

The College of West Anglia

Members' report and consolidated
financial statements

For the year ended 31 July 2011

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Members' report

Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES

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

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the business of Norfolk College of Arts & Technology. On 3 July 1998 the Secretary of State granted consent to the Corporation to change its name to The College of West Anglia.

The College is an exempt charity for the purposes of the Charities Act 1993 as amended by the Charities Act 2006.

Mission

The College's vision as approved by its members is "Changing lives through learning".

Implementation of strategic plan

On 6 July 2011 the Corporation approved a new vision statement and strategic plan, covering the period 2011-2014. The strategy is reviewed and updated each year and forms the basis for annual targets. The Corporation monitors the performance of the strategy.

The College's strategic ambitions under this strategy are to:

- Inspire all learners to achieve their full potential
- Provide inspiring and relevant courses
- Ensure all staff provide outstanding service
- Develop excellence through partnerships
- Invest in buildings, facilities and systems
- Communicate effectively
- Promote a culture of equality and safety
- Ensure the college's long term future.

In December 2010, the College completed the refurbishment of a 600 square metre workshop building on the King's Lynn campus at a cost of £1 million. The College is grateful to the Skills Funding Agency for a contribution of £0.2 million towards the cost of this building.

On 5th May 2011, the Rt. Hon. James Paice MP and Minister of State for Agriculture and Food opened the Endeavour Building on the college's Cambridge campus. The College is grateful to Anglia Ruskin University for a contribution of £0.2 million towards the cost of this building, which will be a centre for animal-related Higher Education courses.

Over the summer of 2011, the College completed £1.5 million of work at its Isle campus, including the replacement of roofs, windows and doors on A and B blocks.

The College is at an advanced stage of developing plans for a £7.2 million new technology building on the Isle campus and a £5.8 million new technology building on the King's Lynn campus. It has been promised the following external capital funding towards these buildings:

- £5 million from Cambridgeshire County Council
- £1.5 million from the Borough Council of King's Lynn and West Norfolk.
- £1.5 million from Norfolk County Council
- £1.5 million from Fenland District Council
- £775,000 from the Skills Funding Agency

- £250,000 from the East of England Development Agency.

The College is developing a strategy for the remainder of the campus that includes:

- A substantial refurbishment of the Tower block on its King's Lynn campus. This building was evacuated over the summer of 2011 at a cost of £4 million in preparation for this work
- Limited maintenance on other buildings
- The closure of some buildings for whose maintenance the available funding is insufficient, and the more efficient use of remaining space to maintain as much provision as possible.

This strategy will be funded from a combination of operating cash flow, loans and funding that the College continues to seek from a variety of external bodies.

Objectives

The College's performance against key targets for the year was:

Learner numbers targets	Target	Actual
Learners aged 16 – 18 (excluding apprentices)	4,217	4,086
Apprentices aged 16 - 18	553	493
College-based learners over 19 years old	1,414	2,045
Work-based learners over 19 years old (excluding apprentices)	2,608	3,188
Apprentices over 19 years old	No target set	333
Higher Education (full time equivalents)	350	329
Learners aged 14 – 16	250	600

Funding targets

Learners aged 16 – 18 (excluding apprentices)	99%
Apprentices aged 16 - 18	95%
All adult learners (the new Skills Funding Agency "single budget")	99%

Achievement by the College's learners

Success rates (using the Ofsted definition)	Against target and last year's figures, performance was as follows:		
	Last year	Target	Actual
Overall	78%	88%	82%
Apprenticeships	71%	74%	77%

Quality measures

Internal teaching observations grades	Lessons graded 1 and 2 on observation decreased from 84% in 2009/10 to 73% in 2010/11.
Achieve grades 1 or 2 internal self assessment grades in all areas	5 areas self assessed below grade 2.

Curriculum development

Develop curriculum in line with the Qualifications and Curriculum Framework	Achieved, but an ongoing task going forward
Improve progression routes up to level 4 for vocational and apprenticeship programmes	Achieved, but will need further development in apprenticeships as the national frameworks for Higher Apprenticeships develops beyond the limited current offering
Develop new provision in a number of areas.	<p>Delivered in a wide range of areas including:</p> <ul style="list-style-type: none"> • Functional skills for apprenticeships • Accessible provision for the “Not in Education, Employment or Training” (NEET) cohort • Environmental and land based diplomas • Year 1 diplomas <p>Some areas of development were cancelled as a result of changes in government policy or the priorities of local partnerships.</p> <p>Foundation degrees in Motor Sport and Veterinary Nursing were validated and will be offered for the academic year 2012/13.</p>

Customer service

Achieve Matrix accreditation	Achieved
Implement an improved Refectory service	Not achieved. Plans to upgrade the King’s Lynn refectory and re-tender the catering contract were put on hold when the College needed to evacuate the Tower block.

Human resources

Ensure that teaching staff are either qualified or on a teacher training programme	Achieved. 93% of salaried teaching staff were qualified, 1% above last year and 3% above target.
Ensure the efficient deployment of all teaching staff	Systems to manage staff deployment were deployed and the College achieved a saving on staffing costs compared to budget.

Systems

Improving the availability, performance and responsiveness of IT systems	<p>An improvement has been made since the start of the year, but the College recognises that there is some way to go.</p> <p>During the year, all IT facilities in the Tower block were moved to new, temporary accommodation in the summer of 2011, as part of the wider evacuation of the Tower. Construction of a new server room in Beech House commenced and is expected to complete in October 2011. As part of that project, WiFi capability was installed in all of the temporary accommodation and the wide area network was upgraded.</p> <p>A new virtual learning environment, Moodle, was introduced on a pilot basis in July 2011 and will be extended to all areas in 2011/12.</p>
Develop a new IT strategy	This was put on hold as a result of the need to evacuate the Tower block in King’s Lynn by September 2011 and the high level of IT re-provision that this necessitated.

Embed timetabling and on-line registers across the College; produce electronic registers and timetables by September 2011

Achieved

Estate

Develop a new accommodation strategy

Work on the strategy is still under way.

Projects to deliver new technology buildings on the King's Lynn and Isle campuses are at an advanced stage of planning and about to start construction.

A study was completed on a strategy for the Tower Block in King's Lynn.

Further work on the strategy was put on hold in April 2011 when the need was identified to evacuate the Tower before September. The evacuation project was completed on time, and the development of a strategy for the Tower is now proceeding.

Seek funding from the government and other bodies to fund buildings investment plans

Achieved

Funding totaling £10.9 million has been agreed or promised by Cambridgeshire County Council, Norfolk County Council, the Borough Council of King's Lynn and West Norfolk, Fenland District Council, the Skills Funding Agency and the East of England Development Agency. The College continues to seek further funding.

