16 Flexibility fund		-	-	-	12
Golden Hellos		20	-	20	15
Learner Agreement Pilot		4	-	4	83
Train to Gain		1,319	-	1,319	1,188
6 Month Unemployed		240	-	240	-
Other funds		228	40	268	618
Total		20,383	1,392	21,775	20,703

Train to Gain income above excludes payments to partner organisations. Total income claimed in the year and the related payments to partners was as follows:

	2010	2009
	£000s	£000s
Train to Gain Income	1,628	2,064
Payments to non college partners	(309)	(876)
Total	1,319	1,188

3 TUITION FEES AND EDUCATION CONTRACTS

	2010	2009
	£000s	£000s
UK Higher Education students	561	487
UK Further Education students	976	833
Non-European Union students	114	164
Total fees paid by or on behalf of individual students	1,651	1,484
Local Education Authority	98	238
Higher Education contracts	178	158
Askham Bryan contract	220	166
Other apprenticeship contracts	274	295
Sub-total	770	857
Total	2,421	2,341

4 OTHER GRANTS AND CONTRACTS

	2010	2009
	£000s	£000s
European funds	158	77
Other funds	530	424
Total	688	501

5 OTHER INCOME

	2010	2009
	£000s	£000s
Other income	606	847
Release of deferred Capital Grants (non-Funding Council)	153	231
Total	759	1,078

6 ENDOWMENT AND INVESTMENT INCOME

	2010 £000s	2009 £000s
Investment income	112	75
Total	112	75

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:

	2010 Number	2009 Number
Teaching departments – teaching staff	245	239
Teaching departments – other staff	52	49
Teaching support services	71	72
Other support services	5	5
Administration and central services	118	119
Premises	39	40
Total	530	524

Staff Costs for the Above Persons

	£000s	£000s
Teaching departments – teaching staff	8,964	8,430
Teaching departments – other staff	1,115	1,017
	1,634	1,507
TEACHING SUPPORT SERVICES		
Other support services	197	183
Administration and central services	3,475	3,333
Premises	783	786
Staff restructuring	84	26
FRS17 retirement benefit charge	542	442
Enhanced pension provision adjustment	(306)	57
Payroll sub-total	16,488	15,781
Contracted out staffing services	1,246	1,326
Total	17,734	17,107

Exceptional Pension Credit

Following the Budget in June 2010 it was announced that public sector pensions would in future be up-rated by Consumer Price Index (CPI) rather than Retail Price Index (RPI). This was followed by an announcement on 8 July by the Pensions Minister that from April 2011 statutory minimum increases in pensions and deferred pensions would change from the RPI to the CPI.

The effect of the change to CPI for the enhanced pension scheme has been reflected via the I&E Account as this is a FRS12 provision

	2010	2009
	£000s	£000s
Analysed as follows:		
Wages and salaries	13,727	12,924
Social Security costs	937	873
Other pension costs (including FRS17 adjustments of £542,000; 2009 £442,000)	2,130	1,927
Enhanced pension provision adjustment	(306)	57
Sub-Total	16,488	15,781
Contracted out staffing services	1,246	1,326
Total	17,734	17,107
Total staff costs, analysed by type of contract were:		
Employment costs for staff on permanent contracts	15,547	14,844
Employment costs for staff on short-term and temporary contracts	621	412
Contracted out staffing services	1,246	1,326
FRS17 retirement benefit charge	542	442
Restructuring costs	84	26
Enhanced pension provision adjustment	(306)	57
Total	17,734	17,107

An overall pay increase of 1.5% was made with effect from 1 February 2010, approved by the Corporation.

8 EMOLUMENTS OF SENIOR POST HOLDERS AND MEMBERS

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

	2010 Number	2009 Number
The number of senior post-holders including the Principal was:	3	5*
	2010 £000s	2009 £000s
Senior post-holders' emoluments are made up as follows:		
Salaries	222	211
Pension contributions	29	26
Total emoluments	251	237

*There was a change in two senior postholders in the year, the Principal and the Deputy Principal: Finance and Resources.

