Barton Peveril College

Draft

Annual Report and Financial Statements

For the Year Ended 31 July 2009

CONTENTS

Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES:

The Corporation of Barton Peveril College has pleasure in presenting their 16th 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 Barton Peveril College. The College is an exempt charity for the purposes of the Charities Act 1993 as amended by the Charities Act 2006.

MISSION & VALUES

Governors reviewed the College's mission and values during 2008-2009 and confirmed them as follows:

Barton Peveril College's Mission is to be a centre of excellence in post-16 education, adding value to our students' academic achievements and wider experiences.

Our Values

- We aim for all students to fulfil their academic potential
- We develop students for their futures whether at university, in employment or in their wider lives
- We have high expectations of our students
- We nurture the confidence and ambitions of all our students
- We praise and celebrate students' efforts and commitment
- We provide challenging learning opportunities and inspiring teaching
- We invest in the teaching skills, subject interests and professional development of our staff
- We promote a lively, purposeful, friendly and modern community.
- We meet the individual needs of every one of our students and foster an environment of mutual respect.
- We listen to our students and learn from them
- We develop skills in our students such as self-reliance, creativity and imagination, problem solving and persistence, working with others, and communicating effectively
- We cultivate a constructive, three way relationship with parents to help students achieve their full potential.

IMPLEMENTATION OF STRATEGIC PLAN

In July 2008 the College adopted a strategic plan for the period 1 August 2008 to 31 July 2011. The Corporation monitors the performance of the College against this plan, which is reviewed and updated each year. The College's progress against these strategic objectives is:

Objective	Progress during 2008-09
To refine the student recruitment process in order to secure and retain approximately 2300 full-time 16 to 18-year-old students, increasing the proportion of gifted and talented students to approximately 40% of the cohort by 2012.	Achieved: 2347 16-18 year old students recruited Currently 24% (564 students) are gifted &Talented. 40% target may be aspirational but unrealistic.
To improve school liaison by building an 'Intelligence Unit' enabling a more targeted approach to recruitment, marketing and liaison visits.	Partially Achieved: However, the focus has changed to place greater importance on the development of our marketing and schools liaison in 2009-10.
To develop wider integrated transport opportunities to enable students to experience a reliable and affordable journey to College each day.	Partially Achieved: some journeys remain difficult for limited numbers of students
To continue to develop the extended project particularly with gifted and talented students and embed this within the wider curriculum through the use of the AQA Bacc.	Achieved: 620 enrolled for the Extended Project for 2009-10 from 130 in 2008-09.
To review the curriculum and recruitment process for level 2 students, supporting clear progression routes to level 3 through a more clearly mapped three-year learning programmes.	Partially Achieved: specialist team at enrolment ensured better levels of advice for the programmes of study. The development of 'Steps for Success' course aimed at the most vulnerable level 2/3 students.
To support the development of adult education programmes as they respond to the revised LSC funding regime / priorities and to the commercial marketplace.	Achieved: fresh focus to the 19+ programmes and financial monitoring processes.
To maximise student potential, leading to improved College success rates, through early intervention and more effective use of College information systems.	Partially Achieved: Huge improvement in year on this but still only the beginning. There is a clear plan for further development in 2009-10.
To achieve funding and planning consent for the College's new building programme as stated in the Property Strategy and to procure a contractor to deliver the new buildings by 2012.	Not Achieved: due to LSC funding crisis. New property strategy and master plan to be developed during 2009-10.
To develop an equipment replacement strategy to work in parallel with the newly developed IT Strategy.	Partially Achieved: strategy needs to have a greater emphasis on teaching & learning.
To maximise the College's income through a focus on academic success.	Partially Achieved: Huge improvement on previous year. The best ever examination results should help recruitment and future funding negotiations.
To work collaboratively with partners to improve the achievements and skills of the local community.	Ongoing

FINANCIAL OBJECTIVES

The College has a key objective to remain financially sound so as to:

- Maintain the confidence of the LSC, suppliers, bankers and auditors
- Generate sufficient income to enable maintenance and improvement of its accommodation and equipment
- Ensure that the planned maintenance programme is delivered on time and within budget
- Protect it from any unforeseen adverse changes in enrolments

Specifically these objectives would be achieved by maintaining a sound financial base both solvency and liquidity:

- Cash flow from operations will remain positive
- An adjusted current ratio will be maintained in excess of 1.5
- Salary costs will be maintained at 68% - 71% of income
- General reserves will be in excess of 35% of income
- Cash days will exceed 30 at all times
- An operating surplus will be achieved each year, normally 1% - 2%
- Borrowing levels do not exceed acceptable and manageable levels
- Financial and non-financial returns are made on time and in agreed format
- All returns requiring certification by auditors are unqualified

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

PERFORMANCE INDICATORS

In 2008/09 the College exceeded its 16 –18 student learner number targets by 41. The Adult learner activity, of which approximately 200 students undertook adult basic skills programmes, exceeded the LSC target by £25,000.