Develop a land disposal strategy

In place with timescales agreed for all significant potential disposals

Develop and implement a 5-year maintenance programme

Not yet in place, but under development

Complete phase 1 of a repair and replacement programme for central utilities (heating and power)

Phase 1 will be complete once a new transformer in King's Lynn is switched on, which is currently being delayed by third parties.

Produce an environmental statement and improve waste disposal and recycling

Environmental statement in place. Waste recycling projects are currently in progress.

Analyse space requirements and mothball surplus space

Not achieved. Two buildings were mothballed during the year but brought back into service in response to the need to evacuate the Tower block in King's Lynn and H block in the Isle campus. Significant mothballing is not now likely until the new technology buildings in both King's Lynn and Isle campuses are complete.

Finance

Achieve the budget

The College did significantly better than budgeted

Ensure that the College's cost base is consistent with available funding

Partly achieved. Staff costs going forward were reduced through a restructure in July 2011 and non-staff costs through the budget process, but staff costs (including sub-contract teaching) remain at 63% (reduced from 64% in 2009/10), above the target of 61%.

Increase income from non government-funded provision by 10%

Not achieved. Income from recreational and full-cost courses and commercial contracts reduced from £662,000 in 2009/10 to £625,000 in 2010/11

Financial objectives

The College recognises that in the current economic climate government funding is likely to come under pressure. Its financial planning recognises a potential reduction of 15% in government funding over the next 5 years. Its financial plan recognises also the likelihood of significant additional maintenance and refurbishment costs as a result of the need to upgrade existing campuses, and the borrowings that will be necessary to fund this.

The financial objectives, which were approved by the Corporation in July 2011, are:

- To remain solvent
- To comply with financial covenants in the College's loan agreement
- To keep debt servicing costs below 7% of income
- To generate a 3% surplus in the long term, whilst accepting that this is likely to be impossible in the short term because of increasing maintenance costs, bank interest and the costs of restructuring in response to anticipated reductions in government funding.

The Corporation monitors the College's financial health performance indicators built into the College's management accounts and through the College's long-range financial plans.

Performance indicators

Performance against key funding targets is summarised in the previous section.

The College monitors its financial ratings through indicators built into its management accounts, its own self assessment of financial control and reports produced by its internal auditors. For 2010/11, the College assesses its financial control and health to be as follows:

Financial health	Satisfactory
Financial control	Outstanding

It is recognised that the College's financial health will deteriorate for a period as it borrows to finance a lengthy programme of much-needed improvements to its buildings.

Financial position

The College generated a surplus in the year of £169,000 (2009/10: surplus of £3,451,000 as restated).

The College has consolidated Income and Expenditure reserves of £5,897,000 (2009/10: reserves of £609,000). Within this, the College has set aside £7,732,000 to cover the deficits in the Local Government Pension Scheme estimated in accordance with the accounting standard, FRS 17 (2009/10: £11,529,000).

The College's cash balance stand at £8,021,000 (2009/10: £4,979,000).

The College has two wholly owned subsidiary companies:

- CWA Enterprises Limited, whose principal business is commercial training. Any surpluses generated by CWA Enterprises Limited are transferred to the College under a Deed of Covenant. In the current year a loss was generated of £1,443 (2009/10: a loss of £139,000).
- CWA Developments Limited, whose principal business is to design and build new buildings for the College. Any surpluses generated by CWA Developments Limited are transferred to the College under a Deed of Covenant. In the current year a loss was generated of £476 (2009/10: a loss of £4,000).

The College owns 49% of the share capital of University Centre West Anglia Limited, a company limited by guarantee. The principal business of the company is to deliver higher education in West Norfolk and Fenland in partnership with the College and Anglia Ruskin University, which owns the other 51% of the company. Any surpluses generated by the company will be distributed to the partners under Deed of Covenant.

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 treasury management policy was approved by and is reviewed periodically by the Finance & General Purposes sub-Committee of the Corporation. The current policy empowers management to deposit surplus funds with a limited range of reputable banking institutions.

Under the College's financial memorandum with the Skills Funding Agency, borrowing over £1.5 million or 5% of income must be approved by the Skills Funding Agency. Under the College's treasury management policy, borrowing over £1.5 million must also be approved by the Finance & General Purposes sub-committee of the Corporation. Short term borrowing below those limits can be authorised by the Principal.

Cash flow and liquidity

The College's operating cash inflow was £4,563,000 (2009/10 £2,659,000 inflow). The net cash inflow resulted principally from this.

The College has an agreed loan facility with Lloyds TSB plc up to a maximum of £10 million (£15 million from 1 August 2012). Borrowing against this facility has been approved by the Corporation and borrowing up to £5 million approved by the Skills Funding Agency.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Curriculum Developments

Continual review and improvements in teaching and learning are central to the College's drive for continuous improvement. During the year:

- Responsiveness to employer / employee needs continued to be met by supporting over 3,000 Train to Gain learners and approximately 800 apprentices
- The percentage of observed lessons graded good or outstanding fell from 84% last year to 73% this year
- Students continued to demonstrate outstanding skills attainment through recognition in external competitions. Anthony Palmer won National Adult Apprentice of the Year; Chloe Brown won the East of England Apprentice of the Year; Abby Reeve won the National Student Glove Design Competition; Josh Stringer was a finalist in the national final of the Spanish Young Chef of the year; Dennis Lusnikovs won the regional final of the Rotary Young Chef of the Year; the College won the overall prize in the Norfolk and Waveney Skills Competition for construction apprentices; the motorsport team won 1st place in the SEMSEC Formula Ford 1600 class
- The media team won a national Beacon award for innovation for Springboard.tv
- The college introduced a wide range of Diploma programmes in partnership with schools
- The college's Applewood nursery was inspected by Ofsted and awarded a "Good" grading with "outstanding" elements
- The college achieved the TQS customer service standard for Employer Engagement activity
- A number of European funded projects have been undertaken with partner colleges from Germany, France and Holland. These include staff and student exchange visits to share best practice.
- Eastern Region Members of the European Parliament participated in filming with the media students in Brussels

Future Developments that have been set up during the year:

- A level 2 Access programme has been identified for delivery from September 2012.
- An innovative approach to working post-16 with the King's Lynn Academy using staff from both institutions and offering a broad range of qualifications will be in place for September 2012.

- New qualifications in sustainability will be offered through the new technology centres.
- European funded opportunities are being explored for the development of new teaching and learning resources in conjunction with our University partner, Anglia Ruskin. More exchange visits are planned for staff and students

Post balance sheet events

There were no significant post balance sheet events that have an impact upon these accounts.

