

# **Huntingdonshire Regional College**

**Report and Financial Statements  
For the year ended 31 July 2009**

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## Operating and Financial Review

### NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2009.

#### Legal status

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

The Corporation was incorporated as Huntingdonshire Regional College on 1 April 1993.

#### Mission

The College Corporation undertook a review of mission and vision for 2007 - 2010. The mission statement remained the same as in 2006-07, and an additional objective was made by splitting a previous objective into two.

The College's mission, as approved by its members, is:

- *Our business is your learning and skills, building prosperity for people and businesses in the East of England.*

#### Implementation of strategic plan

The College approved a strategic plan for the period 1 August 2009 to 31 July 2012. This strategic plan includes property and financial plans. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's strategic objectives for the year 2008/09 were to:

- Expand 14 – 19 participation
- Expand business with employers
- Tailor 19+ programmes to priorities and specialisms
- Achieve excellence in learner success rates
- Achieve excellence in service delivery, reputation and financial management
- Rebuild the College to provide a modern, efficient learning environment and a high profile image

The College has made progress towards achieving these strategic objectives this year. The College's financial health continues to improve and is financial health category 'Outstanding'.

Progress on actions under the six strategic priorities above has resulted in the following achievements:

- The college's FE provision is now predominantly 16-18 rather than 19+.
- 16-18 learner target of 935 exceeded by 14%
- The College has played a pivotal role in the development and delivery of the new 14-19 diplomas with the introduction of the Creative and Media diploma from 2008-09 and Engineering & IT diplomas from 2009-10.
- Close working with partner schools to ensure spread of provision across all lines by 2013
- Establishment of the Services to Business Centre along with TUC studies for Cambridgeshire, working with over 460 employers.
- Investment in staff with commercial background to push forward the employer responsive agenda.
- A review of 19+ provision resulting in a greater proportion of provision hitting priority areas.
- Improved success rates in the 16-18 age group.
- Standards of teaching and learning have improved with an overall increase in learning observation grades over time.
- Improved enrolment and initial assessment for literacy and numeracy ensuring learners choose the correct course and support needs are identified early

## Operating and Financial Review (continued)

- Investment in staff development with new lecturing staff required to achieve teaching qualifications and existing staff strongly encouraged to participate
- Continued investment in IT systems and equipment
- Ofsted Inspection report in 2008 stated “The transformation of the College’s financial position over four years is impressive” with a PFA audit grade of 1, Outstanding and a Leadership and Management grade of Good
- Development and implementation of a Management Competency Framework and an update of the HR document ‘Achieving College Excellence’.
- The college now has its own Train to Gain contracts being one of the largest in the region and recognised for its high quality by being awarded ‘Provider of the month’ in April 2009.
- The college had submitted an AiP in September 2008. No funds have been allocated to this project because of the cessation of the LSC capital programme. The college is now in the process of devising an alternative property strategy.

The college has new strategic objectives for 2009 – 10 and beyond. They are:

- To be a good college with outstanding features
- To achieve 50% income growth
- To develop new campuses
- To have motivated and effective staff with high morale

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### Financial objectives

The College’s financial objectives are:

- Grow and diversify college income by 50% over 5 years
- Year on year surpluses of 1-3%
- Improved ratios to strengthen and consolidate the FfE outstanding grade
- Improved staff utilisation through the use of integrated information systems
- Diversification of income to reduce dependency on LSC funds
- £150k minimum investment per annum in a rolling programme of equipment replacement and new capital investment.

### Performance indicators

Although the LSC continues to measure FE performance in terms of contribution to national targets, individual colleges are now required to submit plans through the Summary Statement of Activity, which is reviewed each year. These plans focus on four headline targets:

- learner number growth and achievement of LSC funding targets
- learner success rates
- teacher qualifications
- employer engagement

In 2008/09 the College exceeded its 16-18 learner number and SLN target. It also exceeded its 19+ learner number target, fully funded SLN target but fell short of its co-funded SLN target.

The colleges’ Framework for Excellence scores are as follows.

Learner Views – Satisfactory

Learner Destinations – Good

Employer Views – No grade calculated

Success Rates – Good

Inspection Grade – Satisfactory

Financial Health – Outstanding

Financial Management and Control – Outstanding

Delivery as a percentage of funding allocation or contract value – Good

Resource Efficiency – Good

## Operating and Financial Review (continued)

As benchmarks develop so the College will be better placed to take appropriate action in the light of the overall performance rating. The rating of Good is considered an acceptable outcome.

### FINANCIAL POSITION

#### Financial results

The College generated a loss in the year of £ 213,222 (2007/08 surplus £30,154) after accounting for the disposal of fixed assets and one off exceptional items of £ 346,175 for new build costs. Removing the exceptional cost of the new build capital project the college made a surplus of £132,953. The budget for the year was a surplus of £73,000.

The College has accumulated reserves, excluding the pension reserve, of £2,583,870 and has a cash surplus of £1,418,867.

Tangible fixed asset additions and investment in resources during the year amounted to £303,384. This resulted in a new portakabin for the Pathfinder programme; 2 minibuses and a grant funded van for construction, 2 essential software upgrades, and the college Wi-Fi project.

The College has significant reliance on the LSC for its principal funding source, largely from recurrent grants. In 2008/09 the LSC provided 82% of the College's total income.

The College has no subsidiary companies.

#### FRS 17

The college has fully implemented the provisions of FRS 17. This has resulted in a movement of the FRS 17 liability from a deficit of £1.215m to £2.497m.

The basis of valuation used by FRS 17 relies on actuarial assessment which is based on many medium to long term assumptions including assumptions about returns on the many asset classes in which the funds are invested.

If the actuarial valuation of Huntingdonshire Regional Colleges' share of the assets and liabilities continues to show a material deficit in the medium to long term then the College may have to take action to reduce this deficit. This may take the form of making increased employer contributions.

#### Treasury policies and objectives

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.

The College has a separate treasury management policy in place. Short term borrowing for temporary revenue purposes is restricted by limits in the Financial Memorandum with the LSC. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum of the LSC.

#### Cash flows

The College had an operating cash outflow of £0.1 million (2007/08 £0.2 million surplus). The net cashflow resulted from the management of liquid resources.

#### Liquidity

The College has no borrowing at present.

## Operating and Financial Review (continued)

### CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

#### Student numbers

The College is funded by the LSC according to the level of activity that it generates each year. In 2008/09, the College is estimated to achieve 3,433 learners against a target of 3,126.

#### Student achievements

Learners outcomes continue to improve at the College. Success rates rose again in 2007/08 from 72 per cent in 2006/07 to 79 per cent and, while it is too early to make predictions about success rates for 2008/09, initial forecasts expect them to be higher at 82 per cent.

