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Operating and Financial Review

HIGHLIGHTS OF THE YEAR

- A new Principal
- Work began on Phase 1 of City Centre Campus renewal programme
- Training restaurant voted Wakefield's best restaurant of the year
- A Level results above 95% for the 7th consecutive year

FINANCIAL HEADLINES

- Income growth of 4.5%
- Expenditure growth of 4.1%
- 70.3% of income spent on staffing (including re-structuring costs)
- £1,136,000 (6.0% of total staffing budget) spent on contracted out staffing services
- Historical cost deficit of £1,743,000 (after loss on valuation of fixed assets below original cost: excluding loss £83,000 deficit)
- Operating deficit of £2,593,000 (after loss on valuation of fixed assets below original cost: excluding loss £933,000 deficit)

NATURE, OBJECTIVES AND STRATEGY

The members present their report and the audited financial statements for the year ended 31 July 2011.

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 2010/11 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.

Progress against the objectives set out in the plan for 2010/11 has been excellent with the vast majority of objectives met.

Key objectives achieved include:

- Functional Skills implemented across the College
- New Apprenticeship Frameworks introduced
- Successful pursuit of strategic relationships with major employers including Strategic Health Authorities and Backstage Academy
- Success Quality Assurance Agency Developmental Engagement
- Implementation of a revised Lesson Observation Process which enables systematic dissemination of good practice
- Commencement of Phase 1 of the Property Strategy at the Margaret Street Campus
- Efficiency gains and quality improvements through re-structure and effective implementation of technology

The College publishes an Annual Report that looks at the College's achievements, students' successes, other key facts and developments for the future. The 2010/11 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 2011 the following targets were defined to ensure sound financial health:

(i) Secure appropriate levels of finance to implement the College's Property Strategy

Governors approved a revised property strategy in January 2010 and a master plan was presented to Governors for approval on 18 January 2011. Phase One of that plan is now underway and will be financed from College reserves. The speed of further progress will be determined by the College's ability to realise value from surplus assets, its ability to generate cash from operating surpluses, and to obtain appropriate and affordable external finance.

(ii) Staffing costs not to exceed 68% of income (based on 2008/09 benchmark of colleges in Yorkshire & Humber)

Including restructuring costs, the staffing costs for the year under review were 70.3% of income (2009/10 – 68.9%).

(iii) To retain a 'good' financial health

Retained

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

In 2010/11, 20.8% of income came from sources other than the funding bodies. (2009/10 – 20.2%)

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

The College paid 87.2% of its invoices within 30 days (2009/10 – 86.1%)

(vi) Trade debtor days (excluding funding body payments) will not exceed 35 days by the end of 2010/11.

Debtor days averaged 31.5 days during the year under review (2009/10 – 29.4 days).

Performance measures

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

1. Learner number growth and achievement of funding targets

In 2010/11 there was a decline in YPLA/SFA funded participation of 13.91%, with 862 fewer full-time and part-time learners enrolled compared to 2009/10.

2. Learner success rates

For the 7th consecutive year the A Level pass rate was above 95%. Thirteen A-level subjects achieved a 100% pass rate, including Further Maths, Chemistry, Psychology, History and ICT. A-level Art and Design recorded a 100% pass rate for the 10th consecutive year; Film Studies recorded a 100% pass rate for the 8th consecutive year, whilst both A-level English Literature and Psychology delivered the maximum pass rate of 100% for the sixth year in a row.

3. Teacher qualifications

At the end of 2010/11 99.18% of directly employed full time and fractional teaching staff either held or were working towards an accredited teaching qualification. The remaining 0.82% accounted for new starters who were subsequently enrolled on a suitable programme of study.

4. Employer engagement

The College enrolled 1,682 learners onto Train to Gain funded provision in 2010/11 (2009/10 – 1,808).

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

5. Performance Indicators

Financial indicators (Financial Health and Financial Management and Control) continue to be graded and reported to the College by the Skills Funding Agency. As this direct reporting occurs earlier than Framework for Excellence reporting these performance indicators are no longer included in the Framework for Excellence.

The College is committed to observing the importance of the measures and indicators within the Framework and is monitoring these through the completion of the annual Finance Record for the Skills Funding Agency. The current rating of Good is considered an acceptable outcome.

FINANCIAL POSITION

Financial Results

The College produced an operating deficit in the year of £2,593,000 (2009/10 - operating deficit of £998,000).

The historical cost deficit for the period was £1,743,000 (2009/10: £148,000).

The operating and historical deficits include a loss following valuation of fixed assets below original cost of £1,660,000.

It should be noted that the deficit reported is after property related expenditure of over £669,000, which relates to additional maintenance work required at the Margaret Street and Thornes Park campuses following the former LSC's decision in June 2009 not to allow the City Centre campus capital scheme to go ahead, and expenditure in preparation for the commencement of refurbishment and new building work on Phase One of the College's revised property strategy.

The College's reserves at 31 July 2011 (excluding the revaluation reserve, the FRS17 pension reserve and restricted reserves) stood at £30,784,000 (31 July 2010: £31,923,000).

Tangible fixed asset additions during the year amounted to £558,000. In total, £103,000 was spent on buildings, £268,000 on IT, £55,000 on vehicles, and £132,000 on general equipment.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2010/11 the funding bodies provided 79.2% of the College's total income (2009/10: 79.8%)

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 2011. The valuation resulted in a loss of £3,864,000 partly as a result of excluding B Block under refurbishment. This is split between assets that have previously been revalued and for which an adjustment has been made through the revaluation reserve (£2,204,000), and is recognised through the Statement of Recognised Gains and Losses, and assets which are now valued below their original cost and have never been subject to valuation.