RESOURCES

The resources that the College can deploy in pursuit of its strategic objectives include:

Financial: cash reserves of £8.021 million and net assets (including £7.732 million pension liability) of £17.351 million

People: the College employs 659 people (expressed as full time equivalents), of whom 294 are teaching staff.

Reputation: having achieved an “Outstanding” Ofsted inspection grade and been awarded “Beacon College” status by the Department for Innovation, Universities and Skills, the College enjoys an excellent reputation locally and nationally. This is central to its ability to attract students and staff and to its partnership work with schools and local authorities. The successful sponsorship of the King’s Lynn Academy, which saw the five A*-C grade GCSE performance increase by 100%, helped to maintain this reputation locally and nationally.

PRINCIPAL RISKS AND UNCERTAINTIES:

The College has continued to develop its internal control and risk management system including financial, operational and risk management which is designed to protect the College’s assets and reputation. The Principal leads a regular review of the risks to which the College is exposed, leading to the development of actions to mitigate any potential impact on the College. A risk register is maintained at College level recording the key risks, their likelihood and potential impact, the actions to mitigate them, the responsibility for carrying out these actions and the means by which the Corporation monitors each. The process is over-seen by the College’s Internal Auditors. The Audit Committee of the Corporation considers reports on risk management at each meeting and presents an annual report to the Corporation.

The most significant risks facing the College are summarised below:

1. Government funding for training

In 2010/11, 83% (2009/10: 83%) of the College’s income was channeled through the College’s two main funding bodies, the Skills Funding Agency and the Young People’s Learning Agency. The College recognises the following risks to these funding streams:

- Reviews are being carried out by both the National Audit Office and the Young People’s Learning Agency, which raise the possibility of significant change to funding systems. At a time when the Young People’s Learning Agency is losing its separate status and being absorbed into a government department, when its workload is increasing massively as a result of the growth of academies, and when the Skills Funding Agency is reducing staffing significantly, there is a big risk that changes could be mishandled and the consequences for further education colleges not identified and appropriately dealt with.
- The Government has already announced substantial reductions in the funding for education and skills training and further pressure on funding is possible in response to the ongoing weakness of the UK economy. The Government remains committed however to increasing the number of 17 and 18 year olds in education. The contradiction between reduced funding and stretching targets is likely to:
 - Put pressure on the financial health of further education colleges.

- Reduce the resources that can be devoted to each learner, with a potential detrimental impact on both the quality of learning and learners' success rates.
- In the current economic climate, there is increasing pressure on fees paid by both students and employers, and on the ability of employers to recruit apprentices. This is likely to put pressure on the College's recruitment of apprentices and adult learners.

The College is mitigating these risks in a number of ways:

- Through the quality of its provision
- By strengthening its already good relationships with a number of key bodies including funding bodies, schools and county and district councils
- By working hard to strengthen relationships with employers and the business it does with them, which relationships have already resulted in significant amounts of business from employers
- By ensuring that the College focuses on activities that meet local and national needs and that the College believes will continue to benefit from public funding
- By working to keep abreast of changes in the funding rules and keep its systems up to date.

2. Accommodation

The College's future is heavily dependent on accommodation that is fit for purpose. Its existing buildings are old, difficult to adapt to modern training requirements and increasingly difficult and expensive to maintain to an acceptable standard. Many of them urgently need replacement. The College's accommodation strategy involves the following risks:

- The risk that, in the current, adverse economic conditions, the College is unable to attract sufficient external funding or unable to generate sufficient operating cash-flow to support urgent renewal of some accommodation and is forced to curtail its provision as a result.
- As the College's buildings continue to age, the risk of structural or mechanical failures in the College's increasingly old buildings, causing disruption to learning and high remedial costs.

The College is mitigating these risks by a programme of planned maintenance work based on a professional survey of its buildings, by appointing architects to support its building refurbishment / renewal strategy, by following a financial plan to increase the generation of cash for building work from the College's own operations, by continuing to hold talks with a variety of stakeholders to identify potential sources of funding for building work and by developing partnership options to minimise the impact of deteriorating buildings.

3. General disaster recovery

The College has a standing Committee to manage its recovery from disaster situations. The Committee meets under the chairmanship of the Principal and maintains a layered disaster recovery plan including specific plans for recovering certain individual aspects of its business.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, The College of West Anglia has many stakeholders. These include:

- Students
- Students' parents
- Schools
- Its partner university, Anglia Ruskin University
- Funding bodies
- Staff
- Local employers

- Local Authorities
- Government departments and agencies
- The local community
- Other FE institutions
- Trade unions
- Voluntary organisations
- Professional bodies.

The College recognises the importance of these relationships and has a number of well-established programmes of regular meetings with its major stakeholders.

In particular, during the year, the College consolidated its position with both the Fenland Schools Partnership and the grouping of West Norfolk Schools. In Fenland, a strategy group and other operational groups are now in place, a strategic leader has been established and an educational plan has been drafted.

EQUAL OPPORTUNITIES AND EMPLOYMENT OF DISABLED PERSONS

Single equality policy - contains race relations, gender and disability

The 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 Single Equality and Diversity Policy, which includes its Race Relations policy, Gender Policy and Disability Access Policy, are published on the College's intranet site. Ofsted graded equality and opportunity as "good" in its report on the College published February 2008 and "outstanding" for its provision for residential students with learning disabilities and difficulties in 2010.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee or student becomes disabled, every effort is made to ensure that employment or learning 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 equality plan is published each year and monitored by managers and governors.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

- Improvements to disabled access to buildings will be implemented as part of the College's accommodation strategy.
- The College employs an Additional Support Coordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- There is a list 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 centre.
- 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.
- The College runs a specialist residential facility for students with learning difficulties and/or disabilities.
- The College has made a significant investment in the appointment of specialist lecturers and learning support assistants to support students with learning difficulties and/or disabilities. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- Specialist programmes are described in College prospectuses, and achievements are recorded and published in the standard College format.
- Counseling and welfare services are described in the College's prospectuses, which are issued to students at induction.