#### Curriculum developments

The College has a reputation for curriculum innovation and change. It has introduced new courses in many areas of the curriculum in order to meet student needs better. A particular strength is in making learners ready for the next stage in their lives.

Many of our learners have low levels of prior educational achievement. The College is growing the range of courses aimed at learners who are returning to education. These include Skills for Life and Access to HE programmes.

Courses have been designed to ensure learners are able to move securely into the labour market or through progression routes to other qualifications. The major curriculum developments for 2009/10 are

- 14-19 diplomas in IT and engineering
- Uniformed public services
- Foundation degree in Engineering
- Functional skills
- Response to redundancy programmes
- Apprenticeships in care and warehousing

#### 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%. At present, the College does not measure this target and no interest charges were incurred in respect of late payments.

#### Post-balance sheet events

There are no post-balance sheet events that require disclosure or adjustment.

#### Future developments

Income allocations for 2009/10 from the LSC for all types of provision have been confirmed at £9,727,136.

The College seeks to increase student numbers over the next 3 years as part of its strategic plan.

The College aims to significantly increase contribution by introducing a number of efficiency schemes across the college site. The College would like to reduce dependency on the LSC and is seeking opportunities to diversify income.

## Operating and Financial Review (continued)

### RESOURCES:

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

Tangible resources include the two college sites and £1.9 million held in current assets

#### *People*

The College employs 244 people (expressed as full time equivalents), of whom 128 are teaching staff.

#### *Reputation*

The College has a good reputation locally and this is demonstrated through the growth in the 16-18 learner volumes and the introduction of the 14-19 diplomas.

### PRINCIPAL RISKS AND UNCERTAINTIES:

The College is continually developing, reviewing and embedding the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation and to enable it to achieve its strategic objectives.

Based on the strategic plan, the Senior Executive Team (SET), in the role of the Risk Management Group, undertakes a comprehensive review of the risks to which it is exposed. Systems and procedures are identified, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the College will also consider any risks which may arise as a result of a new area of work being undertaken. Risk is a standard agenda item on all Senior Executive and management team meetings.

A risk register is maintained at the College level which is reviewed termly by the Audit Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks along with a progress report for that risk. Risks are prioritised using a consistent scoring system.

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

#### 1. Government funding

The College has considerable reliance on continued government funding through the LSC, Local Authority, Schools and HEFCE. In 2009, 87% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. 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.

The College is aware of two issues which may impact on future funding,

- The LSC introduced a new demand led funding system to apply to FE colleges and other providers in respect of adult provision from August 2008. The funding methodology applies a series of factors such as guided learning hours and success rates to calculate an amount of funding to be received for each learner.
- The government is reviewing its priorities for the adult skills sector following the Leitch report into the skills needed for the UK to compete in the global economy. The college's 19+ developmental learning has been cut significantly, although some of the shortfall has been offset by an increase in funding for priority areas.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies

## Operating and Financial Review (continued)

- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with the local LSC and with the successor agencies in due course.
- Continued focus on efficiency of delivery.

### 2. Tuition fee policy

The LSC intend to raise individual contributions. Ministers have confirmed that the fee assumption will increase to 47.5% in 2009/10 and 50% in 2010/11. In line with the majority of other colleges, Huntingdonshire Regional College will, where possible but also with consideration of local competition and market conditions, increase tuition fees in accordance with the rising fee assumptions. The risk for the College is that demand falls off as fees increased. Fees are also lower due to eligibility for fee remission being extended to other priority qualifications such as full level 3. This will impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

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

### 3. Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 17. This has doubled in 2008/09 to approx £2.5m.

### 4. Property Strategy

The College has aspirations for a potential capital build of £50m. This would require the purchase of two new sites, building two new campuses on these sites and disposal of the two current sites. The college has not received funding for this project but will apply for funds when and if they are made available by the government. In the meantime the college is reviewing its property strategy to include required and desirable work to be carried out on existing sites.

The risks are mitigated by contingency budgeting and business continuity planning to cope with various failures of the existing estate.

## STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, Huntingdonshire Regional College has many stakeholders. These include:

- Learners;
- Funding Councils;
- Staff;
- local employers (with specific links);
- local Authorities;
- Government Offices/ Regional Development Agencies;
- Local community;
- Trade Unions;
- Professional bodies;

## Operating and Financial Review (continued)

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site, briefing notes, surveys and meetings/annual conferences.

### Equal opportunities and employment of disabled persons

Huntingdonshire Regional 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, disability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. The College's Equal Opportunities Policy and Equality and Diversity Policy, are published on the College's Internet site. These policies will be resourced, implemented and monitored on a planned basis.

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

### Disability statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005, and in particular makes the following commitments:

- a) there is a list of specialist equipment which the College can make available for use by learners
- b) lifts and ramps are regularly maintained to allow access to people with disabilities
- c) the College has replaced three disabled lifts and improved disabled access
- d) the admissions policy for all learners is described in the College Charter. Appeals against a decision not to offer a place are dealt with under the complaints policy
- e) the College has specialist lecturers and learner support assistants to provide a variety of support for learning with the introduction of a special education needs co-ordinator during the year
- f) There is a continuing programme of staff development to ensure the provision of appropriate support for learners who have learning difficulties and/or disabilities
- g) specialist programmes are described in programme information guides
- h) counselling and welfare services are described in the College Charter

### Disclosure of information to auditors

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

**Approved by order of the members of the Corporation on 8 December 2009 and signed on its behalf by:**

**Mr A. Barnish**

**Chair**

## Operating and Financial Review (continued)

### Professional advisers

#### Financial statement and regularity auditors:

MacIntyre Hudson LLP  
New Bridge Street House  
30-34 New Bridge Street  
London  
EC4V 6BJ

#### Internal auditors:

Tenon Audit  
Charnwood House  
Gregory Boulevard  
Nottingham  
NG7 6NX

#### Bankers:

Barclays Bank Plc  
1 Market Hill  
Huntingdon  
Cambridgeshire PE29 3AE

#### Solicitors:

Greenwoods  
Monksgate House  
City Road  
Peterborough  
Cambridgeshire  
PE1 1JE

Taylor Vinters  
Merlin Place  
Milton Road  
Cambridge  
Cambridgeshire  
CB4 0DP

## Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the revised Combined Code on Corporate Governance issued by the London Stock Exchange in July 2006. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the governors, the College complies with all the provisions of the Combined Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2009.