The LSC has also implemented a new system of performance measures for colleges, the “Framework for Excellence” replacing the old “ABC” framework for all providers in 2009/09. The Framework has three dimensions:

- Responsiveness
- Effectiveness
- Finance

each of which has two or three Key Performance Areas. These Areas are further broken down into Performance Indicators supported by Performance Measures which are absolute measures of performance such as the outcome from a learner survey or a qualification success rate. In deriving the overall performance rating, the Framework gives equal weighting to each of the three dimensions.

The College is committed to observing the importance of the measures and indicators within the Framework and is monitoring these through the completion of the annual Finance Record for the LSC.

The current rating of Good is considered an acceptable outcome.

FINANCIAL POSITION

FINANCIAL RESULTS

The College generated an operating deficit in the year of £218,995 due to an exceptional item of £253,093 for the costs of the aborted capital works taken to the Application in Principle stage. £34,098 surplus was achieved on continuing operations prior to costs relating to the Property Strategy. For 2007/08, there was a deficit of £69,219.

The College has accumulated reserves of £5,140,264 and cash balances of £1,709,851.

Operating and Financial Review (continued)

Tangible fixed asset additions during the year amounted to £105,766. This was mainly for IT equipment and the purchase of a new College minibus.

The College has significant reliance on the LSC for its principal funding source, largely from recurrent grants. In 2008/09 the LSC provided 90% of the College's total income.

TREASURY POLICIES AND OBJECTIVES

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

Such arrangements are restricted by limits in the Financial Memorandum with the LSC. All borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum of the LSC.

CASHFLOWS

The £152,293 operating cash 'out flow' was as a result of the exceptional item of the aborted capital project net costs of £253,093. In 2008/2009 a cash 'in flow' of £268,731 was reported.

LIQUIDITY

The size of the College's total borrowing and its approach to interest rates, have been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

STUDENT NUMBERS

In 2008/09 the College has delivered activity that has produced £11,075,834 in LSC main allocation funding (2007/08 – £10,347,698). 2347 16-18 year old students and 660 19+ students were LSC-funded during 2008-09. There were also 702 non-LSC funded students participating in a wide range of recreational and craft based courses.

STUDENT ACHIEVEMENTS

Students continue to achieve well at the College with the best ever A level results:

- 55 courses achieved 100% pass rates.
- AS pass rate up by 1.3% to 93.3%
- A Level pass rate up slightly to 98.8%
- A and B grades up significantly – 4% of A level and 7% for AS
- Of the 130 students who completed the Extended Project 89% gained an A* -C grade.
- More than 800 students gained places at university

CURRICULUM DEVELOPMENTS

During the day the College continues to provide high quality sixth-form education to its traditional catchment area of Eastleigh and the neighbouring communities of Romsey and the New Forest to the west and Swanmore and Bishops Waltham to the east. However, increasing numbers of students are continuing to come from schools in Fareham, Southampton and Winchester. We also offer a growing number of accredited as well as non-accredited courses to adults from the local community in the evening. 2008/2009 was a very successful year with good results across all areas.

In the College's adult provision our work improving and accrediting the basic skills of offenders in the Southampton, Winchester and Andover areas met all agreed targets. The adults were also successful in employment-related courses such as NVQ Care and IT qualifications, as well as Skills for Life.

Operating and Financial Review (continued)

Our support for students, recognised as outstanding in the last Ofsted Inspection, ensures excellent progression to the best Universities, with 8 students gaining a place at either Oxford or Cambridge.

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 per cent. During the accounting period 1 August 2008 to 31 July 2009, the College paid 98 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

POST-BALANCE SHEET EVENTS

None.

FUTURE DEVELOPMENTS

The College is under Plan Led Funding and hence income for 2009/10 has been confirmed at £11,285,705.

RESOURCES:

The College has various resources that it can deploy in pursuit of its strategic objectives, however, the main tangible resource is the college campus.

FINANCIAL

The College has £9,590,812 of net assets (including £1.89 million pension liability) and long term debt of £4.223 million.

PEOPLE

The College employs 408 people (241expressed as full time equivalent), of whom 158 are teaching staff.

REPUTATION

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES:

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

The Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify 'Processes & Systems', 'Structures & Roles', 'Attitudes Skills & Behaviours' and 'Materiality' controls, 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 Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at College level which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Operating and Financial Review (continued)

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. ***'Changes in LSC or Government policy which markedly affect the business of the College'***

The College has considerable reliance on continued government funding through the LSC. In 2008-09, 92% of the College's revenue was 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 several issues which may impact on future funding,

- The LSC is introducing 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 "Machinery of Government" changes expected to come into force from April 2010 which will see the LSC dissolved and replaced with successor agencies such as the Young Persons Learning Agency (part of the DCSF) and the Skills Funding Agency)part of the DIUS).

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
- Regular dialogue with the local LSC

2. '***Failure to meet future 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.

3. ***'Failure of student transport to and from College'***

This risk is mitigated in a number of ways:

- By ensuring the College has appropriate contracts with local transport operators, to ensure all students are able to access transport to college and by offering value for money ticketing for those journeys.
- Close monitoring of the demand for transport from each cohort of students.