A loss of £1,660,000 in respect of this is shown in the Income and Expenditure Account.

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 £154,000 (2009/10: £112,000) 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.

Cash Flows

The College realised a net cash inflow on operating activities of £4,082,000 during 2010/11 (2009/10: £456,000).

The College's cash balances (including invested amounts) stood at £12,266,000 (31 July 2010: £8,349,000). The College therefore has a reasonable base from which to consider its options for future investment.

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. 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.

CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE

Student Numbers

In 2010/11 the College delivered activity that produced £18,529,000 in funding body main allocation (2009/10 - £15,879,000). The College had approximately 5,287 learner responsive funded learners, 2,776 other funded learners and 2,488 non-funded learners (2009/10 – 5,675; 3,218 and 2,295 respectively).

Curriculum Developments

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

- Rapid improvement in Adult basic skills and ESOL success rates to 'outstanding' in 2010/2011.
- Successful completion of vTalent programme which saw 'outstanding achievement' on our targets.
- Development of Progression Agreements for Year 11s in collaboration with the Local Authority and schools.
- Successful maths and English summer school: 59 young people achieved maths and/or English qualification.
- Creation of disability-specific break-out rooms to facilitate engagement of learners on the autistic spectrum and those with ADHD, behavioural or mental health difficulties at Wakefield College. These facilities featured in the recent Ofsted good practice visit on Equality and Diversity.
- Achievement of Stage 2 Investors in Careers, the national quality mark for careers education and guidance.
- Creation and implementation of STARs: a unique, bespoke system which enables early identification of students who are at risk of early withdrawal or failure. It enables colleagues to monitor interventions and their effectiveness in relation to individual students who are identified as being at risk.
- The opening of an on-site Health Centre which was brought about through partnership with the local NHS Trust. The Health Centre is staffed by Trust staff and provides health services and advice to students.
- Our work with young people who are Not in Employment, Education or Training (NEET) was showcased at a national NEET conference at which our strategy of Prevention, Intervention, Sustainability and Partnership was recognised as exemplary practice.
- Inaugural Celebration Event for 14-16 learners.
- Became a partner in the newly established Pontefract Education Trust.

- Inaugural student conference held at Xscape.
- A former student of Wakefield College won an Association of Colleges' Gold Award presented at a ceremony at the House of Commons.
- Higher Education students from Wakefield College won two awards at the annual West Yorkshire Lifelong Learning Network (WYLLN) awards.
- Teachers in our Sixth Form Academy took part in a major initiative to try out new approaches to stretch and challenge our learners, experimenting with different approaches to teaching and learning.
- To help our learners develop employability and enterprise skills, many benefited from work experience including international placements in Croatia, France, Malta and Sweden.
- A scheme which enabled some of our learners to be mentored by employers was introduced.
- Apprenticeships have had a strong year. Financially 99% of the target has been met and retention for the year has improved by 7% in comparison to 2009/10 hitting 78% overall. Starts have had a small increase of 4% but the most impressive outcome is an increase of 12% for the timely success rate which is 80% for all programmes.
- The College has had preferred provider status with the NHS Yorkshire and the Humber to provide Apprenticeship frameworks for NHS Trusts within the region and this continues into 2011/12.
- Services to Business recently successfully tendered on behalf of the College, to deliver a pilot management development programme for 3 NHS Trusts within the region.
- Under the Six Month Unemployed contract 776 people were referred via JobCentrePlus with 472 attending training courses provided by Services to Business.
- We have introduced accredited qualifications in substance misuse awareness for prison service staff at a local prison, and a health trainer's certificate for ex-offenders who are working to support prisoners in the region.

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 2010 to 31 July 2011, the College paid 87.2% of its invoices within 30 days (2009/10– 86.1%). The College incurred no interest charges in respect of late payment for this period, but is introducing a number of strategies to improve performance against this measure.

Post-Balance Sheet Events

On the 11 October, the College signed a contract with GB Building Solutions for the partial refurbishment and rebuilding of B Block as part of the College's property strategy. The work is expected to be complete by September 2012.

Future Developments

The College has agreed total funding body income of £22.4m for the 2011/12 financial year. This includes funding from the Higher Education Council for England which has been confirmed at £1.4m for the same period.

Participation levels for funding body activity are expected to remain strong although the College is very aware of the reductions that will be seen in 16-19 cohorts over the next three years across the District.

As part of the estate rationalisation and redevelopment the College is exploring how strategic partnerships might assist it to provide access to first class, industry standard facilities for learners. Senior managers and Governors are considering possible financing options and their affordability for future development.

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

In addition, the College is taking the lead in the development of a Childrens' University.

The College expects to complete the final stage of Investors in Careers.

Expanded provision for NEETs will be made through partnership with the Prince's Trust.

The College is planning a new partnership with Job Centre Plus to take advantage of new JCP powers to 'mandate' Skills for Life training.

Following the demise of the Educational Maintenance Allowance, the College will continue to explore ways of supporting students who are financially disadvantaged.