### The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in Table 2.

**Table 2: Governors serving on the Board during 2008/09**

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served
Mr A Barnish [Chair]	Reappointed 19 July 2006	4 years		Independent Governor	Finance & General Purposes; Search; Human Resources & Remuneration
Mr D Adams	Reappointed 20 March 2008	4 years		Independent Governor	Finance & General Purposes [Chair]; Curriculum & Quality [from Spring Term]
Mr K Ambrose	30 September 2008	1 year	31 July 2009	Student Governor	
Miss S Anderson	30 September 2008	1 year	31 July 2009	Student Governor	
Mrs A Barber	4 December 2008	4 years		Staff Governor	Curriculum & Quality
Mr J Cornwell	Reappointed 27 Nov 2007	4 years		Independent Governor	Audit
Ms A Constantine	14 October 2002	Ex officio		Principal	Curriculum & Quality; Finance & General Purposes; Human Resources & Remuneration; Search; Asset Working Group
Mr S Cryer	19 July 2007	4 years	4 December 2008	Staff Governor	Curriculum & Quality
Mr A Curtis	Reappointed 4 December 2008	4 years		Independent Governor	Curriculum & Quality [Chair]; Finance & General Purposes [from Spring Term]
Mr M Edwards	Reappointed 19 July 2007	4 years		Independent Governor	Curriculum & Quality; Asset Working Group [Chair]; Finance & General Purposes
Mr K Fleming	Reappointed 19 July 2007	4 years		Independent Governor	Asset Working Group; Search [Chair]; Audit

**Statement of Corporate Governance and Internal Control (continued)**

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served
Mr J Harrison	Reappointed 16 July 2009	4 years		Independent Governor	Audit [Chair]
Mr M Hosking	Reappointed 19 March 2007	4 years		Independent Governor	Finance & General Purposes
Mrs J Jenkins	Reappointed 8 December 2007	4 years		Independent Governor	Finance & General Purposes; Human Resources & Remuneration; Search; Asset Working Group
Mrs J Prichard	Appointed 27 November 2007	4 years		Independent Governor	Human Resources & Remuneration
Mr I Radford	Reappointed 21 March 2005 [extended on 20 March 2008]	3 years	4 December 2008	Staff Governor	Asset Working Group; Audit
Mr S Rogers	Appointed 4 December 2008	4 years		Staff Governor	Finance & General Purposes; Asset Working Group
Mrs N Rule	19 July 2007	4 years		Independent Governor	Human Resources & Remuneration
Cllr J Sadler	Reappointed 19 July 2006	3 years		Independent Governor	Human Resources & Remuneration [Chair]
Mr J Skipp	25 May 2006	3 years	November 2008	Independent Governor	Curriculum & Quality
Mr G Adams, who is not a Governor, served as a Member of the Audit Committee. The Clerk to the Corporation is Ms Julia Kennedy.					

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and General Purposes, Human Resources / Remuneration, Curriculum and Quality, 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:

Huntingdonshire Regional College  
California Road  
Huntingdon  
Cambridgeshire  
PE29 1BL

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.

## Statement of Corporate Governance and Internal Control (continued)

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

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

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

### Appointments to the Corporation

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

Members of the Corporation are appointed for a term of office not exceeding four years.

### Remuneration Committee

Throughout the year ending 31 July 2009, the College's Human Resources & Remuneration Committee comprised five members. Part of the Committee's responsibility is to make recommendations to the Board on the remuneration and benefits of the Principal, other senior postholders and the Clerk to the Corporation.

Details of remuneration for the year ended 31 July 2009 are set out in note 7 to the financial statements.

### Audit Committee

The Audit Committee comprises three members of the Corporation (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

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

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. 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

#### *Scope of responsibility*

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which the Principal is personally responsible, in accordance with the responsibilities assigned to her in the Financial

## Statement of Corporate Governance and Internal Control (continued)

Memorandum between Huntingdonshire Regional College and the LSC. The Principal is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

### *The purpose of the system of internal control*

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Huntingdonshire Regional College for the year ended 31 July 2009 and up to the date of approval of the annual report and accounts.

### *Capacity to handle risk*

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2009 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation, SET and Audit Committee.

### *The risk and control framework*

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- an annual detailed review of the Risk Register as well as regular monitoring and revision of the register by the Senior Executive Team
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines monitored by the Senior Executive Team and the Asset Working Group and reported to the Finance & General Purposes Committee
- the adoption of formal project management disciplines, where appropriate.

Huntingdonshire Regional College has an internal audit service, which operates in accordance with the requirements of the LSC's *Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. An annual Internal Audit Report provides the governing body with details of internal audit activity in the College. The report includes the independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

### *Review of effectiveness*

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

- the work of the internal auditors
- the work of the senior managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statement and regularity auditors in their management letters and other reports.

**Statement of Corporate Governance and Internal Control (continued)**

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

The Senior Executive Team set out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Executive Team and the audit committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. Papers to Corporation and its committees include an identification of risks and actions to mitigate risks. The Corporation regularly consider risk and control and receives reports thereon from the Senior Executive Team and minutes of the audit committee's meetings. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Corporation receives regular reports on monitoring against College plans from the Audit Committee, and at its June 2009 meeting the Corporation received the Risk Management Annual Report for 2008/09 and the Internal Auditors' Annual Report. The Audit Committee's Annual Report to the Corporation and the Principal for the 2008/09 year (incorporating, the Financial Statements Auditors' Management Letter) will be received by the Corporation at its meeting on 8 December 2009.

**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 8 December 2009 and signed on its behalf by:**

**[Signed]****Mr A. Barnish  
Chair****[Signed]****Ms A. Constantine  
Principal**

## Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum agreed between the LSC and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2007 *Statement of Recommended Practice – Accounting for Further and Higher Education Institutions* and with the Accounts Direction issued by the LSC, 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 the assets of the College and to prevent and detect fraud and other irregularities.

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

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

**Approved by order of the members of the Corporation on 8 December 2009 and signed on its behalf by:**

**Mr A. Barnish**  
Chair

## **Independent Auditors' Report to the Corporation of Huntingdonshire Regional College**

We have audited the financial statements of Huntingdonshire Regional College for the year ended 31 July 2009, which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

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

As described in the Statement of Responsibilities the College's Corporation is responsible for preparing the Members Report and financial statements in accordance with the Accounts Direction issued by the Learning and Skills Council, the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

### **Basis of Audit Opinion**

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

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

## Opinion

In our opinion;

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the College as at 31 July 2009 and of the College's surplus of income over expenditure/deficit of expenditure over income for the year then ended; and
- the financial statements have been properly prepared in accordance with the 2008/09 Accounts Direction issued by the learning and Skills Council and the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education.