STAKEHOLDER RELATIONSHIPS

In line with other colleges, Barton Peveril College has many stakeholders. These include:

- Students;
- Funding Councils;
- Staff;
- Parents;
- Local Authorities;
- Government Offices/ Regional Development Agencies;
- The local community;
- Other FE institutions;
- Trade Unions;
- Professional Bodies.

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

Equal opportunities and employment of disabled persons

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

The College's policies regarding Equality and Diversity are published on the College's Internet site.

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

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.

a) As part of its ongoing Equality and Diversity strategy the College updated its access audit during 2006/07, and the results of this formed the basis of an action plan aimed at improving access.

b) The College has an Equality and Diversity Coordinator, who provides information, advice and arranges support where necessary for students with disabilities.

c) There is a range of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning support department.

d) The admissions policy for all students 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 a professional team of specialist teaching and non-teaching staff to support students with learning difficulties and/or disabilities.

f) All areas of the college buildings are accessible to staff or students with disabilities. This is supported by tactile signage, lifts and disabled toilets in each building.

g) Counselling and welfare services are described in the College Student Guide, which includes the Complaints and Disciplinary Procedure at induction.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Approved by order of the members of the Corporation on 9th December 2009 and signed on its behalf by:

A W Renwick
Chair of Corporation

Operating and Financial Review (continued)

Professional Advisers for the period of this report are:

Financial statement and regularity auditor:
Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
International House
Queens Road
Brighton BN1 3XE

Internal auditor:
Hampshire Audit Services
County Treasurer’s Department
The Castle
Winchester
Hampshire
SO23 8UB

Bankers:
Lloyd’s TSB Bank
39 Threadneedle Street
London
EC2R 8AU

Solicitors:
Paris Smith
Number 1 London Rd
Southampton
Hampshire
S015 2AE

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 (September 2008 to December 2009) were as listed in Table 2.

Table 2: Governors serving on the College board during 2008/09.

Name	Date of appointment	Term of Office	Date of resignation	Status of appointment	Committees served during the period
Mr A Renwick ***Chair of Corporation from December 2005***	September 2002 Re-appointed 6 July 2006	4 years		Community Member	Search and Governance Remuneration and Employment Finance
Mr D Quinney ***Vice Chair of Corporation from October 2009***	October 1992 Re-appointed 1997, 2001, 2005 and July 2009	4 years		Corporation Member	Remuneration and Employment Finance (from July 08) BSG ***(Chair)***
Mr J Prest	August 2008	N/A		Principal	Finance Search and Governance BSG
Mrs S Anderson	October 2008	N/a		Additional Committee Member	Remuneration and Employment
Ms C Bedford	September 2002 Re-appointed July 2006	4 years	1 November 2009	Co-opted Member	Finance ***(Chair to 28/9/09)*** Standards BSG
Miss E Budd	May 2008	1 year	May 2009	Student Member	Standards
Professor R Brown	March 2009	4 years		Corporation Member	Standards (from March 2009)
Miss S Campbell	November 2007	4 years		Co-opted Member	Standards Search
Mrs N Carcone	March 2005 March 2008	3 years		Staff Member	Standards
Lt P Carcone	July 2006	3 years	July 2009	Additional Committee Member	FMG
Miss S Cusack	May 2008	1 year	May 2009	Student Member	BSG
Mr S Gardiner	November 2007 November 2009	 4 years		Additional Committee Member Corporation Member	BSG Finance
Mrs S Guy	December 2008	3 years		Parent Member	Audit (from March 2009)

Statement of Corporate Governance and Internal Control (continued)

Cllr K House	September 2002 Re-appointed July 2006	4 years		Community Member	Remuneration and Employment Search (from March 2009)
Mrs T Lomax	April 2004 Re-appointed March 2008	4 years	9 December 2009	Business Member Corporation Member	Remuneration and Employment Committee Search & Governance
Mrs C McNulty	July 2003 Re-appointed July 2007	4 years		Business Member	Audit Standards ***(Chair)***
Mr M Mossadaq	July 2007 December 2008	 4 years		Additional Committee Member Corporation Member	Remuneration and Employment
Dr D Ridley	July 2006	4 years		Business Member	Standards BSG FMG
Mr C Tapp	May 2006	4 years		Business	Audit Remuneration and Employment ***(Chair)*** BSG
Mr A Thorpe	July 2007	2 years	February 2009	Additional Committee Member	Standards
Miss R Tustain	October 2008	1 year	October 2009	Senate Student Observer	Standards
Mr N Tustian	2005 and November 2009	4 years		Corporation Member	Audit ***(Chair)***
Mr S Vincent-Marshall	2006 and May 2009	3 years		Staff Member	Audit BSG
Mrs S Weavind	2005 and March 2009	4 years		Corporation Member	Audit Search and Governance ***(Chair)***
Mr G Woollan	2005 and July 2009	4 years		Corporation Member	Search and Governance
Mrs R Medd	December 2001	Clerk to the Corporation			

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets at least 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 Standards, Finance Monitoring Group, Remuneration & Employment, Search & Governance, Audit and Building Support Group.