Members' report *(continued)*

Members

The members who served the Corporation during the year and up to the date of signing of this report were as follows:

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served
Roger Almond	March 2010	4 years		Governor	F&GP, PSG
Kate Barnett	October 2007	4 years		Governor	RC, EPC
Sharon Cambridge	July 2010	4 years		Governor	EPC, RC, SC
Adam Cato	December 2010	Crse of Study	July 2011	Student	
Andrew Cave	December 2009	4 years		Governor	F&GP
Paul Cotton	December 2010	4 years		Governor	Audit, PRQC, SC
Spencer Cranmer	March 2010	4 years		Staff	PRQC
Nick Daubney	October 2007	4 years		Governor	Audit
Peter Dixon	April 2009	4 years		Governor	F&GP, SC, RC, PSG
Jaqui Fairfax	December 2010	4 years		Governor	PRQC
Chris Larsson	October 2010	Crse of Study	June 2011	Student	
David Pomfret	August 2007	Term of appointment		Principal/Chief Executive	F&GP, SC, EPC, PRQC, PSG
Derek Stringer	December 2010	4 years		Governor	F&GP, EPC, RC
Mike Thorne	October 2010	4 years		Governor	Audit
Nerissa Vaughan	December 2010	4 years	July 2011	Governor	Audit
Gary Webb	December 2010	4 years		Governor	PSG
Roger Ward	March 2010	4 years		Governor	F&GP, SC
Sandy Willatt	March 2010	4 years		Governor	EPC
Mike Williams	December 2009	4 years	July 2011	Staff	Audit

Key:
RC = Remuneration
F&GP = Finance & General Purposes
PRQC = Performance Review & Quality
PSG = Property Steering Group (working group)
EPC = Employment Policy
SC = Search

Rochelle Woodcock was appointed as Clerk to the Corporation on the 2 August 2010.

All F&GP Committee members also acted as directors of both of the College's wholly owned subsidiary companies.

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 7 December 2011 and signed on its behalf by:

P Dixon
Chairman

Members' report *(continued)*

Professional advisers

Financial statement Auditors:	KPMG LLP One Snowhill Snow Hill Queensway, Birmingham B4 6GH
Internal Auditors: (until 31 July 2011)	PricewaterhouseCoopers Abacus House Castle Park Cambridge CB3 0AN
Internal Auditors: (from 1 August 2011)	RSM Tenon Cedar House Breckland Linford Wood Milton Keynes MK14 6EX
Bankers:	HSBC PLC 23 New Conduit Street The Vancouver Centre King's Lynn PE30 1DL Lloyds TSB Bank plc 1 Tuesday Market Place King's Lynn PE30 1JU Nat West Bank Hardwick Road King's Lynn Norfolk PE30 4NA
Solicitors (Property matters):	Eversheds LLP Kett House Station Road Cambridge CB1 2JY
Solicitors (Employment matters):	Birketts LLP Kingfisher House 1 Gilders Way Norwich Norfolk NR3 1UB

Statement of Corporate Governance and Internal Control

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

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

The Corporation

The composition of the Corporation is set out on page 12. It is the Corporation's responsibility to bring independent judgment 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 once every term and Corporation members meet for two further planning/training days each year.

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, employment policy, property steering group, performance review, remuneration, search and audit. In addition the Corporation sets up sub-groups to consider specific topics. The Corporation has set up with the Borough Council of King's Lynn and West Norfolk a strategic liaison committee to strengthen governor oversight of the College's relationships with the council.

Full minutes of all meetings except those deemed to be confidential by the Corporation can be found on the College's web-site (www.col-westanglia.ac.uk/corporation-minutes).

The Clerk to the Corporation maintains a register of financial and personal interests of the governors and the senior management team. The register is available for inspection at the above address during normal office hours.

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 compliance with all applicable procedures and regulations. 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.

With the exception of two staff members and the Principal, the Corporation is independent of management and non-executive 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 that could materially interfere with the exercise of their independent judgment.

There is a clear division of responsibility in that the roles of the Chairman of the Corporation and Principal of the College 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, comprised of five 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.

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

Remuneration Committee

Throughout the year ending 31 July 2011, the College's Remuneration Committee comprised four 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.

Details of remuneration for the year ended 31 July 2011 are set out in note 8 to the financial statements.

Audit Committee

The Audit Committee comprises one co-optee from outside the Corporation and five members of the Corporation (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets four times per year and provides a forum for reporting by the College's internal and financial statement auditors, who have access to the Committee for independent discussion without the presence of College management. The Committee also receives and considers reports from the main funding bodies as they affect internal controls.

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

Management is responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews of the implementation of such recommendations.

The Audit Committee also advises the Corporation on the appointment of internal and financial statement 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 responsibility assigned to him in the Financial Memorandum between the College and the Chief Executive of Skills Funding. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal financial 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 the College throughout the year ended 31 July 2011 and up to the date of approval of the annual report and financial statements.

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

The risk and control framework

The system of internal control is based on a framework of regular management information, administration 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 Corporation
- Regular reviews by the Corporation 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
- A register of major risks and measures to mitigate these.

The College has an internal audit service, which operates in accordance with requirements of the 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.

The Head of Internal Audit (HIA) provides the Corporation annually 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. The Principal's review of the effectiveness of the system of internal control is informed by:

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

The College's internal auditors reported that overall it has adequate management, control and governance processes in relation to governance and financial systems but reported operational control weaknesses in relation to a building project and the embedding of risk management at lower levels of the organisation. The Corporation has considered the auditors' reports. It is satisfied that no significant financial risk arises from the weaknesses and that management's plans, when implemented, will satisfactorily address them.

The Principal has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor. 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. The College management team debates the College's risk register periodically and specific control issues when these arise. The Senior Management Team and Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee considers all reports from both internal audit and also considers reports from management on changes in the risks affecting the College, on individual risks and on any irregularities that may come to light. The Corporation oversees risk management through regular reports from the Audit Committee, the annual internal audit report, the Audit Committee's annual report and the annual report of the Principal on risk management. The emphasis is on obtaining the appropriate degree of assurance and not merely reporting by exception. At its December 2011 meeting, the Corporation assessed risk by considering reports from the Principal, the Audit Committee and internal audit and taking account of events since 31 July 2011.