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**MacIntyre Hudson LLP**  
Chartered Accountants  
Registered Auditors

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Date

## **Independent Auditors' Report on Regularity to the Corporation of Huntingdonshire Regional College ('the Corporation') and the Learning and Skills Council ('the LSC')**

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

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

### **Respective responsibilities of the Members of the Corporation of Huntingdonshire Regional College and Auditors**

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

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by the LSC. We report to you whether, in our opinion, in all material respects, the College's expenditure and income for the year ended 31 July 2009 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 review in accordance with the Audit Code of Practice and the Regularity Audit Framework issued by the LSC. Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's income and expenditure.

### **Opinion**

In our opinion, in all material respects the expenditure and income for the year ended 31 July 2009 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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**MacIntyre Hudson LLP**  
Chartered Accountants  
Registered Auditors

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Date

**Huntingdonshire Regional College**  
**Consolidated Income and Expenditure Account for the year ended 31 July 2009**

	Notes	Year ended 31 July 2009	Year ended 31 July 2008
		£	£
<b>Income</b>			
Funding Council Grants	2	9,375,197	8,188,804
Tuition fees and education contracts	3	1,310,434	1,187,180
Other income	4	695,517	755,177
Endowment and Investment income	5	43,996	92,255
<b>Total Income</b>		<b>11,425,144</b>	<b>10,223,416</b>
<b>Expenditure</b>			
Staff costs	6	6,426,844	6,416,595
Exceptional restructuring costs	6	9,480	121,214
Other operating expenses	8	4,365,372	2,923,602
Depreciation	12	436,918	514,773
Interest payable and other finance costs	9	55,000	665
<b>Total Expenditure</b>		<b>11,293,614</b>	<b>9,976,849</b>
<b>Surplus on continuing operations prior to costs relating to property strategy</b>		<b>131,530</b>	<b>246,567</b>
Property Strategy Costs		(435,234)	(333,968)
Grant Support for property Strategy Costs		89,059	110,289
<b>(Deficit)/Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before tax</b>		<b>(214,645)</b>	<b>22,888</b>
Gain on disposal of assets	12	1,423	7,266
<b>(Deficit)/Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets but before tax</b>		<b>(213,222)</b>	<b>30,154</b>
Taxation	10	0	0
<b>(Deficit)/Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax</b>	11	<b>(213,222)</b>	<b>30,154</b>

The income and expenditure account is in respect of continuing activities

**Huntingdonshire Regional College**  
**Statement of Historical Cost Surpluses and Deficits for**  
**the year ended 31 July 2009**

	Notes	Year ended 31 July 2009	Year ended 31 July 2008
		£	£
(Deficit) / surplus on continuing operations before taxation		(213,222)	30,154
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	20	178,585	178,586
<b>Historical cost surplus for the period before taxation</b>		<b><u>(34,637)</u></b>	<b><u>208,740</u></b>
<b>Historical cost surplus for the period after taxation</b>		<b><u>(34,637)</u></b>	<b><u>208,740</u></b>

**Statement of the Total Recognised Gains and Losses for**  
**the year ended 31 July 2009**

	Notes	Year ended 31 July 2009	Year ended 31 July 2008
		£	£
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		(213,222)	30,154
Unrealised surplus on revaluation of fixed assets	12	0	0
Unrealised deficit on valuation of investments	20	(640)	(1,652)
Actuarial gain / (loss) in respect of pension scheme	29	(1,254,000)	(187,000)
<b>Total recognised losses relating to the period</b>		<b><u>(1,467,862)</u></b>	<b><u>(158,498)</u></b>
<b>Total recognised losses since last report</b>		<b><u>(1,467,862)</u></b>	<b><u>(158,498)</u></b>
<b>Reconciliation</b>			
Opening reserves and endowments		1,545,787	1,704,285
Total recognised losses for the year		(1,467,862)	(158,498)
<b>Closing reserves and endowments</b>		<b><u>77,925</u></b>	<b><u>1,545,787</u></b>

**Huntingdonshire Regional College  
Balance Sheets as at 31 July 2009**

	Notes	2009 £	2008 £
<b>Fixed assets</b>			
Tangible assets	12	2,312,420	2,445,954
Investments			
<b>Total fixed assets</b>		<u>2,312,420</u>	<u>2,445,954</u>
<b>Current assets</b>			
Stock		20,182	20,943
Debtors	14	423,417	381,322
Investments	13	139	780
Cash at bank and in hand		1,418,867	1,509,916
		<u>1,862,605</u>	<u>1,912,961</u>
<b>Less Creditors: amounts falling due within one year</b>	15	1,077,994	1,013,442
<b>Net current assets</b>		<u>784,611</u>	<u>899,519</u>
<b>Total assets less current liabilities</b>		<b>3,097,031</b>	<b>3,345,473</b>
<b>Less: Creditors - amounts falling due after more than one year</b>	16	0	0
<b>Less: Provisions for liabilities and charges</b>	18	513,161	511,175
<b>Net assets excluding pension asset / (liability)</b>		<u>2,583,870</u>	<u>2,834,298</u>
Net pension asset / (liability)	29	(2,497,000)	(1,215,000)
<b>NET ASSETS INCLUDING PENSION ASSET / (LIABILITY)</b>		<u><u>86,870</u></u>	<u><u>1,619,298</u></u>
<b>Deferred capital grants</b>	19	8,945	73,511
Income and expenditure account excluding pension reserve		627,743	634,380
Pension reserve	29	(2,497,000)	(1,215,000)
		<u>627,743</u>	<u>634,380</u>
Income and expenditure account including pension reserve	21	(1,869,257)	(580,620)
Revaluation reserve	20	1,947,182	2,126,407
		<u>77,925</u>	<u>1,545,787</u>
<b>Total reserves</b>		<u>77,925</u>	<u>1,545,787</u>
<b>TOTAL</b>		<u><u>86,870</u></u>	<u><u>1,619,298</u></u>

The financial statements on pages 19 to 41 were approved by the governing body on 8 December 2009 and were signed on its behalf by:-

A. Barnish  
Chair

A. Constantine  
Principal

**Huntingdonshire Regional College**  
**Consolidated Cash Flow Statement for the year ended 31 July 2009**

	Notes	Year ended 31 July 2009 £	Year ended 31 July 2008 £
<b>Cash flow from operating activities</b>	22	166,916	210,063
Returns on investments and servicing of finance	23	43,996	91,590
Taxation	10	0	0
Capital expenditure and financial investment	24	(301,961)	(79,250)
Management of liquid resources	25	0	0
Financing	26	0	0
<b>Increase / (decrease) in cash in the period</b>	27	<u><u>(91,049)</u></u>	<u><u>222,403</u></u>

**Reconciliation of net cash flow to movement in net funds / (debt)**

Increase/(decrease) in cash in the period		(91,049)	222,403
Cash inflow from new secured loan	26	0	0
Cash inflow from liquid resources	25	0	0
Change in net debt resulting from cash flows	26	<u>0</u>	<u>13,164</u>
Movement in net funds in period		(91,049)	235,567
Non - cash increase / (decrease) in value of investment		(641)	(1,657)
Net funds at 1 August		1,510,696	1,276,786
<b>Net funds at 31 July</b>		<u><u>1,419,006</u></u>	<u><u>1,510,696</u></u>

In this statement, figures in brackets refer to cash outflows and all other figures are cash inflows to the College.