Copies of Agendas, Minutes and Papers for all Corporation and Committee meetings (except for confidential items) are available for inspection in the Clerk's office. Minutes of Corporation and Search and Governance meetings are posted on the College websites once they have been confirmed.

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

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

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

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search committee, consisting of six 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 and Employment Committee

Throughout the year ending 31 July 2009, the College's Remuneration and Employment Committee comprised seven members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders. It also considers the College's employment policies and procedures.

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 six members of the Corporation (excluding the Principal and Chair). The committee operates in accordance with written terms of reference approved by the Corporation and follows the Audit Code of Practice.

The Audit Committee meets four times a year 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 auditor monitors 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.

Statement of Corporate Governance and Internal Control (continued)

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 he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Barton Peveril College and the LSC. He 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 Barton Peveril 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.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

Barton Peveril 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

Statement of Corporate Governance and Internal Control (continued)

this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a 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. His review of the effectiveness of the system of internal control is informed by:

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

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2009 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2009 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 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 9 December 2009 and signed on its behalf by:

A W Renwick
Chair of Corporation

J Prest
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 Learning and Skills Council, 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 9 December 2009 and signed on its behalf by:

A W Renwick
Chair of Corporation

Independent Auditor’s Report to the Corporation of Barton Peveril College

We have audited the financial statements of Barton Peveril 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 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 Barton Peveril College and Auditor

As described in the Statement of Responsibilities the College’s Corporation’s is responsible for preparing the Members Report and financial statements in accordance with 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 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.

Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
International House
Queens Road
Brighton BN1 3XE

Date

Independent Auditor's Report on Regularity to the Corporation of Barton Peveril College ('the Corporation') and the Learning and Skills Council ('the LSC')

In accordance with the terms of our engagement letter dated 2 April 2007 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 Barton Peveril College ('the College') for the year ended 31 July 2009 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 Barton Peveril College and Auditor

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.

Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
International House
Queens Road
Brighton BN1 3XE

Date

BARTON PEVERIL COLLEGE

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR FROM 1 AUGUST 2008 TO 31 JULY 2009

	Notes	*Year ended 31 July 2009 £*	*Year ended 31 July 2008 £*
Income			
Funding Council Income	2	11,510,987	10,869,038
Tuition fees and education contracts	3	155,446	179,267
Other income	4	948,759	1,024,356
Investment income	5	59,343	100,256
Total income		**12,674,535**	**12,172,917**
Expenditure			
Staff costs	6	8,705,561	8,317,114
Other operating expenses	8	2,874,953	2,860,076
Depreciation on owned assets	12	727,352	738,864
Interest payable	11	332,571	326,082
Total expenditure		**12,640,437**	**12,242,136**
Surplus/(deficit) on continuing operations prior to costs relating to property strategy		**34,098**	**(69,219)**
Property strategy costs	9	**(503,093)**	**0**
Grant support for property strategy	9	**250,000**	**0**
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation, exceptional items but before tax		**(218,995)**	**(69,219)**
Taxation	10	0	0
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and tax		**(218,995)**	**(69,219)**

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

BARTON PEVERIL COLLEGE

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	*Year ended 31 July 2009* **£**	*Year ended 31 July 2008* **£**
(Deficit)/surplus on continuing operations after depreciation of assets at valuation and tax		(218,995)	**(69,219)**
Actuarial (loss)/gain in respect of pension scheme	17	(760,000)	(90,000)
Total recognised (losses)/gains since last report		**(978,995)**	**(159,219)**
Reconciliation			
Opening reserves		6,119,259	6,278,478
Total recognised (losses)/gains for the year		(978,995)	(159,219)
Closing Reserves		**5,140,264**	**6,119,259**

BARTON PEVERIL COLLEGE

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

FOR THE YEAR FROM 1 AUGUST 2008 TO 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 tax		(218,995)	(69,219)
Difference between historical cost depreciation and actual charge for the period calculated on the revalued amount	19	98,204	99,117
Historical cost (deficit)/surplus for the period		**(120,791)**	**29,898**

BARTON PEVERIL COLLEGE

BALANCE SHEET

AS AT 31 JULY 2009

	Notes	*Year ended 31 July 2009* £	*Year ended 31 July 2008* £
FIXED ASSETS			
Tangible assets	12	**13,052,799**	**13,674,385**
CURRENT ASSETS			
Stock		9,340	11,732
Debtors	13	154,611	158,289
Cash in hand and at bank		1,709,851	1,862,144
Total current assets		**1,873,802**	**2,032,165**
CREDITORS: Amounts falling due within one year	14	1,112,890	1,126,780
NET CURRENT ASSETS		**760,912**	**905,385**
TOTAL ASSETS less CURRENT LIABILITIES		**13,813,711**	**14,579,770**
CREDITORS: Amounts falling due after more than one year	15	4,222,899	4,567,613
Net Assets excluding pension liability		**9,590,812**	**10,012,157**
Net pension liability	17	(1,890,000)	(1,090,000)
NET ASSETS INCLUDING PENSION LIABILITY		**7,700,812**	**8,922,157**
Deferred capital grants	18	2,560,548	2,802,898
Reserves			
Income and Expenditure account excluding pension reserve		4,580,411	4,661,202
Pension Reserve	17	(1,890,000)	(1,090,000)
Income and Expenditure account including pension reserve	20	2,690,411	3,571,202
Revaluation reserve	19	2,449,853	2,548,057
		7,700,812	**8,922,157**