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

	2010		2009	
	Number of senior post- holders	Number of other Staff	Number of senior post- holders	Number of other Staff
£60,001 to £70,000	-	-	1	-
£80,001 to £90,000	1	-	-	1
£90,001 to £100,000	-	1	-	-
£100,001 to £110,000	-	-	1	-
£130,001 to £140,000	1	-	-	-
Total	2	1	2	1

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

	2010	2009
	£000s	£000s
Salary	113	105
Pension contributions	16	15
Total emoluments	129	120

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

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

9 OTHER OPERATING EXPENSES

	2010	2009
	£000s	£000s
Teaching departments	1,989	2,087
Teaching support services	91	87
Other support services	323	357
Administration and central services	997	1,077
General education expenditure	816	716
Premises costs – running costs	1,014	1,154
Premises costs – maintenance	219	199
Catering operations	37	68
Costs associated with property strategy	276	137
Interest on enhanced pension provision	239	224
Other expenses	16	17
Total	6,017	6,114

Other operating expenses include:

Auditors’ remuneration

- internal audit	24	18
- financial statements and regularity audit	14	14
Hire of other assets – operating leases	63	55
Losses on disposal of tangible fixed assets (where not material)	2	-

10 INTEREST PAYABLE

	2010	2009
	£000s	£000s
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	-	35
Pension finance costs (note 23)	615	326
	<hr/>	<hr/>
Total	615	361
	<hr/> <hr/>	<hr/> <hr/>

11 TAXATION

The members do not believe the College was liable for any Corporation tax arising out of its activities during this period (2008/09 – nil).

12 DEFICIT ON CONTINUING OPERATIONS FOR THE PERIOD

The deficit on continuing operations for the period is made up as follows:

	2010	2009
	£000s	£000s
College's deficit for the period	(998)	(411)
	<hr/>	<hr/>

13 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £000s	Equipment £000s	Total £000s
Cost or valuation at 1 August 2009	54,091	9,407	63,498
Additions	382	406	788
Disposals	-	(28)	(28)
At 31 July 2010	54,473	9,785	64,258
Depreciation			
At 1 August 2009	1,259	7,521	8,780
Charge for period	1,557	830	2,387
Eliminated in respect of disposals	-	(27)	(27)
At 31 July 2010	2,816	8,324	11,140
Net book value at 31 July 2010	51,657	1,461	53,118
Net book value at 31 July 2009	52,832	1,886	54,718
Inherited	4,464	-	4,464
Financed by capital grant	3,920	364	4,284
Revalued	15,265	-	15,265
Other	28,008	1,097	29,105
Net book value at 31 July 2010	51,657	1,461	53,118

Land and buildings with a net book value of £3,920,305 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 2008 at depreciated replacement cost by the District Valuer in accordance with the RICS Appraisal and Valuation Standards as published by the Royal Institution of Chartered Surveyors. The revalued amount was £35,422,300. These have been included in the financial statements at depreciated replacement cost, as determined by the District Valuer.

Included within Freehold Land and Buildings additions are costs to date relating to the skillsXchange of £28,844,000. Remaining costs yet to be paid to the developer are included in Note 30 – Capital Commitments.

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

	£000s
Cost	8,294
Aggregate depreciation based on cost	<u>(3,830)</u>
Net book value based on cost	<u><u>4,464</u></u>

14 INVESTMENTS

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

15 DEBTORS

	2010	2009
	£000s	£000s
Amounts falling due within one year:		
Trade debtors	308	331
Prepayments and accrued income	381	272
Amounts owed by the Skills Funding Agency	362	306
Total	<u>1,051</u>	<u>909</u>

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£000s	£000s
Payments received on account	956	1,114
Trade creditors	80	180
Taxation and social security	326	1,730
Pension creditor	96	89
Accruals	1,273	993
Amounts owed to the Young People's Learning Agency	230	-
Total	<u>2,961</u>	<u>4,106</u>

17 ANALYSIS OF BORROWINGS OF THE COLLEGE

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

18 PROVISIONS FOR LIABILITIES

	Enhanced Pension £000s
At 1 August 2009	3,879
Transferred from income and expenditure account	239
Expenditure in the period	(235)
Change from RPI to CPI	(306)
	<hr/>
At 31 July 2010	3,577

The enhanced pension provision relates to the cost of staff who have already left the College's employ. This provision has been recalculated in accordance with guidance issued by the LSC and its successor organisations.