## 1. Accounting policies

### Statement of accounting policies

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

### Basis of preparation

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

### Basis of accounting

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

### Recognition of income

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

LSC recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the LSC 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 LSC 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 with the LSC. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the LSC 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, for example the National Health Service.

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

**Notes to the Accounts (continued)****1. Accounting policies (continued)****Recognition of income (continued)**

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

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

**Tangible fixed assets***Land and buildings*

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. 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 47 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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

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

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

## Notes to the Accounts (continued)

### 1. Accounting policies (continued)

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

#### *Assets under construction*

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

#### *Subsequent expenditure on existing fixed assets*

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

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

#### *Buildings owned by third parties*

Where land and buildings are used, but the legal rights are held by a third party, for example a charitable trust, they are only capitalised if the College has rights or access to ongoing future economic benefit.

These assets are then depreciated over their expected useful economic life.

#### *Equipment*

Equipment costing less than £5,000 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 on a straight-line basis over its remaining useful economic life to the College of between one and three years from incorporation and is now fully depreciated. All other equipment is depreciated over its useful economic life as follows:

- motor vehicles and general equipment – 3 - 4 years on a straight-line basis
- computer equipment – 3 - 4 years on a straight-line basis
- furniture, fixtures and fittings – 3 - 4 years on a straight-line basis.

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

#### **Leased assets**

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

**Notes to the Accounts (continued)****1. Accounting policies (continued)****Leased assets (continued)**

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

**Investments**

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

**Stocks**

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

**Taxation**

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

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

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

**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.

**Notes to the Accounts (continued)****1. Accounting policies (continued)****Agency arrangements**

The College acts as an agent in the collection and payment of Learner Support Funds and education maintenance Allowances. Related payments received from the LSC and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 33, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Learner Support Fund applications and payments.

**2 Funding Council Grants**

	<b>Year ended 31 July 2009</b>	<b>Year ended 31 July 2008</b>
	£	£
Recurrent grant	5,563,278	6,309,704
Work Based Learning	577,512	533,033
Releases of deferred capital grants 14 - 16 Years	64,565	99,086
Local Initiative Funds	223,706	343,697
Centres for Vocational Excellence	0	0
Education Maintenance Allowance	0	0
ASD funding	620,857	458,706
Golden Hello	5,640	13,254
ESF Funds	18,313	96,566
Train to Gain	2,282,210	235,750
HE development grant (Aim Higher)	19,116	19,008
Other Funds		0
	<b><u>9,375,197</u></b>	<b><u>8,188,804</u></b>

**3 Tuition Fees and Education Contracts**

	<b>Year ended 31 July 2009</b>	<b>Year ended 31 July 2008</b>
	£	£
UK Higher Education students	160,709	131,638
UK Further Education students	317,531	389,839
European Union (EU) (excluding UK) students		
Non-EU students	0	0
Other	291,735	316,607
<b>Total fees paid by or on behalf of individual students</b>	<b><u>769,975</u></b>	<b><u>838,084</u></b>
<b>Education contracts:</b>		
Local Education Authorities	181,357	133,012
Higher education income	186,666	162,498
Other Contracts	172,436	53,586
	<b><u>1,310,434</u></b>	<b><u>1,187,180</u></b>

**4 Other Income**

	Year ended 31 July 2009	Year ended 31 July 2008
	£	£
Exam fees	83,914	113,391
Nursery fees	152,370	101,637
Educational visits	142	5,323
Lettings	35,311	26,480
Recharges	5,213	
College shop	210	741
Fitness Factory	54,347	58,576
Print room	25,420	31,820
Catering income	209,340	210,170
Releases from deferred capital grants (non Funding Council) (note 19)	0	33,390
Other income	129,250	173,649
	<b>695,517</b>	<b>755,177</b>

**5 Endowment and Investment Income**

	Year ended 31 July 2009	Year ended 31 July 2008
	£	£
Dividend Income	22	127
Bank and building society interest receivable	43,974	92,128
	<b>43,996</b>	<b>92,255</b>

**6 Staff Costs**

	Year ended 31 July 2009	Year ended 31 July 2008
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The average monthly number of persons (including senior post-holders) employed by the College during the year, expressed as full-time equivalents, was:

	Number	Number
Teaching staff	128	128
Non teaching staff	116	117
	<b>244</b>	<b>245</b>

**Staff costs for the above persons:**

	Year ended 31 July 2009	Year ended 31 July 2008
	£	£
Wages and salaries	5,437,139	5,337,297
Social security costs	360,061	347,879
Other pension costs (including FRS 17 adjustments)	592,729	672,875
Enhanced pension costs	36,915	58,544
Exceptional restructuring costs	9,480	121,214
	<b>6,436,324</b>	<b>6,537,809</b>

**Note 6 Staff Costs (continued)**

The following analysis may be combined with a similar objective analysis of other operating expenses in a separate note: (see note 9)

	Year ended 31 July 2009	Year ended 31 July 2008
	£	£
Teaching departments -staff	3,595,376	3,570,089
Teaching departments -other staff	99,262	110,186
Teaching support services	775,166	650,587
Other support services	189,415	209,327
Administration and central services	1,433,839	1,419,479
Premises	226,363	241,678
Other income-generating activities	46,872	46,316
Catering and residences	87,551	85,933
FRS 17 retirement benefit charges	(27,000)	83,000
Sub total	<u>6,426,844</u>	<u>6,416,595</u>
Staff restructuring	<u>9,480</u>	<u>121,214</u>
Total	<u><u>6,436,324</u></u>	<u><u>6,537,809</u></u>

**Total staff costs, split by type of contract were:**

Employment costs for staff on permanent contracts	5,679,025	5,619,784
Employment costs for staff on short-term and temporary contracts	737,904	659,267
Enhanced pension costs	36,915	54,544
FRS 17 retirement charges	(27,000)	83,000
Restructuring costs	9,480	121,214
	<u><u>6,436,324</u></u>	<u><u>6,537,809</u></u>

The restructuring costs were approved by the institution's remuneration committee.