The financial statements on pages 18 to 36 were approved and authorised for issue by the Corporation on 9th December 2009 and signed on its behalf by:

A Renwick
Chair of Corporation

J Prest
Principal

BARTON PEVERIL COLLEGE

CASH FLOW STATEMENT

FOR THE YEAR FROM 1 AUGUST 2008 TO 31 JULY 2009

	Notes	*Year ended 31 July 2009* £	*Year ended 31 July 2008* £
Net cash inflow from operating activities	21	**441,330**	**816,794**
Returns on investments and servicing of finance			
Interest received		71,064	110,675
Interest paid		(262,571)	(296,082)
Net cash (outflow) from investments and servicing of finance		**(191,507)**	**(185,407)**
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(105,766)	(223,569)
Deferred capital grants LSC		11,207	138,305
Net cash (outflow) from investing activities		**(94,559)**	**(85,264)**
Net cash inflow before financing		**155,264**	**546,123**
Financing			
New secured loans		0	0
Repayment of amounts borrowed		(307,557)	(277,392)
Net cash inflow from financing		**(307,557)**	**(277,392)**
Increase in cash	22	**(152,293)**	**268,731**
Reconciliation of net cash flow to movement in net funds/debt			
Increase in cash in the period		(152,293)	268,731
Cash outflow from financing		307,557	277,392
Movement in net funds in year		155,264	546,123
Net debt at 1 August		(3,000,273)	(3,546,396)
Net debt at 31 July		(2,845,009)	(3,000,273)

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

BARTON PEVERIL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR FROM 1 AUGUST 2008 TO 31 JULY 2009

1. 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 in Further and Higher Education 2007 (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published by the Learning and Skills Council ("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

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 chargeable to students or their sponsors.

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

All income from short term deposits is credited to the income and expenditure account in the period in which it is earned.

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 employee's 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 16, 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 are 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 the pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Tangible Fixed Assets

Land and buildings

Land and buildings inherited from the Local Education Authority on incorporation 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 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 50 years.

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

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying of any fixed asset may not be recoverable.

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, 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

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.

All assets are depreciated over its useful life to the College:

building improvements - 10 years on a straight-line basis
motor vehicles - 5 years on a straight-line basis
computer equipment - 3 years on a straight-line basis
other equipment - 5 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 are released to the income and expenditure account over the expected 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.

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.

Maintenance of Premises

The cost of routine corrective and planned maintenance is charged to the income and expenditure account in the period in which it is incurred.

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 (ICTA) 1988. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

Liquid Resources

Liquid resources include sums on short term deposit 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 Learner Support Funds. Related payments received from the LSC and subsequent disbursements to students are excluded from the income and expenditure account and are shown seperately in note 26, 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 the Learner Support Fund applications and payments.

2. FUNDING COUNCIL GRANTS

	Year ended 31 July 2009	*Year ended 31 July 2008*
	£	**£**
Recurrent grant - LSC	11,075,834	10,347,698
Releases of deferred capital grant	253,557	264,742
Income to support financing of major works - LSC	25,200	28,000
Non-Recurrent grants - LSC	156,396	228,598
	11,510,987	**10,869,038**

3. TUITION FEES AND CHARGES

	Year ended 31 July 2009	*Year ended 31 July 2008*
	£	**£**
Tuition Fees	155,446	144,535
Education Contracts	0	34,732
	155,446	**179,267**

4. OTHER OPERATING INCOME

	Year ended 31 July 2009	*Year ended 31 July 2008*
	£	**£**
Lettings	11,999	11,225
Shop sales / sale of equipment and books	82,357	63,031
Fees and charges	536,865	682,828
Other income	317,538	267,272
	948,759	**1,024,356**

5. INVESTMENT INCOME

	Year ended 31 July 2009	*Year ended 31 July 2008*
	£	**£**
Interest receivable	59,343	100,256
	59,343	**100,256**

6. STAFF COSTS

The average number of persons (including senior postholders) employed by the college during the year, expressed as full time equivalents, was:

	Year ended 31 July 2009	*Year ended 31 July 2008*
	£	**£**
Teaching Staff	158	154
Non Teaching Staff	83	77
	241	231

Staff costs for the above persons:	*Year ended 31 July 2009*	*Year ended 31 July 2008*
	£	**£**
Wages and salaries	7,244,783	6,890,965
Social security costs	487,053	480,967
Redundancy Costs	13,317	
Pension costs (including FRS17 adjustments 2009 -£30,000, 2008 £30,000)	928,982	933,638
Payroll sub total	**8,674,135**	**8,305,570**
Contracted out staffing services	31,426	11,544
Exceptional restructuring costs	0	0
	8,705,561	**8,317,114**

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	**2008**	**2009**	**2008**
	No.	**No.**	**No.**	**No.**
£70,001 to £80,000	0	1	0	0
£80,001 to £90,000	1	0	0	0
£90,000 to £100,000	1	2	0	0
£100,001 to £110,000	1	0	0	0
	3	3	0	0

A pay award of 2.45% with effect 1 September 2008 was made to both teaching and non-teaching staff, these awards were approved by the Corporation.