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

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 2011 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

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 they continue to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 7 December 2011 and signed on its behalf by:

P Dixon
Chairman

D Pomfret
Principal

Statement of the responsibilities of the members of the Corporation

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

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

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

- select suitable accounting policies and apply them consistently;
- make judgments 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; and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

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 to safeguard assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College of West Anglia website is the responsibility of the members of the Corporation; 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 and the Skills Funding Agency are used only in accordance with the Financial Memorandum with the LSC and the Skills Funding Agency and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College’s resources and expenditure so that the benefits that should be derived from the application of public funds by the LSC and the Skills Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 7 December 2011 and signed on its behalf by:

P Dixon
Chairman



Independent Auditor's report to the Corporation of The College of West Anglia

We have audited the Group and College financial statements ("the financial statements") of The College of West Anglia for the year ended 31 July 2011 set out on pages 22 to 47. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

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

Respective Responsibilities of the Corporation of The College of West Anglia and Auditor

As explained more fully in the Statement of the Corporation's responsibilities set out on page 18, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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



Independent Auditor's report to the Corporation of The College of West Anglia (continued)

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

In our opinion:

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

A Argyle
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

12 December 2011

One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH



Independent regularity report to the Corporation of The College of West Anglia ('the Corporation') and the Chief Executive of Skills Funding

In accordance with the terms of our engagement letter and further to the requirements of the Chief Executive of Skills Funding, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received of The College of West Anglia ('the College') during the year ended 31 July 2011 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Members of the Corporation of The College of West Anglia 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 disbursed and income received is 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 Learning and Skills Council. We report to you whether, in our opinion, in all material respects, expenditure disbursed and income received during the year ended 31 July 2011 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Basis of opinion

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

Opinion

In our opinion, in all material respects, the expenditure disbursed and income received during the year ended 31 July 2011 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

A Argyle
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

12 December 2011

Consolidated income and expenditure account
for the year ended 31 July 2011

		2011	2010	2010
				As restated
	<i>Note</i>	£'000	£'000	£'000
Income				
Funding body grants	2	30,271		29,809
Tuition fees and education contracts	3	3,525		3,431
Research grants and contracts	4	416		368
Other income	5	2,449		2,153
Investment income	6	39		8
		<hr/>		<hr/>
Total income		36,700		35,769
		<hr/> <hr/>		<hr/> <hr/>
Expenditure				
Staff costs	7	21,044	21,429	
- Exceptional pension credit	7	-	<u>(2,595)</u>	18,834
Other operating expenses	9	12,250		10,394
Depreciation	14	2,873		2,778
Additional depreciation	14	-		1,198
Interest payable	10	364		653
		<hr/>		<hr/>
Total expenditure		36,531		33,857
		<hr/> <hr/>		<hr/> <hr/>
Surplus on continuing operations prior to costs relating to the property strategy		169		1,912
Property strategy costs	11	-		(33)
Grant support for property strategy costs	11	-		1,572
		<hr/>		<hr/>
Surplus/(deficit) on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax		169		3,451
Profit on disposal of assets		-		-
Taxation	12	-		-
		<hr/>		<hr/>
Surplus on continuing operations after depreciation of assets at valuation, disposals of assets and tax		169		3,451
		<hr/> <hr/>		<hr/> <hr/>

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

Consolidated statement of total recognised gains and losses
for the year ended 31 July 2011

	<i>Note</i>	2011 £'000	2010 As restated £'000
Surplus on continuing operations after depreciation of assets at valuation and tax		169	3,451
Actuarial gain/(loss) in respect of pension scheme	22	4,222	(581)
Total recognised gains since the last period		4,391	2,870
		2011 £'000	2010 £'000
Reconciliation			
Opening reserves		9,126	6,256
Total recognised gains and losses for the year		4,391	2,870
Closing reserves		13,517	9,126

Consolidated statement of historical cost surpluses and deficits
for the year ended 31 July 2011

	<i>Note</i>	2011 £'000	2010 £'000
Surplus on continuing operations after depreciation of assets at valuation and tax		169	3,451
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	20	901	802
Accelerated release of revaluation reserve relating to assets written down	20	-	1,198
Historical cost surplus for the year before and after taxation		1,070	5,451

Consolidated balance sheet
at 31 July 2011

	<i>Note</i>	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	<i>14</i>	21,200	20,807
Investments	<i>15</i>	-	-
		<hr/>	<hr/>
		21,200	20,807
Current assets			
Debtors	<i>16</i>	978	1,300
Assets held for resale	<i>17</i>	114	114
Cash at bank and in hand		8,021	4,979
		<hr/>	<hr/>
		9,113	6,393
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	<i>18</i>	(5,230)	(4,078)
		<hr/>	<hr/>
Net current assets/(liabilities)		3,883	2,315
		<hr/>	<hr/>
Total assets less current liabilities		25,083	23,122
Net pension liability	<i>22</i>	(7,732)	(11,529)
		<hr/>	<hr/>
Net assets including pension liability		17,351	11,593
		<hr/> <hr/>	<hr/> <hr/>
Deferred capital grants	<i>19</i>	3,838	2,468
Reserves			
Income and expenditure account excluding pension reserve	<i>21</i>	13,629	12,138
Pension reserve	<i>22</i>	(7,732)	(11,529)
		<hr/>	<hr/>
Income and expenditure account including pension reserve		5,897	609
Revaluation reserve	<i>20</i>	7,616	8,517
		<hr/>	<hr/>
		17,351	11,593
		<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 22 to 47 were approved by the Corporation on 7 December 2011 and were signed on its behalf by:

P Dixon
Chairman

D Pomfret
Principal

College balance sheet
at 31 July 2011

	<i>Note</i>	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	<i>14</i>	20,880	20,523
Investments in subsidiaries	<i>15</i>	3,344	3,344
		<hr/> 24,224	<hr/> 23,867
Current assets			
Debtors	<i>16</i>	924	1,294
Assets held for resale	<i>17</i>	114	114
Cash at bank and in hand		8,039	4,979
		<hr/> 9,077	<hr/> 6,387
Creditors: Amounts falling due within one year	<i>18</i>	(7,915)	(6,730)
Net current assets/(liabilities)		<hr/> 1,162	<hr/> (343)
Total assets less current liabilities		<hr/> 25,386	<hr/> 23,525
Net pension liability	<i>22</i>	(7,732)	(11,529)
Net assets including pension liability		<hr/> 17,654	<hr/> 11,995
		<hr/> <hr/> 17,654	<hr/> <hr/> 11,995
Deferred capital grants	<i>19</i>	3,838	2,468
Reserves			
Income and expenditure account excluding pension reserve	<i>21</i>	13,932	12,539
Pension reserve	<i>21</i>	(7,732)	(11,529)
Income and expenditure account including pension reserve		<hr/> 6,200	<hr/> 1,010
Revaluation reserve	<i>20</i>	7,616	8,517
		<hr/> 17,654	<hr/> 11,995
		<hr/> <hr/> 17,654	<hr/> <hr/> 11,995

The financial statements on pages 22 to 47 were approved by the Corporation on the 7 December 2011 and were signed on its behalf by:

P Dixon
Chairman

D Pomfret
Principal

Consolidated cash flow statement
for the year ended 31 July 2011

	<i>Note</i>	2011 £'000	2010 £'000
Cash inflow from operating activities	23	4,563	2,659
Returns on investments and servicing of finance	25	39	8
Taxation		-	-
Capital expenditure and financial investment	25	(1,560)	406
Increase in cash	24	3,042	3,073

Reconciliation of net cash flow to movement in net funds

	2011 £'000	2010 £'000
Increase in cash in the period	3,042	3,073
Cash inflow from liquid resources	-	-
Movement in net funds in period	3,042	3,073
Net funds at 1 August 2010	4,979	1,906
Net funds at 31 July 2011	8,021	4,979

Notes

(forming part of the financial statements)

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 except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS 30 'Heritage Assets; and
- Amendment to FRS 25 Financial Instruments: Presentation (Classification of rights issues).