The number of senior post-holders and other staff who received emoluments, including pension contributions and benefits in kind, in the following ranges was:

	Senior Post--holders		Other staff	
	2009 No.	2008 No.	2009 No.	2008 No.
£ 40,001 to £ 50,000	1	0	2	1
£ 50,001 to £ 60,000	0	0	2	1
£ 60,001 to £ 70,000	0	0	1	1
£ 70,001 to £ 80,000	0	1	0	0
£ 80,001 to £ 90,000	0	0	0	0
£ 90,001 to £ 110,000	1	1	0	0
	<u><u>2</u></u>	<u><u>2</u></u>	<u><u>5</u></u>	<u><u>3</u></u>

A general pay award from 1st August 2008 was made of 2% and was awarded to all staff other than Senior Post Holders

The Principal was awarded a 5% increase from the 1st August 2008, and a non pensionable bonus payment of £3,356 based on 4% of her previous years annual salary.

## 7 Senior Post-holders' Emoluments

Senior postholders are defined as the Principal and holders of the other senior posts whom the Governing Body has 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 Governing Body

	<b>Number 2009</b>	<b>Number 2008</b>
The number of senior post-holders including the principal was:	3	2
Senior post-holders' emoluments are made up as follows:		
	<b>£</b>	<b>£</b>
Salaries	152,954	156,301
Benefits in kind		
Pension contributions	21,638	20,292
<b>Total emoluments</b>	<b><u>174,592</u></b>	<b><u>176,593</u></b>

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

	<b>Year ended 31 July 2009</b>	<b>Year ended 31 July 2008</b>
	<b>£</b>	<b>£</b>
Salary	91,440	93,408
Benefits in kind		0
	<b><u>91,440</u></b>	<b><u>93,408</u></b>
Pension contributions	<b><u>12,420</u></b>	<b><u>11,829</u></b>

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Teachers Pension Scheme / Local Government Pension Scheme and are paid at the same rate as for other employees.

The estimated value of other benefits has been calculated in accordance with Financial Reporting Standard 17.

The members of the corporation other than the principal and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Pay increases of up to 3% were awarded to Senior Postholders.

**8 Other Operating Expenses**

	Year ended 31 July 2009	Year ended 31 July 2008
	£	£
Teaching costs	332,610	434,929
Other support services	1,457,525	1,544,603
Premises costs	485,892	479,819
Direct Delivery / Social firms provision	156,234	151,900
Franchised provision	1,933,111	312,351
<b>Total</b>	<b><u>4,365,372</u></b>	<b><u>2,923,602</u></b>

**Other operating expenses include:**

	Year ended 31 July 2009	Year ended 31 July 2008
	£	£
Auditors' remuneration:		
financial statements audit	16 704	15 275
internal audit	17 186	5 680
	<b><u>17 186</u></b>	<b><u>5 680</u></b>

**9 Interest Payable**

	Year ended 31 July 2009	Year ended 31 July 2008
	£	£
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	0	0
Repayable within 5 years, by instalments	0	0
Repayable wholly or partly in more than 5 years	0	0
	<u>0</u>	<u>0</u>
On finance leases	0	665
Pension finance costs (note 29)	55,000	0
<b>Total</b>	<b><u>55,000</u></b>	<b><u>665</u></b>

**10 Taxation**

The members do not believe the college was liable for any Corporation Tax arising out of its activities during the year.

**11 (Deficit)/Surplus on continuing Operations for the Period**

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

	Year ended 31 July 2009	Year ended 31 July 2008
	£	£
College's (deficit)/surplus for the period	(213,222)	30,154
Surplus generated by subsidiary undertakings and transferred to the college under gift aid	0	0
<b>Total</b>	<b><u>(213,222)</u></b>	<b><u>30,154</u></b>

**12 Tangible Fixed Assets**

	Freehold Land & buildings £	Equipment £	Assets under construction £	Total £
<b>Cost or Valuation</b>				
At 1 August 2008	5,344,826	1,974,442	0	7,319,268
Additions	120,243	104,949	78,192	303,384
Surplus on revaluation			0	0
Disposals		(5,511)	0	(5,511)
At 31 July 2009	<u>5,465,069</u>	<u>2,073,880</u>	<u>78,192</u>	<u>7,617,141</u>
<b>Depreciation</b>				
At 1 August 2008	3,130,945	1,742,369	0	4,873,314
Charge for year	274,130	162,788	0	436,918
Revaluation			0	0
Eliminated in respect of disposals		(5,511)	0	(5,511)
At 31 July 2009	<u>3,405,075</u>	<u>1,899,646</u>	<u>0</u>	<u>5,304,721</u>
<b>Net book value At 31 July 2009</b>	<b><u>2,059,994</u></b>	<b><u>174,234</u></b>	<b><u>78,192</u></b>	<b><u>2,312,420</u></b>
Net book value At 31 July 2008	<u>2,213,881</u>	<u>232,073</u>	<u>0</u>	<u>2,445,954</u>
Inherited	1,947,041	0		1,947,041
Financed by capital grant	0	8,945		8,945
Other	112,954	165,288	78,192	356,434
<b>Net book value At 31 July 2009</b>	<b><u>2,059,995</u></b>	<b><u>174,233</u></b>	<b><u>78,192</u></b>	<b><u>2,312,420</u></b>

The transitional rules set out in FRS15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly the book values at implementation have been retained.

Land and buildings were valued in 1996 at depreciated replacement by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice.

The net book value of tangible fixed assets includes an amount of £0 (2007/08: £0) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £0 (2007/08: £12,547).

**13 Investments**

	College Year ended 31 July 2009	College Year ended 31 July 2008
	£	£
Investments in subsidiary companies	0	0
Investments in other companies	139	780
	<b><u>139</u></b>	<b><u>780</u></b>

**14 Debtors**

	Year ended 31 July 2009	Year ended 31 July 2008
	£	£
Amounts falling due within one year:		
Trade debtors	50,787	178,079
Prepayments and accrued income	128,769	144,751
Amounts owed by LSC	243,861	58,492
<b>Total</b>	<b><u>423,417</u></b>	<b><u>381,322</u></b>

**15 Creditors: Amounts Falling Due Within One Year**

	Year ended 31 July 2009	Year ended 31 July 2008
	£	£
Bank loans and overdrafts	0	0
Obligations under finance leases	0	0
Payments received in advance	163,710	217,063
Trade creditors	253,763	126,800
Other Creditors	192,651	150,069
Other taxation and social security	128,590	129,324
Accruals	339,280	370,475
Amounts owed to LSC	0	19,711
<b>Total</b>	<b><u>1,077,994</u></b>	<b><u>1,013,442</u></b>

**16 Creditors: Amounts Falling Due After More Than One Year**

	Year ended 31 July 2009	Year ended 31 July 2008
	£	£
Bank loans	0	0
Obligations under finance leases	0	0
Loans from subsidiary and associate companies	0	0
<b>Total</b>	<b><u>0</u></b>	<b><u>0</u></b>