The principal assumptions for this calculation are:

	2010	2009
Price inflation	2.46%	3.05%
Discount rate	3.00%	2.0%

19 DEFERRED CAPITAL GRANTS

	ERDF £000s	LSC £000s	Other £000s	Total £000s
At 1 August 2009				
- Land and buildings	665	3,296	115	4,076
- Equipment	-	383	282	665
Cash received:				
- Equipment	-	-	38	38
Released to income and expenditure account:				
- Land and buildings	(41)	(82)	-	(123)
- Equipment	-	(168)	(160)	(328)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2010	624	3,429	275	4,328
	<hr/>	<hr/>	<hr/>	<hr/>
Land and buildings	624	3,214	115	3,953
Equipment	-	215	160	375
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2010	624	3,429	275	4,328

20 SPECIFIC ENDOWMENTS

	£000s
As at 1 August 2009	44
Expenditure for year	(1)
	<hr/>
As at 31 July 2010	43
	<hr/>

These funds represent a prize fund.

21 REVALUATION RESERVE

	2010	2009
	£000s	£000s
At 1 August 2009	20,579	30,916
Transfer from revaluation reserve to general reserve in respect of:		
- depreciation on revalued assets	(850)	(850)
- disposal of assets	-	(9,487)
	<hr/>	<hr/>
At 31 July 2010	19,729	20,579
	<hr/>	<hr/>

22 INCOME AND EXPENDITURE RESERVE

	2010	2009
	Total	Total
	£000s	£000s
At 1 August 2009	18,413	12,339
Surplus/(deficit) for the year	1,942	(411)
Transfer from revaluation reserve	850	10,337
Actuarial gain/(loss) in respect of pension scheme	148	(3,852)
	<hr/>	<hr/>
At 31 July 2010	21,353	18,413
	<hr/>	<hr/>

23 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.

	2010 £000s	2009 £000s
Teachers Pension Scheme contribution	987	954
Local Government Pension Scheme:		
Contributions paid	625	557
FRS17 charge	<u>542</u>	<u>442</u>
Charge to the Income and Expenditure Account (staff costs)	1,167	999
Less amounts recognised as enhanced pension payments	(7)	(7)
Timing difference on additional Local Government Pension Scheme accruals	(17)	(19)
Total Pension Cost for Year	<u>2,130</u>	<u>1,927</u>

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 2007.

Contributions amounting to £78,000 (2009: £71,000) were payable to the Schemes at 31 July and are included within creditors.

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a "pay as you go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation (under the new provisions)	31 March 2004
Actuarial method	Prospective Benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Notional value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the notional value of the assets	98.88%

Following the implementation of Teachers' Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employers' contributions. For the period 1 August 2009 to 31 July 2010 the employer contribution was 14.1%. The employee rate was 6.4% for the same period. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

FRS17

Under the definitions set out in Financial Reporting 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 trustee administered funds. The total contribution made for the year ended 31 July 2010 was £899,000 (2009 - £811,000) of which employer's contributions totalled £600,000 (2009 - £532,000) and employees' contributions totalled £299,000 (2009 - £279,000). The agreed contribution rates for future years are 12.9%. Employee contributions are between 5.5% and 7.2% dependent on the full time equivalent salary.