The implementation of FRS 25 and FRS 30 has had no material effect on these financial statements.”

Basis of preparation

These financial statements have been prepared in accordance with the 2007 Statement of Recommended Practice (SORP): Accounting for Further and Higher Education Institutions and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency and the YPLA in the 2010/10 Accounts Direction Handbook.

Basis of accounting

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

Going concern

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

The College currently has £10 million of uncommitted facility, which increases to £15 million at 1 August 2012. The facility is available for unconditional drawdown and is secured by a letter of negative pledge. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and within the associated bank covenants for the foreseeable future.

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

Basis of consolidation

The consolidated financial statements of the group include the financial statements of the College and its subsidiary undertakings, together with the group's share of the profit less losses and reserves of associated undertakings. The results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 2, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are prepared to 31 July 2011.

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.

Notes *(continued)*

Statement of accounting policies *(continued)*

Funding body 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 adult learner responsive funding element is normally adjusted for in year 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 Skills Funding Agency at the end of the November following the year end. Employer responsive funding is receivable based on a year end reconciliation of income claimed and actual delivery. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Other discrete funding body funds received during the year are taken to income as expenditure is incurred in line with the specific terms and conditions attached to each fund.

Where the College receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the College does not have direct control over the future economic benefits derived from these funds. The College has applied this policy to certain funds received during the year from the LSC and its successor bodies (see note 32).

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

Income from tuition fees is recognised in the period for which it is receivable and includes all fees payable by students or their sponsors (for example, their employers).

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

Agency Arrangements

The College acts as an agent in the collection and payment of learner support funds. Related income received from the LSC and its successor bodies and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 32, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant. The College employs 2 members of staff dedicated to the administration of Learner Support Fund applications and payments.

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 charged as incurred.

Contributions to the TPS scheme are charged to the income and expenditure account 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.

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.

Further details of the pension schemes are given in note 22.

Notes (continued)

Statement of accounting policies (continued)

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. Land and buildings acquired since incorporation are included in the balance sheet at cost. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account on an annual basis. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 25 or 40 years. Leasehold land and buildings are amortised over 10 years or, if shorter, the period of the lease. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

On adoption of FRS 15, the College followed the transitional provisions 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.

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(s) may not be recoverable.

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 £1,000 per individual item is written off to the income and expenditure account in the period of acquisition; however items may be pooled together. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

All equipment is depreciated over its useful economic life as follows:

Motor vehicles and general equipment	-	4 years
Computer equipment	-	3 years
Furniture and fittings	-	5 years
Other plant and equipment	-	5 years or 10 years
Farm equipment	-	10 years

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.

Notes *(continued)*

Statement of accounting policies *(continued)*

Leased assets

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

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Investments

Fixed asset investments are carried at historical cost less any provision for impairment in their 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.

Maintenance of premises

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

Foreign currency translation

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, as its main activity is the supply of education which is an exempt supply for the purposes of VAT. Accordingly, it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on supplies and services received is included in the related costs in the financial statements. It is also added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

As the VAT on supplies and services received exceeds the VAT on sales, VAT represents a net cost to the College.

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

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

Notes *(continued)*

Statement of accounting policies *(continued)*

Liquid resources

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

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, 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.

Cash

Cash for the purposes of the cash flow statement comprises cash in hand and deposits on demand less overdrafts repayable on demand.

Notes (continued)

2 Funding Council grants

	2011	2010
	£'000	£'000
Main funding body recurrent grant	24,706	23,152
Work Based Learning	2,263	2,815
Train to Gain	2,207	2,467
Main funding body non recurrent grants	784	1,011
Releases of deferred capital grants		
Buildings (note 19)	140	126
Equipment (note 19)	171	238
	30,271	29,809

3 Tuition fees and education contracts

	2011	2010
	£'000	£'000
Tuition fees	1,211	1,113
Education contracts	2,314	2,318
	3,525	3,431

4 Research grants and contracts

	2011	2010
	£'000	£'000
European Commission	97	143
Other grants and contracts	319	225
	416	368

5 Other Income

	2011	2010
	£'000	£'000
Residences, catering and conferences	591	613
Other income generating activities	712	450
Farming income	62	112
Releases from other deferred capital grants (note 19)	57	40
Other income	1,027	938
	2,449	2,153

Notes (continued)

6 Investment income

	2011 £'000	2010 £'000
Other interest receivable	39	8
	<u>39</u>	<u>8</u>
	<u>39</u>	<u>8</u>

7 Staff numbers and costs

The average number of persons employed by the group (including senior post holders) during the year, expressed as full-time equivalents, was as follows:

	Number of employees	
	Consolidated 2011	Consolidated 2010
Teaching staff	294	323
Non teaching staff	365	385
	<u>659</u>	<u>708</u>
	<u>659</u>	<u>708</u>

Staff costs for the above persons were as follows:

	2011 £000	2010 £000
Wages and salaries	17,408	17,748
Social security costs	1,096	1,118
Other pension costs(including FRS 17 adjustments)	2,153	2,257
Restructuring costs	387	306
Exceptional pension credit	-	(2,595)
	<u>21,044</u>	<u>18,834</u>
	<u>21,044</u>	<u>18,834</u>

In its June 2010 budget, the government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). At 31st July 2010 the College considered the Norfolk and the Cambridgeshire LGPS scheme rules and associated members' literature and concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL'). Subsequent to the date of approval of the 2010 financial statements the Urgent Issues Task Force (UITF) issued a final Abstract (UITF 48). The College has considered that Final Abstract and concluded that the change represented a change in benefits for members and in accordance with the Abstract, the resulting gain should be recognised in the Income and Expenditure account. Results for 2010 have therefore been restated as a Prior Year Adjustment from the STRGL.

Notes (*continued*)

The number of staff, including senior post-holders and the Principal, who received emoluments in the following ranges was:

	Number of senior post-holders 2011	Number of other staff 2011	Number of senior post-holders 2010	Number of other staff 2010
£60,001 to £70,000	-	5	-	6
£70,001 to £80,000	-	2	-	1
£80,001 to £90,000	2	-	2	-
£90,001 to £100,000	1	-	1	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	-	-	-	-
£140,001 to £150,000	1	-	1	-

The number of staff shown under £60,000 includes SMT members who either started or finished during the period.