7. EMOLUMENTS OF SENIOR POST HOLDERS

Senior post-holders are defined as the Principal and holders of 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.

	Year ended 31 July 2009	***Year ended 31 July 2008***
The number of senior post-holders, including the Principal was	3	4
Senior post-holders' emoluments are made up as follows:		
	£	**£**
Salaries	246,260	281,895
Pension Contributions	34,722	39,536
Total emoluments	280,982	321,431

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

	Year ended 31 July 2009	***Year ended 31 July 2008***
	£	**£**
Salaries	92,746	82,966
Benefits in kind	0	0
Pension Contributions	13,077	11,698
Total emoluments	105,823	94,664

The members of the Corporation other than the Principal and staff members did not receive any payment from the college other than reimbursement of travel and subsistence expenses incurred in the course of their duties. The pension contributions in respect of the Principal and other senior post-holders are in respect of employer's contributions to the Teachers Pension Scheme and Local Government Pension Scheme and are paid at the same rate as for other employees.

8. OTHER OPERATING EXPENSES

	Year ended 31 July 2009	***Year ended 31 July 2008***
	£	**£**
		restated
Teaching costs	1,140,128	1,106,413
Non teaching costs	1,231,802	1,247,366
Premises costs	503,023	506,297
	2,874,953	**2,860,076**

The allocation of expenses between teaching costs and non-teaching costs has been reviewed by the College and there has been a reanalysis between these categories of certain costs in the year. The comparatives have been appropriately restated.

Other operating costs include:	*Year ended 31 July 2009* £	*Year ended 31 July 2008* £
Auditors' remuneration		
- external audit	12,350	11,950
- internal audit	11,041	10,446
- other services (taxation), external auditors	1,725	371
Loss on disposal of tangible fixed assets	0	0
Hire of plant/machinery	36,700	36,700

9. CAPITAL PROJECT

In December 2007 the Corporation agreed to the development of a Capital Project as part of the College Property Strategy. The College had submitted its project for AiP when sector capital projects were aborted. The costs incurred by the Collge and grants received are shown below:

	Year ended 31 July 2009 £	*Year ended 31 July 2008* £
Property strategy costs	(503,093)	0
Grant support for property strategy	250,000	0
	(253,093)	**0**

10. TAXATION

The members do not believe the College was liable for any corporation tax arising out of its activities during this period as it benefits from the general exemptions from Corporation Tax afforded by Section 505 Taxes Act 1988.

11. INTEREST PAYABLE

	Year ended 31 July 2009 £	*Year ended 31 July 2008* £
On bank loans, overdrafts and other loans:	262,571	296,082
Pension Finance Costs (note 17)	70,000	30,000
	332,571	**326,082**

12. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	**Equipment** £	**Total** £
Cost or valuation			
at 1 August 2008	16,709,852	1,952,943	18,662,795
Additions	0	105,766	105,766
Disposals	0	0	0
At 31 July 2009	**16,709,852**	**2,058,709**	**18,768,561**
Depreciation			
at 1 August 2008	3,643,885	1,344,525	4,988,410
Charge for period	447,739	279,613	727,352
Disposals	0	0	0
At 31 July 2009	**4,091,624**	**1,624,138**	**5,715,762**
Net book value at 31 July 2009	**12,618,228**	**434,571**	**13,052,799**
Net book value at 31 July 2008	13,065,967	608,418	13,674,385

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15 accordingly, the book values at implementation have been retained.

Land and buildings inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis in February 1993 by Edward Rushton Son & Kenyon a firm of independent surveyors.

Land and buildings with a net book value of £2,344,765 have been funded from exchequer funds, through the receipt of capital grants from the Learning and Skills Council. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the LSC, to surrender the proceeds.