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

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

Resources

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

- Tangible resources include the College campuses at Thornes Park, Glasshoughton and Wakefield City Centre.
- The College has £47.5m of tangible assets.
- Full time equivalent staff paid in year amounted to 543, of which 386 were teaching related.
- The College enjoys a high profile and good reputation within Wakefield and beyond.

Principal risks and uncertainties

The College's ability to achieve our vision and strategic priorities 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 create. The College therefore has well-established systems of internal control, including financial, operational and risk management which are designed to protect the College's assets and reputation. The key elements of the College's Risk Management framework are identified in the Statement of Corporate Governance and Internal Control on page 23.

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 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.

Future Funding

Financial planning for the coming year takes place against the backcloth of the most severe cuts in funding that the college sector has seen for some considerable time, affecting both 16-18 and adult funding. These are being driven by the Comprehensive Spending Review and the funding policies issued by Department for Education (DfE) and the Department for Business, Innovation and Skills (BIS). This includes the demand led funding system which applies a series of factors to calculate the amount of funding received. In 2011/12, the College has planned for 79% of its income to come from SFA and YPLA. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Therefore, as the fiscal landscape changes, the College will need to secure significant alternative sources of funding to replace the resource lost through traditional funding of learners. The College will also continue our on-going dialogue with the various funding bodies and the Local Authority and ensure that the curriculum is focussed on those priority sectors which will continue to benefit from public funding.

The College is aware of several other issues which may also impact on our future funding and our ability to recruit learners. These include:

- National drive for schools to become academies (10 out of 18 applied or already Academies).
- Uncertainties around the future of vocational learning identified in the Wolf Report.
- Falling number of 16-18 year olds (9% decline) over four years.
- Increasingly competitive local environment.
- Financial pressures for learners with the withdrawal of entitlement funding and Education Maintenance Allowance (EMA).
- Shift of 19+ funding to apprenticeships.
- Loss of teaching grant for band C and D Higher Education programmes.

These risks will be mitigated in a number of ways:

- Ensuring that our curriculum offer and learning environment inspire people to learn at the College.
- Implementing a focussed schools liaison programme.
- Ensure we target resources to support learners 'at risk'.
- Investing resources in promoting Apprenticeships.
- Further developing our links with employers in targeted sectors.
- Having an appropriate Higher Education fees policy.

Employee Engagement and Morale

The need to be efficient will also necessitate changes to the College's structure and staffing establishment. Our objective is to ensure that we maximise the utilisation of teaching staff by focusing on efficient delivery of the curriculum. We will also focus on reducing support and administrative staff costs in line with sector benchmarks.

Property Strategy

The College will continue with plans to redevelop the existing Margaret Street City Centre Campus in the heart of Wakefield. The redevelopment was originally the second part of a two phased College-wide property strategy produced in 2004, the first phase being a new-build 'skillsXchange' which opened in Castleford in February 2009. In the context of the current economic constraints, expenditure to achieve the next phase of our property strategy will come from existing reserves and therefore must be carefully controlled if we are to fund and deliver the property master plan within a reasonable timeframe and that is affordable. The failure to dispose of our Thornes Park Campus in a timely way may also affect our ability to fund further developments and the College will continue work with the Local Authority and Thornes Park residents.

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 FRS 17.

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
- Local and regional partnerships
- 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 are 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 13 December 2011
and signed on its behalf by:



Cath Orange
Chair of Corporation

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Financial Statements and

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MEMBERS WHO SERVED THE CORPORATION SINCE 1 AUGUST 2010

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
Lewis ALLISON	August 2011	1 year	-	Student	-
Nasim ASLAM	October 2010	4 years	-	External	-
Shirley ASTON	July 2007	4 years	June 2011	Staff	
Robin BARRON	October 2008	4 years	-	External	Search
Heather BECKHAM	July 2011	4 years	-	Staff	-
Paul CAMPBELL	July 2009	4 years	-	External	Audit Remuneration (Vice Chair from Mar 10)
Richard COLLINS	April 2011	1 year	July 2011	Student	-
Janet DELVE	Dec 2010	4 years	June 2011	Staff	-
Sue GRIFFITHS	August 2008	n/a	February 2011	Principal and Chief Executive	Finance and Capital Search
Kevin HENRY	July 2006/ July 2010	4 years	-	External	Board (Vice Chair) Finance and Capital (Chair from Sep 10) Remuneration
Norman HOWE	July 2007	4 years	July 2011	Community	Audit (Chair)
Tim HOWE	March 2009	4 years	-	External	Finance and Capital
Andrew McCONNELL	October 2006/ October 2010	4 years	-	External	Audit Remuneration (Chair from Feb 11)
Naomi McKAY	January 2011/ October 2011	1 year	-	Student	-

Name	Date of Appointment/ Re-appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served
Shane O'DONNELL	December 2011	4 years	-	Staff	-
Cath ORANGE	April 2006/ April 2010	4 years	-	External	Board (Chair) Finance and Capital Remuneration (Chair from Mar 10 to Feb 11) Search (Chair)
Lynn PERKIN	October 2007	4 years	-	Business	Audit (Vice Chair)
Michele PHILLIPS	July 2008	4 years	-	External	Finance and Capital (Vice Chair)
Owen POWELL	August 2010	1 year	February 2011	Student	-
Andy WALLHEAD	May 2011	4 years	-	External	Audit (from Aug 11)
Jane WALTON	October 2009	4 years	-	External	Search (Vice Chair)
Sam WRIGHT	March 2011	n/a	-	Principal and Chief Executive	Finance and Capital Search

C. Orange -

Cath Orange
Chair of Corporation
13 December 2011

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

In the opinion of the Corporation, the College complies with all the provisions of the Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2011.