**17 Borrowings**

	College Year ended 31 July 2009	College Year ended 31 July 2008
	£	£
<b>a) Bank loans and overdrafts</b>		
Bank loans and overdrafts are repayable as follows:		
In one year or less or on demand	0	0
Between one and two years	0	0
Between two and five years	0	0
In five years or more	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**b) Finance Leases**

The net finance lease obligations to which the institution is committed are:

	College Year ended 31 July 2009	College Year ended 31 July 2008
	£	£
In one year or less	0	13,164
Between two and five years	0	0
In five years or more	0	0
<b>Total</b>	<b>0</b>	<b>13,164</b>

**18 Provisions for Liabilities and Charges**

	Restructuring £000	Enhanced Pensions £000	Other £000	Total £000
At 1 August 2008		511,175		511,175
Expenditure in the period	0	-	0	0
Transferred from income and expenditure account	0	1,986	0	1,986
<b>At 31 July 2009</b>	<b>0</b>	<b>513,161</b>	<b>0</b>	<b>513,161</b>

**19 Deferred Capital Grants**

	Funding Council £	Other grants £	Total £
At 1 August 2008			
Land and buildings	18,720	0	18,720
Equipment	54,791	0	54,791
Cash received			
Land and buildings	0	0	0
Equipment	0	0	0
Released to income and expenditure account			
Land and buildings	18,720	0	18,720
Equipment	45,846	0	45,846
<b>Total</b>			
At 31 July 2009			
Land and buildings	0	0	0
Equipment	8,945	0	8,945
<b>Total</b>	<b>8,945</b>	<b>0</b>	<b>8,945</b>

**20 Revaluation Reserve**

	Year ended 31 July 2009 £	Year ended 31 July 2008 £
At 1 August	2,126,407	2,306,645
Revaluations in the period (as per note 13)	(640)	(1,652)
Transfer from revaluation reserve to general reserve in respect of:		
Disposals		0
Depreciation on revalued assets	(178,585)	(178,586)
<b>At 31 July</b>	<b>1,947,182</b>	<b>2,126,407</b>

**21 Movement on General Reserves**

	Year ended 31 July 2009 £	Year ended 31 July 2008 £
<b>Income and Expenditure Account Reserve</b>		
At 1 August	(580,620)	(602,360)
(Defecit)/Surplus retained for the year	(213,222)	30,154
Transfer from revaluation reserve	178,585	178,586
Actuarial gain / (loss) in respect of pension scheme	(1,254,000)	(187,000)
<b>At 31 July</b>	<b>(1,869,257)</b>	<b>(580,620)</b>
Balance represented by:		
Pension reserve	(2,497,000)	(1,215,000)
Income and expenditure reserve excluding pension reserve	627,743	634,380
<b>At 31 July</b>	<b>(1,869,257)</b>	<b>(580,620)</b>

## 22 Reconciliation of Consolidated Operating (Deficit)/Surplus to Net Cash Inflow from Operating Activities

	Year ended 31 July 2009	Year ended 31 July 2008
	£	£
(Deficit)/surplus on continuing operations after depreciation of assets at valuation	(213,222)	30,154
Depreciation (note 1 & 12)	436,918	514,773
Deferred capital grants released to income (note 2&4)	(64,565)	(132,476)
Loss/(profit) on disposal of tangible fixed assets	(1,423)	(7,266)
Interest payable (note 9)	55,000	665
Pension cost less contributions payable (notes 6,9 and 29)	(27,000)	83,000
(Increase)/decrease in stocks	761	6,940
(Increase)/decrease in debtors	(42,095)	(207,378)
Increase/(decrease) in creditors	64,552	(11,143)
Increase/(decrease) in provisions	1,986	25,049
Interest receivable (note 5)	(43,996)	(92,255)
<b>Net cash inflow from operating activities</b>	<b><u>166,916</u></b>	<b><u>210,063</u></b>

## 23 Returns on Investments and Servicing of Finance

	Year ended 31 July 2009	Year ended 31 July 2008
	£	£
Other interest received	43,996	92,255
Interest paid	0	0
Interest element of finance lease rental payment	0	(665)
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b><u>43,996</u></b>	<b><u>91,590</u></b>

## 24 Capital Expenditure and Financial Investment

	Year ended 31 July 2009	Year ended 31 July 2008
	£	£
Purchase of tangible fixed assets	(303,384)	(86,516)
Payments to acquire endowment assets	0	0
Sales of tangible fixed assets	1,423	7,266
Receipt from sale of endowment assets	0	0
Deferred capital grants received	0	0
<b>Net cash outflow from capital expenditure and financial investment</b>	<b><u>(301,961)</u></b>	<b><u>(79,250)</u></b>

## 25 Management of Liquid Resources

	Year ended 31 July 2009	Year ended 31 July 2008
	£	£
Sale of investments	0	0
Withdrawals from deposits	0	0
Purchase of investments	0	0
Placing of deposits	0	0
Movement in endowment assets	0	0
<b>Net cash inflow from management of liquid resources</b>	<b><u>0</u></b>	<b><u>0</u></b>

**26 Financing**

	Year ended 31 July 2009	Year ended 31 July 2008
	£	£
Debt due beyond a year:		
New unsecured loans repayable by 2023	0	0
Repayment of amounts borrowed	0	0
Capital element of finance lease rental payments	0	0
<b>Net cash inflow/(outflow) from financing</b>	<b><u>0</u></b>	<b><u>0</u></b>

**27 Analysis of Changes in Net Funds**

	At 1 August 2008	Cashflows	Other changes	At 31 July 2009
	£	£	£	£
Cash in hand, and at bank	1,509,916	(91,049)	0	1,418,867
Endowment asset investments	0	0	0	0
Overdrafts	0	0	0	0
	<u>1,509,916</u>	<u>(91,049)</u>	<u>0</u>	<u>1,418,867</u>
Debt due within 1 year	0	0	0	0
Debt due after 1 year	0	0	0	0
Finance leases	0		0	0
Current Asset Investments	780	0	(641)	139
<b>Total</b>	<b><u>1,510,696</u></b>	<b><u>(91,049)</u></b>	<b><u>(641)</u></b>	<b><u>1,419,006</u></b>

**28 Major non-cash transactions**

The college had no major non cash transactions for the year

**29 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 Cambridgeshire County Council Pension Fund (CCCPF) for non-teaching staff. Both are defined benefit schemes.

<b>Total pension cost for the year</b>	<b>Year ended 31 July 2009 £</b>	<b>Year ended 31 July 2008 £</b>
Teachers Pension Scheme: contributions paid	352,387	339,184
Local Government Pension Scheme:		
Contributions paid	301,226	250,691
FRS 17 charge	<u>(27,000)</u>	<u>83,000</u>
Charge to the Income and Expenditure Account (staff costs)	274,226	333,691
<b>Total Pension Cost for Year</b>	<b><u>626,613</u></b>	<b><u>672,875</u></b>

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

Contributions amounting to £80,208 (2008: £ 74,464) were payable to the scheme and are included in creditors.