FRS17

Principal Actuarial Assumptions	Funded 2010	Unfunded 2010	Funded 2009	Unfunded 2009
Rate of increase in salaries	5.35%	-	5.65%	-
Rate of increase for pensions in payment/inflation	2.9%	2.6%	3.9%	3.9%
Discount rate for scheme liabilities	5.4%	5.3%	5.9%	5.9%
CPI inflation assumption	2.9%	2.6%	-	-
RPI inflation assumption	3.6%	3.3%	3.9%	3.9%

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 2010	At 31 July 2009
<i>Retiring today/current pensioners:</i>		
Males	21.8	21.6
Females	25.4	25.3
<i>Retiring in 20 years/future pensioners:</i>		
Males	24.1	23.9
Females	27.9	27.7

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

	Long-term rate of return expected 2010	Value 2010 £000s	Long-term rate of return expected 2009	Value 2009 £000s
Equities	8.2%	12,949	8.0%	11,101
Bonds				
- Government	4.2%	2,445	4.5%	2,285
- Other	4.9%	722	5.9%	575
Property	7.7%	722	7.0%	560
Cash	1.4%	463	0.9%	777
Other	8.2%	1,223	0.9%	249
Total Market Value of Assets		18,524		15,547
Present value of scheme liabilities				
- Funded		(28,979)		(27,916)
- Unfunded		(115)		(132)
Deficit in the scheme		(10,570)		(12,501)

	2010	2009
	£000s	£000s
Analysis of the amount charged to income and expenditure account		
Employer service cost (net of employer contributions)	(542)	(423)
Past service cost		(19)
Total operating charge	(542)	(442)
Analysis of pension finance cost		
Expected return on pension scheme assets	1,074	1,108
Interest on pension liabilities	(1,689)	(1,434)
Pension finance cost	(615)	(326)
Amount recognised in the statement of total recognised gains and losses (STRGL)	2010	2009
	£000s	£000s
Actual return less expected return on pension scheme assets	1,294	(1,843)
Experience gain/(loss) on scheme liabilities	179	(47)
Gain on change from RPI to CPI	2,940	-
Change in financial and demographic assumptions underlying the scheme liabilities	(1,325)	(1,962)
Actuarial gain/(loss) recognised in STRGL	3,088	(3,852)

In its June 2010 budget, the Government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The College has considered the LGPS scheme rules and associated members' literature and has concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL'). At the date of these financial statements, the Urgent Issues Task Force (UITF) is in the process of consulting widely on the accounting treatment for this change and is expected to issue a final Abstract towards the end of 2010. Should the Abstract call for a different accounting treatment it may be necessary to reflect any change as a prior period adjustment in the financial statements for the following year.

	2010 £000s	2009 £000s
Movement in deficit during year		
Deficit in scheme at 1 August	(12,501)	(7,881)
Movement in year:		
Current service charge	(1,167)	(980)
Employer contributions	625	557
Past service cost	-	(19)
Pension Finance cost	(615)	(326)
Actuarial gain/(loss)	3,088	(3,852)
Deficit in scheme at 31 July	(10,570)	(12,501)

Asset and liability reconciliation	2010 £000s	2009 £000s
Reconciliation of liabilities		
Liabilities at start of period	28,048	23,782
Current service cost	1,167	980
Interest cost	1,689	1,434
Employee contributions	299	279
Actuarial loss	1,146	2,009
Benefits paid	(315)	(455)
Past service cost	(2,940)	19
Liabilities at end of period	29,094	28,048

Included within the closing liability is £115,000 relating to unfunded obligations.

Asset and liability reconciliation	2010 £000s	2009 £000s
Reconciliation of assets		
Assets at start of period	15,547	15,901
Expected return on assets	1,074	1,108
Actuarial gain/(loss)	1,294	(1,843)
Employer contributions	625	557
Employee contributions	299	279
Benefits paid	(315)	(455)
Assets at end of period	18,524	15,547

The estimated value of employer contributions for the year ended 31 July 2011 is £685,000.