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 Capital Committee, 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 2011 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.

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 approves 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 SFA/YPLA. 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 Audit Service (IAS). 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 Directorates, Academies 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 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 management information systems designed to provide accurate and timely data and analysis to management to support decisions and monitor progress towards policies, strategies and targets.

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

Review of Effectiveness

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

Source	Area	Assurance
Internal Audit Service (RSM Tenon)	Internal Control, Governance and Risk Management	The College has adequate and effective risk management, control and governance processes to manage the achievement of its objectives.
Audit Committee	Internal Control, Governance and Risk Management	The College's systems of internal control and its arrangements for risk management, control and governance processes are both adequate and effective
Financial Statements and Regularity Auditor (Grant Thornton)	Annual Accounts and College's income and expenditure	The financial statements give a true and fair view
College Senior Management	Risk Management	The processes in place during the year were adequate in identifying, evaluating and managing the College's significant risks
College Self-Assessment Report	Quality of Provision	Provisionally Grade 2

Source	Area	Assurance
	Learner Satisfaction	High and improving levels of learner satisfaction – achieved and reported to Governors on 18 October
	Leadership and Management	Provisionally Grade 2
Investors in Careers	Advice and Guidance	Achieved National Quality Mark for Careers Information, Advice and Guidance

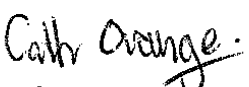
Capacity to Handle Risk


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 the (IAS) through risk-based audits and reviews of internal control. There were 2 high priority recommendations raised in the IAS review of Partnerships and 2 high priority recommendations as a result of their annual review of learner records and funding. The College has subsequently completed a review of processes and procedures, and administrative functions in these areas, which will address the issues highlighted. The effectiveness of the system of internal control for the year ended 31 July 2011 and the period up to the date of approval of the Annual Accounts was reviewed in December 2011 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 2011 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 13 December 2011 and signed on its behalf:


 Cath Orange
 Chair of Corporation


 Sam Wright
 Principal

STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Financial Memorandum agreed between the Skills Funding Agency/Young People's Learning Agency and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and with the Accounts Direction issued jointly by the Skills Funding Agency and the Young People's Learning Agency, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

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

Signed on behalf of the Corporation:



Cath Orange
Chair of Corporation
13 December 2011

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WAKEFIELD COLLEGE

We have audited the financial statements (“the financial statements”) of Wakefield College for the year ended 31 July 2011, which comprise of the principal accounting policies, 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. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the 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 34, the College's Corporation is responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporation; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in

the Statement of Responsibilities of the Members of the Corporation to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 July 2011 and of the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions.

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

In our opinion:

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

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Sheffield

13 December 2011

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 31 October 2011 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 2011 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 Audit Code of Practice, as amended by the Joint Audit Code of Practice, 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 2011 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Basis of opinion

We conducted our work in accordance with the Audit Code of Practice, as amended by the Joint Audit Code of Practice, and the Regularity Audit Framework issued by the 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 2011 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Clinton UK LLP

Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Sheffield

INCOME AND EXPENDITURE ACCOUNT

For the Period from 1 August 2010 to 31 July 2011

	Notes	2011 £000s	2010 £000s
Income			
Funding body grants	2	22,557	21,775
Tuition fees and education contracts	3	2,775	2,421
Other grants and contracts	4	693	688
Other income	5	744	759
Endowment and investment income	6	155	112
Total income		26,924	25,755
Expenditure			
Staff costs	7	18,916	17,734
Other operating expenses	9	6,375	6,017
Depreciation	12	2,333	2,387
Interest and other finance costs	10	233	615
Total expenditure		27,857	26,753
Deficit on continuing operations after depreciation of assets at valuation but before loss on valuation of fixed assets, exceptional items and tax		(933)	(998)
Loss on valuation of fixed assets below original cost		(1,660)	-
Deficit on continuing operations after depreciation of assets at valuation but before exceptional items and tax		(2,593)	(998)
Taxation	11	-	-
Deficit on continuing operations after depreciation of assets at valuation, exceptional items and tax		(2,593)	(998)
Deficit for the year transferred from accumulated income in endowment funds		1	-
Deficit for the year within income and expenditure reserve		(2,592)	(998)

The income and expenditure account is in respect of continuing activities.
The accompanying notes form an integral part of these financial statements.

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

For the Period from 1 August 2010 to 31 July 2011

	Notes	2011 £000s	2010 £000s
Deficit on continuing operations before tax		(2,593)	(998)
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	20	<u>850</u>	<u>850</u>
Historical cost deficit for the period		<u>(1,743)</u>	<u>(148)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the Period from 1 August 2010 to 31 July 2011

	Notes	2011 £000s	2010 £000s
Deficit on continuing operations after depreciation of assets at valuation, exceptional items and tax		(2,593)	(998)
Deficit on valuation of fixed assets	12	(2,204)	-
Actuarial gain in respect of pension scheme including the CPI adjustment of £nil (2010 £2,940,00)	22	5,450	3,088
Depreciation of endowment fixed assets	19	-	(1)
Total recognised gain relating to the period		653	2,089
Reconciliation			
Opening reserves and endowments		41,125	39,036
Total recognised gains for the year		653	2,089
Closing reserves and endowments		41,778	41,125