8 Emoluments of senior post holders and members

Senior post-holders are defined as the Principal and holders of the other senior posts whom the 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.

	2011 Number	2010 Number
The number of senior post-holders including the Principal was	4	4

Senior postholder's emoluments are made up as follows:

	2011 £'000	2010 £'000
Salaries	355	355
Benefits in kind	4	3
Pension contributions	50	49
	409	407

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

	2011 £'000	2010 £'000
Salary	130	130
Benefits in kind	1	1
Pension contributions	18	17
	149	148

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

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

Notes (continued)

9 Other operating expenses

	2011 £'000	2010 £'000
Teaching costs	4,227	3,512
Non Teaching costs	3,271	3,893
Premises costs	4,752	2,989
	<u>12,250</u>	<u>10,394</u>
Other operating expenses include:		
Auditors remuneration:		
Financial statement audit *	31	31
Internal audit **	34	32
Other services from external audit	12	12
Other services from internal audit	-	-
Hire of plant and machinery – operating leases	-	-
Hire of other assets – operating leases	100	141
	<u>100</u>	<u>141</u>

* includes £28,200 in respect of the College (2010: £26,000)

** includes £33,516 in respect of the College (2010: £32,000)

10 Interest payable

	2011 £'000	2010 £'000
Pension finance costs	364	653
	<u>364</u>	<u>653</u>

11 Property Strategy Costs

Following the refusal of LSC funding support for new campuses the following was included in the consolidated income and expenditure account

	2011 £'000	2010 £'000
Revenue costs	-	(33)
Grant support for property strategy costs (see note 19)	-	1,572
	<u>-</u>	<u>1,539</u>

12 Taxation

The members do not believe the College was liable for any corporation tax arising out of its activities during either period.

Notes (continued)

13 Surplus/(deficit) on continuing operations for the year

The surplus/(deficit) on continuing operations for the year is made up as follows:

	2011	2010
	£'000	£'000
College's surplus/(deficit) for the year	(106)	998
Surplus generated by subsidiary undertakings and transferred to College under Deed of Covenant	-	-
Retained by subsidiary undertaking(s)	275	(142)
	<hr/> 169 <hr/>	<hr/> 856 <hr/>

14 Tangible fixed assets

Group

	Land and buildings				
	Long leasehold	Assets in the course of construction	Freehold	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
<i>Cost or valuation</i>					
At 1 August 2010	52	-	36,612	12,738	49,402
Additions	-	1,106	928	1,277	3,312
Transfers	-	(602)	602	-	-
Disposals	(52)	-	(44)	(45)	(141)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2011	-	504	38,098	13,970	52,573
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated Depreciation</i>					
At 1 August 2010	52	-	18,397	10,145	28,595
Charge for the year	-	-	1,443	1,430	2,873
Eliminated in respect of disposals	(52)	-	-	(43)	(95)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2011	-	-	19,840	11,532	31,373
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 July 2011	-	504	18,258	2,438	21,200
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 July 2010	-	-	18,215	2,592	20,807
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

14 Tangible fixed assets (continued)

College

	Land and buildings		Freehold	Equipment	Total
	Long leasehold	Assets in the course of construction			
	£'000	£'000	£'000	£'000	£'000
<i>Cost or valuation</i>					
At 1 August 2010	52	-	36,181	12,493	48,726
Additions	-	1,106	928	1,204	3,238
Transfers	-	(602)	602	-	-
Disposals	(52)	-	(44)	(45)	(141)
At 31 July 2011	-	504	37,667	13,652	51,823
<i>Accumulated Depreciation</i>					
At 1 August 2010	52	-	18,215	9,935	28,202
Charge for the year	-	-	1,426	1,410	2,836
Eliminated in respect of disposals	(52)	-	-	(43)	(95)
At 31 July 2011	-	-	19,641	11,302	30,943
<i>Net book value</i>					
At 31 July 2011	-	504	18,026	2,350	20,880
At 31 July 2010	-	-	17,965	2,558	20,523

The College has adopted the transitional provisions of FRS 15 and has determined not to subsequently re-value its fixed assets from the amounts currently included within the financial statements.

Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by The District Valuer & Valuations Office (Peterborough) in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

Land and buildings with a net book value of £12,582,000 (2010: £11,775,000) have been financed from exchequer funds. Should these assets be sold, the College may be liable, under the terms of the financial memorandum to surrender the proceeds.

Fixed assets include land and buildings with a net book value of £8,329,000 (2010: £4,528,000) are partially funded by a grant from the Learning & Skills Council, the Skills Funding Agency and the East of England Development Agency. The Skills Funding Agency, successor to the Learning & Skills Council, provided £250,000 during the year to help fund a £3 million new engineering workshop building at the King's Lynn campus. It also provided £750,000 to help fund a £5.8m new technology building. The Skills Funding Agency does not have the power to guarantee future funding streams to colleges and cannot guarantee that this funding will continue after the current year. Provision has not, therefore, been made for anticipated future receipts.

The Borough Council of King's Lynn and West Norfolk have granted the College £1,500,000 to help fund a £5.8m Technology building in Kings Lynn. Norfolk County Council have also granted the College £1,500,000 to help fund the same building.

Cambridgeshire County Council have granted the College £5,000,000 to help fund a £7.2m Technology building in Wisbech. Fenland District Council have also granted the College £1,500,000 towards the same building and the East of England Development Agency granted £250,000 as well.

Notes (continued)

15 Investments

	2011 £'000	2010 £'000
Investment in subsidiary companies at cost	3,344	3,344
	3,344	3,344
	3,344	3,344

The College owns ordinary shares in the following companies, incorporated in Great Britain and registered in England and Wales.

Name of undertaking	Country of registration	Description of shares held	Proportion of nominal values of issued shares held
CWA Enterprises Limited	England and Wales	3,343,929 x ordinary £1 shares	100%
CWA Developments Limited	England and Wales	1 x ordinary £1 share	100%

The principal business activity of CWA Enterprises is the supply of education and training courses to commercial clients and for CWA Developments to design and build new buildings for the College.

16 Debtors

	2011		2010	
	Group £'000	College £'000	Group £'000	College £'000
Amounts falling due within one year:				
Trade debtors	218	153	308	294
Other debtors	7	18	7	15
Prepayments and accrued income	753	753	985	985
	978	924	1,300	1,294
	978	924	1,300	1,294

17 Assets held for resale

Assets held for resale consist of a property known as Grove House in Wisbech acquired in 1996 and improved in 1997. The property will be marketed for resale during 2011/12.