If inherited land and buildings had not been valued they would have been included at the following amounts:

	£
Cost	-
Aggregate depreciation based on cost	-
Net book value based on cost	-

13. DEBTORS

	31 July 2009	31 July 2008
	£	£
Trade debtors	58,916	66,187
Prepayments and other accrued income	94,208	78,894
Accrued interest	1,487	13,208
	154,611	**158,289**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 July 2009	31 July 2008
	£	£
Bank loans	331,961	294,804
Payments received in advance	115,718	176,673
Trade creditors	25,538	35,093
Other taxation and social security	174,171	166,348
Other creditors	312,942	220,828
Accruals	152,560	233,034
	1,112,890	**1,126,780**

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

	31 July 2009	31 July 2008
	£	£
Bank loans	4,222,899	4,567,613
	4,222,899	**4,567,613**

16. BORROWINGS

Bank loans and overdrafts	***31 July 2009*** **£**	***31 July 2008*** **£**
Bank loans and overdrafts are repayable as follows:		
In one year or less	331,961	294,804
Between one and two years	351,297	310,790
Between two and five years	1,169,733	1,053,049
In five years or more	2,701,869	3,203,774
Total	**4,554,860**	**4,862,417**

Bank loans totalling £4,554,860 repayable by instalments falling due between 1 August 2009 and 31 January 2021 are secured on a portion of the freehold land and buildings of the College. There are three loans, two fixed rate, 5.772% for £3,347,186, 6.115% for £812,073 and 0.4% above Bank of England base rate for the remainder.

17. 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 Hampshire County Council. Both are defined-benefit schemes.

Total pension cost for the year	***Year ended 31 July 2009*** **£**	***Year ended 31 July 2008*** **£**
Teachers Pension Scheme:contributions paid	747,066	716,463
Local Government Pension Scheme:		
Contributions paid	211,862	187,175
FRS 17 charge	(30,000)	30,000
Total pension cost for the year	**928,928**	**933,638**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the TPS was 31 March 2004 and the LGPS 31 March 2007.
There were no outstanding or prepaid contributions at either the beginning or end of the financial year. Contributions amounting to £174,171 (2008 - £166,348) were payable to the scheme and are included in the 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 pension cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective Benefit
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 actuarial value of assets	98.88%

Following the implementation of the Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. For the period 1 August 2008 to 31 July 2009 the employer contribution was 14.1%. The employee rate was 6.4% for the same period.

FRS 17

Under the definitions set out in Financial Reporting Standard (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

The LGPS 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 £286,191 of which employers contributions totalled £211,862 and employees contributions totalled £74,329.
The agreed contribution rates for future years are:

	Employers
April 2009 to March 2010	18.6%
April 2010 to March 2011	19.1%

The agreed contribution rates for employees are tiered and dependent upon employee's salary.

FRS 17

Principal Actuarial Assumptions

	as at 31 July 2009	as at 31 July 2008	as at 31 July 2007
Inflation	3.7%	3.8%	3.3%
Rate of increase in salaries	5.2%	5.3%	4.8%
Rate in increase of pensions	3.7%	3.8%	3.3%
Discount Rate for Liabilities	6.0%	6.5%	5.7%

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

	as at 31 July 2009 %	as at 31 July 2008 %
Retiring today/current pensioners		
Males	22.2	21.3
Females	24.5	23.4
Retiring in 20 years/future pensioners		
Males	24.5	23.2
Females	26.4	24.6

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**	**Long-term rate of return expected at 31 July 2008**	**Value at 31 July 2008**
Equities	8.0%	1,320,000	7.8%	1,334,000
Bonds	4.5%	621,000	4.8%	606,000
Property	7.0%	121,000	6.8%	152,000
Other Assets	0.9%	148,000	5.9%	128,000
Total Market Value of assets		**2,210,000**		**2,220,000**
Present value of scheme liabilities				
Funded		(4,100,000)		(3,310,000)
Unfunded		0		0
Related deferred tax liability		0		0
(Deficit) in the scheme		**(1,890,000)**		**(1,090,000)**

Analysis of the amount charged to income and expenditure account

	Year ended 31 July 2009 £	*Year ended 31 July 2008 £*
Employer service cost (net of employee contributions)	180,000	190,000
Past service cost	0	30,000
Total operating charge	180,000	220,000

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	150,000	170,000
Interest on pension liabilities	(220,000)	(200,000)
Net return	(70,000)	(30,000)

Amount recognised in statement of total recognised gains and losses (STRGL) (STRGL)

Actual return less expected return on pension scheme assets	(350,000)	(550,000)
Experience gains and losses arising on the scheme liabilities	(410,000)	460,000
Actuarial (loss)/gain recognised in STRGL	(760,000)	(90,000)

Movement in surplus/(deficit) during year

Deficit in scheme at 1 August	(1,090,000)	(940,000)
Movement in year:		
Current service charge	(180,000)	(190,000)
Contributions	210,000	190,000
Past service cost	0	(30,000)
Net interest/return on assets	(70,000)	(30,000)
Actuarial (loss)/gain	(760,000)	(90,000)
Deficit in scheme at 31 July	(1,890,000)	(1,090,000)

Asset and Liability Reconciliation

Reconciliation of Liabilities

	31 July 2009 £	*31 July 2008 £*
Liabilities at start of period	3,310,000	3,350,000
Current Service Cost	180,000	190,000
Interest Cost	220,000	200,000
Employee contributions	70,000	60,000
Actuarial (gain)/loss	410,000	(460,000)
Benefits paid	(90,000)	(60,000)
Past Service Cost	0	30,000
Liabilities at end of period	**4,100,000**	**3,310,000**