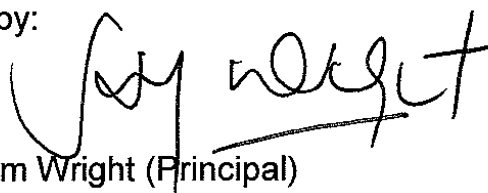
BALANCE SHEET

	Notes	2011 £000s	2010 £000s
Fixed Assets			
Tangible assets	12	47,479	53,118
Endowment asset investments	19	42	43
Current Assets			
Debtors	14	752	1,051
Investments	13	11,500	8,000
Cash at bank and in hand		766	349
		13,018	9,400
Less creditors: amounts falling due within one year	15	(5,213)	(2,961)
Net current assets		7,805	6,439
Total assets less current liabilities		55,326	59,600
Provisions for liabilities	17	(3,645)	(3,577)
Net assets excluding pension liability		51,681	56,023
Net pension liability	22	(5,723)	(10,570)
NET ASSETS INCLUDING PENSION LIABILITY		45,958	45,453
Deferred capital grants	18	4,180	4,328
Specific endowments	19	42	43
Reserves			
Income and expenditure account excluding pension reserve		30,784	31,923
Pension reserve		(5,723)	(10,570)
Income and expenditure account including pension reserve	21	25,061	21,353
Revaluation reserve	20	16,675	19,729
Total reserves		41,736	41,082
TOTAL FUNDS		45,958	45,453

The financial statements on pages 36 to 65 were approved by the Corporation on 13 December 2011 and were signed on its behalf by:



Cath Orange (Chair of the Corporation)



Sam Wright (Principal)

CASH FLOW STATEMENT

For the period from 1 August 2010 to 31 July 2011

	Notes	2011 £000s	2010 £000s
Net cash inflow from operating activities	23	4,082	456
Returns on investments and servicing of finance	24	137	50
Capital expenditure and financial investment	25	(303)	(750)
Cash inflow/(outflow) before use of liquid resources and financing		3,916	(244)
Management of liquid resources	26	(3,499)	500
Increase in cash in the period		417	256
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the period		417	256
Cash outflow/(inflow) from liquid resources	26	3,499	(500)
Movement in net funds in period	27	3,916	(244)
Net funds at 1 August	27	8,392	8,636
Net funds at 31 July		12,308	8,392

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 AUGUST 2010 TO 31 JULY 2011

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 jointly by the Skills Funding Agency and the Young People's Learning Agency in the 2010/11 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 and in accordance with applicable United Kingdom Accounting Standards.

Going Concern

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

The College currently has no loans. Included in the three year financial forecast is Phase 1 of the redevelopment of the Wakefield campus at a current estimated cost of £7.9m. The property strategy details the development of the Wakefield campus over 5 phases which will allow for the redevelopment to progress over a number of years, subject to the availability of adequate financing.

The College has sufficient liquidity to fund Phase 1 but is planning to put in place a short term facility. Cash balances as at 31 July 2011 were £12.3m and Income and Expenditure reserves were £30.8m.

The College's financial forecast shows a breakeven budget for 2011/12 and this includes further investment in additional property improvements in addition to the first phase of the redevelopment.

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

Recognition of Income

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

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

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

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

Pension Schemes

POST-RETIREMENT BENEFITS

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

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 22, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the

scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

ENHANCED PENSIONS

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

Tangible Fixed Assets

A. LAND AND BUILDINGS

Land and buildings were revalued at 31 July 2011 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.

The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis.

Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 17 and 58 years.

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 and Endowment Assets

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

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

Liquid Resources

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

Provisions

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

Agency Arrangements

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

2 FUNDING BODY GRANTS

	Notes	2011 £000s	2011 £000s	2011 £000s	2010 £000s
Funding Body Grants		SFA/ YPLA	HEFCE	TOTAL	TOTAL
Recurrent grant		18,529	1,341	19,870	17,182
Apprenticeships		1,321	-	1,321	1,358
Entry to Employment		-	-	-	1,086
Releases of deferred capital grants	18	218	49	267	298
Golden Hellos		-	-	-	20
Learner Agreement Pilot		-	-	-	4
Train to Gain		635	-	635	1,319
6 Month Unemployed		434	-	434	240
Other funds		27	3	30	268
Total		21,164	1,393	22,557	21,775

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:

	2011 £000s	2010 £000s
Train to Gain Income	944	1,628
Payments to non college partners	(309)	(309)
Total	635	1,319

3 TUITION FEES AND EDUCATION CONTRACTS

	2011	2010
	£000s	£000s
UK Higher Education students	670	561
UK Further Education students	1,172	976
Non-European Union students	188	114
Total fees paid by or on behalf of individual students	2,030	1,651
Local Education Authority	42	98
Higher Education contracts	173	178
Other contracts	220	220
Apprenticeship contracts	310	274
Sub-total	745	770
Total	2,775	2,421

4 OTHER GRANTS AND CONTRACTS

	2011	2010
	£000s	£000s
European funds	163	158
Other funds	530	530
Total	693	688

5 OTHER INCOME

	2011	2010
	£000s	£000s
Other income	610	606
Release of deferred Capital Grants (non-Funding Council)	134	153
Total	744	759

6 ENDOWMENT AND INVESTMENT INCOME

	Notes	2011 £000s	2010 £000s
Other investment income		154	112
Investment income from specific endowment asset	19	1	-
Total		155	112