	2010	2009	2008	2007	2006
History of experience gains and losses					
Actuarial gains/(losses) on assets:					
Amount £000s	1,294	(1,843)	(2,163)	847	993
% of scheme assets					
Experience gains/(losses) on scheme liabilities:					
Amount £000s	179	(47)	(1,044)	-	(458)
% of scheme liabilities					
Total amount recognised in STRGL:					
Amount £000s	148	(3,852)	(5,294)	1,214	(181)
% of scheme liabilities					

24 RECONCILIATION OF OPERATING DEFICIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Note	2010 £000s	2009 £000s
Deficit on continuing operations after depreciation of assets at valuation		(998)	(411)
Profit on disposal of fixed assets		-	(810)
Depreciation	13	2,387	2,019
Deferred capital grants released to income	19	(451)	(446)
Pension cost less contribution payable	23	542	442
Exceptional pension credit – Enhanced Pension	18	(306)	-
(Increase)/decrease in debtors		(80)	-
(Decrease)/increase in creditors		(1,145)	218
Increase in provisions	18	4	39
Interest receivable	6	(112)	63
Interest payable	10	615	(75)
			361
Net cash inflow from operating activities		456	1,400

25 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2010 £000s	2009 £000s
Interest received	50	107
Interest paid	-	(35)
Net cash inflow from returns on investments and servicing of finance	50	72

26 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2010 £000s	2009 £000s
Purchase of tangible fixed assets	(789)	(8,711)
Receipt from sale of inherited assets	-	10,603
Decrease in endowment assets	1	-
Deferred capital grants received	38	1,206
Net cash (outflow)/inflow from capital expenditure and financial investment	(750)	3,098

27 MANAGEMENT OF LIQUID RESOURCES

	2010 £000s	2009 £000s
Placing of short-term deposits	(500)	5,500

28 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2009 £000s	Cashflows £000s	As at 31 July 2010 £000s
Endowment asset	44	(1)	43
Cash in hand and at bank	92	257	349
Current asset investments	8,500	(500)	8,000
Total	8,636	(244)	8,392

29 POST BALANCE SHEET EVENTS

As previously described, the College is currently developing a revised property strategy that is intended to result in a rationalisation onto two sites. Phase 1 of this work will involve extensive refurbishment of one of the main buildings on the Margaret Street campus.

This building was vacated in October 2010 and subject to planning permission and other consents being obtained, and the proposed work commencing as planned during the 2010/11 financial year, the nature of the work may result in a significant charge to the 2010/11 accounts for accelerated depreciation.

30 CAPITAL COMMITMENTS

	2010 £000s	2009 £000s
Contracted for at 31 July	43	394

Capital commitments include the contracts in place for the skillsXchange.

31 FINANCIAL COMMITMENTS

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

	As at 31 July 2010 £000s	As at 31 July 2009 £000s
Other		
Expiring within one year	8	-
Expiring between two and five years inclusive	55	55
Total	63	55

32 RELATED PARTY TRANSACTIONS

Due to the nature of the College's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is inevitable that transactions may take place with organisations in which a member of the Board of Governors may have an interest. 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.

33 AMOUNTS DISBURSED AS AGENT - LEARNER SUPPORT FUNDS

	2010 £000s	2009 £000s
Access Funds		
LSC and its successor organisations	175	172
Disbursed to students	(68)	(116)
Administration costs	(9)	(9)
Amount consolidated in financial statements	(36)	(36)
Balance unspent as at 31 July	62	11
Other Learner Support Funds		
LSC and its successor organisations - Childcare	68	83
Disbursed to students	(56)	(66)
Administration costs	-	(4)
Amount consolidated in financial statements	(3)	-
Balance unspent as at 31 July	9	13
HEFCE Funds		
Council grants	13	14
Funds brought forward from previous year	1	1
Disbursed to students	(10)	(5)
Administration costs	-	(1)
Amount consolidated in financial statements	-	-
Funds carried forward to following year	(1)	(1)
Balance unspent as at 31 July	3	8

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.

34 ENTRY TO EMPLOYMENT

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

	2010 £000s	2009 £000s
Contract sum-learning programmes	1,085	892
Development funding	1	5
Total	1,086	897
Represented by:		
Amounts paid to sub-contractors – learning programmes	509	550
Amounts paid to Wakefield College – learning programmes	229	127
Development fund activity	1	5
Administration and management of e2e contract	347	215
Total	1,086	897

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