Reconciliation of Assets

	31 July 2009 £	*31 July 2008 £*
Assets at start of period	2,220,000	2,410,000
Expected return on assets	150,000	170,000
Actuarial gain/(loss)	(350,000)	(550,000)
Change in asset valuation	0	0
Employer contributions	210,000	190,000
Employee contributions	70,000	60,000
Benefits paid	(90,000)	(60,000)
Assets at end of period	**2,210,000**	**2,220,000**

History of experience gains and losses

	2009	2008	2007	2006	2005
Actuarial gains/(losses) on assets					
Amount £	(350,000)	(550,000)	40,000	110,000	200,000
Experience gains and losses on scheme liabilities:					
Amount £	(410,000)	460,000	0	0	60,000
Total amount recognised in STRGL					
Amount £	(760,000)	(90,000)	200,000	0	(20,000)

18. DEFERRED CAPITAL GRANTS - LSC

	£	TOTAL £
At 1 August 2008		
Land and Buildings	2,464,194	2,464,194
Equipment	338,704	338,704
Cash received		
Land and Buildings	0	0
Equipment	11,207	11,207
Released to income and expenditure account		
Land and Buildings	(119,429)	(119,429)
Equipment	(134,128)	(134,128)
At 31 July 2009		
Land and Buildings	**2,344,765**	**2,344,765**
Equipment	**215,783**	**215,783**
Total	**2,560,548**	**2,560,548**

19. REVALUATION RESERVE

	31 July 2009 £	*31 July 2008* £
At 1 August	2,548,057	2,647,174
Transfer from revaluation reserve to income and expenditure account in respect of depreciation on revalued assets.	(98,204)	(99,117)
Loss on Disposals	0	0
At 31 July	**2,449,853**	**2,548,057**

20. MOVEMENT ON GENERAL RESERVES

	31 July 2009 £	*31 July 2008* £
Income and expenditure account reserve		
At 1 August	3,571,202	3,631,304
Transfer from revaluation reserve to income and expenditure account	98,204	99,117
Actuarial loss/(gain) on pension liability	(760,000)	(90,000)
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and tax	(218,995)	(69,219)
At 31 July	**2,690,411**	**3,571,202**
Balance represented by:		
Pension reserve	(1,890,000)	(1,090,000)
Income and expenditure account reserve excluding pension reserve	4,580,411	4,661,202
At 31 July	**2,690,411**	**3,571,202**

21. RECONCILIATION OF OPERATING SURPLUS TO NET CASHFLOW FROM OPERATING ACTIVITIES

	Year ended 31 July 2009 £	*Year ended 31 July 2008* £
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and tax	(218,995)	(69,219)
Depreciation	727,352	738,864
Deferred Capital Grant (note 17)	(253,557)	(264,742)
FRS 17 Pension cost less contributions payable (note 16)	(30,000)	30,000
FRS 17 Pension finance cost	70,000	30,000
(Increase)/decrease in stock	2,392	(772)
Interest payable	262,571	296,082
(Decrease)/increase in debtors (less bank interest)	(8,043)	(2,762)
Increase/(decrease) in trade creditors	(9,555)	13,624
(Decrease)/increase in tax and pension contributions	7,823	(7,680)
Increase/(decrease) in payments on account	(60,955)	37,293
Increase/(decrease) in other liabilities	11,640	116,362
Loss on disposal of assets (note11)	0	0
Interest receivable (note 5)	(59,343)	(100,256)
Net cash inflow from operating activities	**441,330**	**816,794**

This includes a net cash outflow of £253,093 in relation to the property strategy (see note 9).

22. ANALYSIS OF CHANGES IN CASH FLOWS

Analysis of changes in net funds/(debt)	*31 July 2008* £	*Cash flows* £	*31 July 2009* £
Cash at bank and in hand	1,862,144	(152,293)	1,709,851
	1,862,144	(152,293)	1,709,851
Debt due within 1 year	(294,804)	(37,157)	(331,961)
Debt due after 1 year	(4,567,613)	344,714	(4,222,899)
Total	(3,000,273)	155,264	(2,845,009)

23. CAPITAL COMMITMENTS

The College has no capital commitments as at 31 July 2009 or 31 July 2008.

24. POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events.

25. FINANCIAL COMMITMENTS

At 31 July 2009 the college had annual commitments under non-cancelable operating leases as follows:

	31 July 2009 £	*31 July 2008* £
Other		
Expiring within one year	0	0
Expiring between two and five years inclusive	36,700	33,043
Expiring in over five years	0	0
	36,700	**33,043**

26. RELATED PARTY TRANSACTIONS

Due to the nature of the College's operations and the composition of the Corporation (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 Corporation may have an interest. All transactions involving organisations in which the member of the Corporation may have an interest are conducted 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.

27. LEARNER SUPPORT FUNDS

	Year ended 31 July 2009 **£**	***Year ended 31 July 2008*** **£**
LSC grants - hardship funds	23,244	39,291
Disbursed to Students	20,458	34,614
Administration Costs	1,147	1,824
Balance unspent as at 31 July	**1,639**	**2,853**

Funding Council grants are available solely for students; the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.