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:

	2011 Number	2010 Number
Teaching departments – teaching staff	253	245
Teaching departments – other staff	60	52
Teaching support services	73	71
Other support services	6	5
Administration and central services	112	118
Premises	39	39
Total	543	530

	£000s	£000s
Staff Costs for the Above Persons		
Teaching departments – teaching staff	9,176	8,964
Teaching departments – other staff	1,305	1,115
Teaching support services	1,798	1,634
Other support services	242	197
Administration and central services	3,409	3,475
Premises	793	783
Staff restructuring	587	84
FRS17 retirement benefit charge	370	542
Enhanced pension provision adjustment	100	(306)
Payroll sub-total	17,780	16,488
Contracted out staffing services	1,136	1,246
Total	18,916	17,734

7 STAFF COSTS (CONTINUED)

	2011 £000s	2010 £000s
Analysed as follows:		
Wages and salaries	14,093	13,643
Social Security costs	973	937
Other pension costs (including FRS17 adjustments of £370,000: 2010 £542,000)	2,027	2,130
Enhanced pension provision adjustment	100	(306)
Restructuring costs	587	84
Sub-Total	17,780	16,488
Contracted out staffing services	1,136	1,246
Total	18,916	17,734
Total staff costs, analysed by type of contract were:		
Employment costs for staff on permanent contracts	16,052	15,547
Employment costs for staff on short-term and temporary contracts	671	621
Contracted out staffing services	1,136	1,246
FRS17 retirement benefit charge	370	542
Restructuring costs	587	84
Enhanced pension provision adjustment	100	(306)
Total	18,916	17,734

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.

	2011 Number	2010 Number
The number of senior post-holders including the Principal was:	3	3
	2011 £000s	2010 £000s
Senior post-holders' emoluments are made up as follows:		
Salaries	234	222
Pension contributions	31	29
Total emoluments	265	251

8 EMOLUMENTS OF SENIOR POST HOLDERS AND MEMBERS (CONTINUED)

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

	2011		2010	
	Number of senior post-holders	Number of other Staff	Number of senior post-holders	Number of other Staff
£80,001 to £90,000	1	-	1	-
£90,001 to £100,000	-	1	-	1
£120,001 to £130,000	-	-	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:

	2011 £000s	2010 £000s
Salary	122	113
Pension contributions	17	16
Total emoluments	139	129

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

	2011 £000s	2010 £000s
Teaching departments	1,840	1,989
Teaching support services	97	91
Other support services	387	323
Administration and central services	1,001	997
General education expenditure	796	816
Premises costs – running costs	1,040	1,014
Premises costs – maintenance	257	219
Catering operations	76	37
Costs associated with property strategy	669	276
Interest on enhanced pension provision	193	239
Other expenses	19	16
Total	6,375	6,017

Other operating expenses include:

Auditors' remuneration

- internal audit	20	24
- financial statements and regularity audit	15	14
Hire of other assets – operating leases	57	63
Losses on disposal of tangible fixed assets (where not material)	-	2

10 INTEREST PAYABLE

	2011 £000s	2010 £000s
Pension finance costs (note 22)	233	615
Total	233	615

11 TAXATION

The members do not believe the College was liable for any Corporation tax arising out of its activities during this period (2009/10 – nil).

12 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £000s	Equipment £000s	Total £000s
Cost or valuation at 1 August 2010	54,473	9,785	64,258
Additions	103	455	558
Revaluation	(8,239)	-	(8,239)
Disposals	-	(1,694)	(1,694)
At 31 July 2011	46,337	8,546	54,883
Depreciation at 1 August 2010	2,816	8,324	11,140
Charge for period	1,559	774	2,333
Revaluation	(4,375)	-	(4,375)
Eliminated in respect of disposals	-	(1,694)	(1,694)
At 31 July 2011	0	7,404	7,404
Net book value at 31 July 2011	46,337	1,142	47,479
Net book value at 31 July 2010	51,657	1,461	53,118
Inherited	4,317	-	4,317
Financed by capital grant	3,799	338	4,137
Revalued	12,358	-	12,358
Other	25,863	804	26,667
Net book value at 31 July 2011	46,337	1,142	47,479

Land and buildings with a net book value of £3,798,996 have been partly financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of its Financial Memorandum, to surrender the proceeds.

The College's land and buildings were valued at 31 July 2011 at depreciated replacement cost by the District Valuer in accordance with the RICS Appraisal and Valuation Standards as published by the Royal Institution of Chartered Surveyors. The revalued amount was £46,336,800. These have been included in the financial statements at depreciated replacement cost, as determined by the District Valuer.