**Teachers' Pension Scheme**

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 purposes of determining contribution rates.

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

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective Benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Market value of assets at date of last valuation	£162,650 million

Proportion of members' accrued benefits covered by the actuarial value of the assets	98.88%
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Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employer contributions. For the period from 1 August 2007 to 31 July 2008 the employer contribution was 14.1%. The employee rate was 6.4% for the same period. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

**FRS 17**

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 deficit in the scheme and the implications for the College in terms of the anticipated contribution rates.

**29 Pension and similar obligations (continued)****Local Government Pension Scheme**

The CCCPF 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 2009 was £414,440 (2008: £356,686) of which employer's contributions totalled £301,226 (2008: £250,691) and employees contributions totalled £113,211 (2008: £105,995). The agreed contribution rates for future years are as follows:

With effect from 1st April	Employer's
2009	15.4%
2010	15.9%

With effect from 1st April 2009 the employee's contribution has been banded to their Full Time Equivalent Salary (FTE) as follows:

FTE Salary	Contribution rate per year
£0 - £12,600	5.5%
£12,600.01 - £14,700	5.8%
£14,700.01 - £18,900	5.9%
£18,900.01 - £31,500	6.5%
£31,500.01 - £42,000	6.8%
£42,000.01 - £78,700	7.2%
£78,700.01 or more	7.5%

FRS 17

**Principal Actuarial Assumptions**

	At 31 July 2009	At 31 July 2008
Rate of increase in salaries	5.2%	5.3%
Rate of increase for pensions in payment/inflation	3.7%	3.8%
Discount rate for liabilities	6.0%	6.7%
Commutation of pensions to lump sums	25%	25%

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 2009	At 31 July 2008
Retiring today		
Males	19.60	19.60
Females	22.50	22.50
Retiring in 20 years		
Males	20.70	20.70
Females	23.60	23.60

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

	Long-term rate of return expected at 31 July 2009	Value at 31 July 2009 £000	Long-term rate of return expected at 31 July 2008	Value at 31 July 2008 £000
Equities	7.3%	2,984	7.8%	2,830
Bonds	5.3%	663	5.7%	567
Property	5.3%	290	5.7%	461
Cash	4.3%	207	4.8%	234
<b>Total market value of assets</b>		<b>4,144</b>		<b>4,092</b>
Present value of scheme liabilities		(6,641)		(5,307)
Related deferred tax liability		0		0
<b>Surplus/(deficit) in the scheme</b>		<b>(2,497)</b>		<b>(1,215)</b>

## 29 Pension and similar obligations (continued)

	Year Ended 31 July 2009 £000	Year ended 31 July 2008 £000
<b>Analysis of the amount charged to income and expenditure account</b>		
Employer service cost (net of employee contributions)	263	277
Loss on curtailments	11	0
Past service cost	0	57
<b>Total operating charge</b>	<b>274</b>	<b>334</b>

**Analysis of pension finance income / (costs)**

Expected return on pension scheme assets	309	282
Interest on pension liabilities	(364)	(282)
<b>Pension finance income / (costs)</b>	<b>(55)</b>	<b>0</b>

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is -£1,254,000 (2008: -£187,000)

**Movement in deficit during year**

Surplus / (Deficit) in scheme at 1 August	(1,215)	(945)
Movement in year:		
Current employer service charge	(263)	(277)
Employer Contributions	301	251
Losses on Curtailments	(11)	0
Past service costs	0	(57)
Net interest / return on assets	(55)	0
Actuarial gain or loss	(1,254)	(187)
<b>Surplus / (Deficit) in scheme at 31 July</b>	<b>(2,497)</b>	<b>(1,215)</b>

**Asset and liability Reconciliation**

	2009 £'000	2008 £'000
<b>Reconciliation of Liabilities</b>		
<b>Liabilities at start of period</b>	5,307	4,699
Service cost	263	277
Interest cost	364	282
Employee contributions	113	106
Liabilities assumed in a business combination		-
Actuarial (gain)/loss	721	(12)
Benefits paid	(138)	(102)
Past Service cost	-	57
Curtailments and settlements	11	-
<b>Liabilities at end of period</b>	<b>6,641</b>	<b>5,307</b>

**Reconciliation of Assets**

<b>Assets at start of period</b>	4,092	3,754
Expected return on assets	309	282
Actuarial gain/(loss)	(533)	(199)
Employer contributions	301	251
Employee contributions	113	106
Benefits paid	(138)	(102)
Assets distributed on settlements		
Assets acquired in a business combination		
<b>Assets at end of period</b>	<b>4,144</b>	<b>4,092</b>

**Local Government Pension Scheme (continued)****History of experience gains and losses (in practice, from 2006, 5 years must be shown)**

	2009	2008	2007	2006	2005
Difference between the expected and actual return on assets: amount £'000	(533)	(199)	165	150	331
% of scheme assets	(12.9%)	(4.9)%	4.4%	4.8%	12.8%
Experience gains and losses on scheme liabilities: amount £'000	0	(163)	(1)	(1)	(190)
% of scheme liabilities	0.0%	(3.1)%	(0.0)%	(0.0)%	(4.9)%
Total amount recognised in STRGL amount £'000	(1,254)	(187)	574	(27)	(338)
% of scheme liabilities	18.9%	3.5%	12.2%	(0.6)%	(8.7)%

### 30 Capital Commitments

At 31 July 2009, the College had no major capital commitments.

### 31 Financial Commitments

At 31 July 2009, the college had no financial commitments under non-cancellable operating leases (2008 £nil).

### 32 Related Party Transactions

Due to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving organisation 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 material transactions were identified which should be disclosed under FRS 8, "Related Party Disclosures", for other reasons.

### 33 Amounts disbursed as agent

#### Learner Support Funds

	31-Jul-09 £	31-Jul-08 £
<b>Access Funds</b>		
Learning + Skills Council Grants	142,936	131,039
Interest earned	-	-
	<u>142,936</u>	<u>131,039</u>
Disbursed to students	(135,790)	(103,266)
Staffing		0
Administration costs	(7,146)	(6,552)
Audit fees	-	-
Amount consolidated in financial statements	-	-
	<u>-</u>	<u>21,221</u>
Balance unspent as at 31 July, included in creditors	<u>-</u>	<u>21,221</u>

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

The income and expenditure consolidated in the College's financial statements relates to the purchase of some equipment from the access fund and the payment of accommodation by the College on the student's behalf