12 TANGIBLE FIXED ASSETS (CONTINUED)

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

	£000s
Cost	33,148
Aggregate depreciation based on cost	<u>(1,827)</u>
Net book value based on cost	<u>31,321</u>

13 INVESTMENTS

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

14 DEBTORS

	2011 £000s	2010 £000s
Amounts falling due within one year:		
Trade debtors	366	308
Prepayments and accrued income	322	381
Amounts owed by the Skills Funding Agency	64	362
Total	<u>752</u>	<u>1,051</u>

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £000s	2010 £000s
Payments received on account	1,842	956
Trade creditors	154	80
Taxation and social security	324	326
Pension creditor	118	96
Accruals	1,680	1,273
Amounts owed to the Young People's Learning Agency/Skills Funding Agency	1,095	230
Total	<u>5,213</u>	<u>2,961</u>

16 ANALYSIS OF BORROWINGS OF THE COLLEGE

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

17 PROVISIONS FOR LIABILITIES

	Enhanced Pension £000s
At 1 August 2010	3,577
Transferred from income and expenditure account:	
- Interest cost	193
- Actuarial loss	100
Expenditure in the period	(225)
	<u>3,645</u>
At 31 July 2011	<u><u>3,645</u></u>

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

The principal assumptions for this calculation are:

	2011	2010
Price inflation	3.74%	2.46%
Discount rate	2.75%	3.00%

18 DEFERRED CAPITAL GRANTS

	ERDF £000s	Funding Body £000s	Other £000s	Total £000s
At 1 August 2010				
- Land and buildings	624	3,214	115	3,953
- Equipment	-	215	160	375
Cash received:				
- Equipment	-	251	2	253
Released to income and expenditure account:				
- Land and buildings	(41)	(82)	-	(123)
- Equipment	-	(185)	(93)	(278)
	<u>583</u>	<u>3,413</u>	<u>184</u>	<u>4,180</u>
At 31 July 2011				
Land and buildings	583	3,132	115	3,830
Equipment	-	281	69	350
	<u>583</u>	<u>3,413</u>	<u>184</u>	<u>4,180</u>
At 31 July 2011	<u><u>583</u></u>	<u><u>3,413</u></u>	<u><u>184</u></u>	<u><u>4,180</u></u>

19 SPECIFIC ENDOWMENTS

	£000s
As at 1 August 2010	43
Expenditure for year	(2)
Income for year	1
	<hr/>
As at 31 July 2011	42
	<hr/> <hr/>

These funds represent a prize fund.

20 REVALUATION RESERVE

	2011 £000s	2010 £000s
At 1 August 2010	19,729	20,579
Transfer from revaluation reserve to general reserve in respect of depreciation on revalued assets	(850)	(850)
Deficit on revaluation of properties	(2,204)	-
	<hr/>	<hr/>
At 31 July 2011	16,675	19,729
	<hr/> <hr/>	<hr/> <hr/>

21 INCOME AND EXPENDITURE RESERVE

	2011 Total £000s	2010 Total £000s
At 1 August 2010	21,353	18,413
Deficit for the year	(2,593)	(998)
Deficit for the year transferred for accumulated income in endowment funds	1	-
Transfer from revaluation reserve in respect of depreciation on revalued assets	850	850
Actuarial gain in respect of pension scheme	5,450	3,088
	<hr/>	<hr/>
At 31 July 2011	25,061	21,353
	<hr/> <hr/>	<hr/> <hr/>
Balance represented by:		
Pension reserve	(5,723)	(10,570)
Income and expenditure account reserve	30,784	31,923
	<hr/>	<hr/>
	25,061	21,353
	<hr/> <hr/>	<hr/> <hr/>

22 PENSION AND SIMILAR OBLIGATIONS

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

	2011 £000s	2010 £000s
Teachers Pension Scheme contribution	1,010	987
Local Government Pension Scheme:		
Contributions paid	825	625
FRS17 charge	<u>370</u>	<u>542</u>
Charge to the Income and Expenditure Account (staff costs)	1,195	1,167
Less amounts recognised as enhanced pension payments	(7)	(7)
Less amounts recognised as restructuring	(191)	-
Timing difference on additional Local Government Pension Scheme accruals	20	(17)
Total Pension Cost for Year	<u>2,027</u>	<u>2,130</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 2010.

Contributions amounting to £80,000 (2010: £78,000) 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%

22 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Following the implementation of Teachers' Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions. For the period 1 August 2010 to 31 July 2011 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 2011 was £957,000 of which employer's contributions totalled £646,000 and employees' contributions totalled £311,000. The agreed contribution rates for future years are 13.3%. Employee contributions are between 5.5% and 7.2% dependent on the full time equivalent salary.

FRS17

Principal Actuarial Assumptions	Funded 2011	Unfunded 2011	Funded 2010	Unfunded 2010
Rate of increase in salaries	5.2%	-	5.35%	-
Rate of increase for pensions in payment/inflation	2.8%	2.7%	2.9%	2.6%
Discount rate for scheme liabilities	5.3%	5.3%	5.4%	5.3%
CPI inflation assumption	2.8%	2.7%	2.9%	2.6%
RPI inflation assumption	3.7%	3.6%	3.6%	3.3%

22 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

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 2011	At 31 July 2010
<i>Retiring today/current pensioners:</i>		
Males	21.9	21.8
Females	24.0	25.4
<i>Retiring in 20 years/future pensioners:</i>		
Males	23.7	24.1
Females	26.0	27.9

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

	Long-term rate of return expected 2011	Value 2011 £000s	Long-term rate of return expected 2010	Value 2010 £000s
Equities	7.9%	15,415	8.2%	12,949
Bonds				
- Government	3.9%	2,446	4.2%	2,445
- Other	4.7%	844	4.9%	722
Property	7.4%	759	7.7%	722
Cash	1.5%	443	1.4%	463
Other	7.9%	1,180	8.2%	1,223
Total Market Value of Assets		21,087		18,524
Present value of scheme liabilities				
- Funded		(26,693)		(28,979)
- Unfunded		(117)		(115)
Deficit in the scheme		(5,723)		(10,570)

22 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

	2011 £000s	2010 £000s
Analysis of the amount charged to income and expenditure account		
Employer service cost (net of employer contributions)	(198)	(542)
Past service cost	(172)	-
Total operating charge	(370)	(542)
Analysis of pension finance cost		
Expected return on pension scheme assets	1,366	1,074
Interest on pension liabilities	(1,599)	(1,689)
Pension finance cost	(233)	(615)

	2011 £000s	2010 £000s
Amount recognised in the statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	506	1,294
Experience gain on scheme liabilities including CPI credit £nil (2010 £2,940,000)	4,082	3,119
Change in financial and demographic assumptions underlying the scheme liabilities	862	(1,325)
Actuarial gain recognised in STRGL	5,450	3,088

	2011 £000s	2010 £000s
Movement in deficit during year		
Deficit in scheme at 1 August	(10,570)	(12,501)
Movement in year:		
Current service charge	(1,023)	(1,167)
Employer contributions	825	625
Past service cost	(172)	-
Pension Finance cost	(233)	(615)
Actuarial gain	5,450	3,088
Deficit in scheme at 31 July	(5,723)	(10,570)

22 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Asset and liability reconciliation	2011	2010
	£000s	£000s
Reconciliation of liabilities		
Liabilities at start of period	29,094	28,048
Current service cost	1,023	1,167
Interest cost	1,599	1,689
Employee contributions	312	299
Actuarial (gain)/loss	(4,944)	1,146
Benefits paid	(446)	(315)
Past service cost	172	(2,940)
Liabilities at end of period	26,810	29,094

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

Asset and liability reconciliation	2011	2010
	£000s	£000s
Reconciliation of assets		
Assets at start of period	18,524	15,547
Expected return on assets	1,366	1,074
Actuarial gain	506	1,294
Employer contributions	825	625
Employee contributions	312	299
Benefits paid	(446)	(315)
Assets at end of period	21,087	18,524

The estimated value of employer contributions for the year ended 31 July 2012 is £613,000.

	2011	2010	2009	2008	2007
History of experience gains and losses					
Actuarial gains/(losses) on assets:					
Amount £000s	506	1,294	(1,843)	(2,163)	847
% of scheme assets					
Experience gains/(losses) on scheme liabilities:					
Amount £000s	4,082	179	(47)	(1,044)	-
% of scheme liabilities					
Total amount recognised in STRGL:					
Amount £000s	5,450	148	(3,852)	(5,294)	1,214
% of scheme liabilities					

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

	Note	2011 £000s	2010 £000s
Deficit on continuing operations after depreciation of assets at valuation		(2,593)	(998)
Loss on valuation		1,660	-
Depreciation	12	2,333	2,387
Deferred capital grants released to income	18	(401)	(451)
Pension cost less contribution payable	22	370	542
Exceptional pension credit – Enhanced Pension	17	-	(306)
Decrease/(increase) in debtors		303	(80)
Increase/(decrease) in creditors		2,264	(1,145)
Increase in provisions	17	68	4
Interest receivable	6	(154)	(112)
Endowment income receivable		(1)	-
Interest payable	10	233	615
Net cash inflow from operating activities		4,082	456

24 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2011 £000s	2010 £000s
Interest received	136	50
Endowment income received	1	-
Net cash inflow from returns on investments and servicing of finance	137	50

25 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2011 £000s	2010 £000s
Purchase of tangible fixed assets	(570)	(789)
Decrease in endowment assets	-	1
Deferred capital grants received	267	38
Net cash outflow from capital expenditure and financial investment	(303)	(750)

26 MANAGEMENT OF LIQUID RESOURCES

	2011 £000s	2010 £000s
Placing of short-term deposits	3,500	(500)
Movement on endowment assets	(1)	-
	3,499	(500)

27 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2010 £000s	Cashflows £000s	As at 31 July 2011 £000s
Endowment asset	43	(1)	42
Cash in hand and at bank	349	417	766
Current asset investments	8,000	3,500	11,500
Total	8,392	3,916	12,308

28 POST BALANCE SHEET EVENTS

On 11 October, the College signed a contract with GB Building Solutions for the partial refurbishment and rebuilding of B Block as part of the College's property strategy, currently valued at £5,330,000.

The work is expected to be complete by September 2012.

29 CAPITAL COMMITMENTS

	2011 £000s	2010 £000s
Contracted for at 31 July	415	43

Capital commitments include the contracts in place for the first phase of the City Centre Campus redevelopment.

30 FINANCIAL COMMITMENTS

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

	As at 31 July 2011	As at 31 July 2010
Other	£000s	£000s
Expiring within one year	43	8
Expiring between two and five years inclusive	1	55
Total	44	63

31 RELATED PARTY TRANSACTIONS

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

32 AMOUNTS DISBURSED AS AGENT

	2011 £000s	2010 £000s
Funding body grants – hardship	175	175
Disbursed to students	(79)	(68)
Administration costs	(9)	(9)
Amount consolidated in financial statements	(22)	(36)
Balance unspent as at 31 July	65	62
Funding body grants - childcare	62	68
Disbursed to students	(39)	(56)
Administration costs	(3)	(3)
Balance unspent as at 31 July	20	9
Funding body grants – HEFCE	10	13
Funds brought forward from previous year	1	1
Disbursed to students	(3)	(10)
Funds carried forward to following year	(1)	(1)
Balance unspent as at 31 July	7	3

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.

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