18 Creditors: Amounts falling due within one year

	2011		2010	
	Group £'000	College £'000	Group £'000	College £'000
Payments received on account	142	64	139	139
Payments received on account from funding agencies	72	150	235	235
Trade creditors	808	769	245	212
Amounts owed to subsidiary undertakings	-	2,938	-	2,726
Other taxation and social security	412	406	421	417
Accruals	3,730	3,511	2,858	2,813
Other creditors	66	77	180	188
	5,230	7,915	4,078	6,730
	5,230	7,915	4,078	6,730

Notes (continued)

19 Deferred capital grants

Group and College

	LSC / SFA £000	Other Grants £000	Total £000
At 1 August 2010	2,187	281	2,468
Cash received	1,182	556	1,738
Annual release to income and expenditure account	311	57	368
At 31 July 2011	3,058	780	3,838

20 Revaluation reserve

	Group £'000	College £'000
At 1 August 2010	8,517	8,517
Transfer from revaluation reserve to income and expenditure account in respect of:		
Depreciation on revalued assets	(901)	(901)
Accelerated release of revaluation reserve relating to assets written down	-	-
At 31 July 2011	7,616	7,616

21 Income and expenditure account

	Group £'000	College £'000
At 1 August 2010	605	1,010
Surplus on continuing operations after depreciation of assets at valuation and tax	169	69
Transfer from revaluation reserve to income and expenditure account – depreciation	901	901
Actuarial gain in respect of pension scheme	4,222	4,222
At 31 July 2011	5,897	6,202

Represented by

	Group £'000	College £'000
Income and expenditure reserve	13,629	13,932
Pension reserve	(7,732)	(7,732)
At 31 July 2011	5,897	6,200

Notes (continued)

22 Pensions and similar obligations

The College's employees belong to two principal pension schemes, the Teachers' Pension Scheme in England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff which is managed by Norfolk County Council for current employees and Cambridgeshire County Council for previous employees of CCAH and Isle College. Both are defined-benefit schemes.

Total pension cost for the year	2011	2010
	£'000	£'000
Teachers Pension Scheme: contributions paid	1,117	1,188
Local Government Pension Scheme		
Contributions paid	978	1,010
FRS 17 charge	58	59
Exceptional pension credit	-	(2,595)
	<hr/>	<hr/>
	1,036	1,526
	<hr/>	<hr/>
Total pension cost for the year	2,153	(338)
	<hr/> <hr/>	<hr/> <hr/>

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 2010.

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 purpose of determining contribution rates.

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

Latest actuarial valuations	31 March 2004
Actuarial method	Prospective Benefits
Investment returns per annum	6.5%
Salary scale increases per annum	5.0%
Market value of assets at date of last valuation	£162,650m
Proportion of members' accrued benefits covered by the actuarial value of assets	98.8%

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000, the government actuary carried out a further review on the level of employers' contributions. For the period from 1 August 2010 to 31 July 2011 the employer contribution rate was 14.1%. The employee contribution rate was 6.4% for the same period.

Under the definitions set out in Financial Reporting Standard 17 (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 FRS 17 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.

Notes (*continued*)

22 Pensions and similar obligations (*continued*)

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made in respect of the year ended 31 July 2011 was £1,376,000 of which employers contributions totalled £978,000 and employees' contributions totalled £398,000. The employer's contribution rate is currently 13.5%. The College also pays an annual deficit recovery contribution which has been agreed until 31 March 2014. In the year to 21 March 2012 the College will pay a deficit contribution of £190,000 which will increase in the following tax year to £255,000. The contribution rate for employees is 5.5% to 7.5%.

The College is a member of three Local Government Pension Schemes – the Norfolk scheme, the Cambridgeshire (ex CCAH) scheme and the Cambridgeshire (ex Isle College) scheme. The actuarial information on each scheme has been aggregated below as all three schemes have similar characteristics and have been valued using consistent assumptions.

The following information is based upon a full actuarial valuation of the fund as 31 March 2010 updated to 31 July 2011 by a qualified independent actuary.

Principal Actuarial Assumptions

All Funds	2011	2010
Inflation		3.4%
Rate of increase in salaries (1% for the next two years)	5.0%	4.9%
Rate of increase in pensions	2.7%	2.9%
Discount rate for liabilities	5.3%	5.4%
Commutation of pensions to lump sums	50%	50%

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

	2011	2010
	Years	Years
Current pensioners Male	21.2	20.8
Current pensioners Female	23.4	24.1
Future Pensioners Male	23.6	22.3
Future Pensioners Female	25.8	25.7

Notes (continued)

22 Pensions and similar obligations (continued)

The College's share of the assets in the schemes and the expected rates of return were:

All Funds	2011		2010	
	Long term rate of return expected at 31 July 2011	Value at 31 July 2011	Long term rate of return expected at 31 July 2010	Value at 31 July 2010
		£'000		£'000
Equities	7.0%	17,742	7.3%	16,306
Bonds	4.6%	4,671	4.8%	4,716
Property	5.1%	3,046	5.3%	2,724
Cash	4.0%	1,060	4.4%	1,488
		<hr/>		<hr/>
Total market value of assets		26,519		25,234
Present value of scheme liabilities				
- Funded		(34,217)		(36,730)
- Unfunded		(34)		(33)
		<hr/>		<hr/>
Deficit in the scheme		(7,732)		(11,529)
		<hr/> <hr/>		<hr/> <hr/>

Analysis of the amount charged to income and expenditure account

All Funds	2011	2010
	£'000	£'000
Employer service cost (net of employee contributions)	1,037	1,000
Losses on curtailment and settlement	1	69
	<hr/>	<hr/>
Total operating charge	1,038	1,069
	<hr/> <hr/>	<hr/> <hr/>

Analysis of pension finance costs

All Funds	2011	2010
	£'000	£'000
Expected return on pension scheme assets	1,631	1,480
Interest on pension liabilities	(1,995)	(2,133)
	<hr/>	<hr/>
Pension finance costs	(364)	(653)
	<hr/> <hr/>	<hr/> <hr/>

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

All Funds	2011	2010
	£'000	£'000
Actuarial gains/(losses) on pension scheme assets	(774)	114
Actuarial gains/(losses) on scheme liabilities	4,996	(1,645)
Reduction in liabilities as a result of additional contribution	-	950
Past service gain: changes in assumptions on the inflationary increases in pensions	-	2,595
	<hr/>	<hr/>
Actuarial gain recognised in STRGL	4,222	2,014
	<hr/> <hr/>	<hr/> <hr/>

Notes (*continued*)

22 Pensions and similar obligations (*continued*)

Asset and Liability Reconciliation – All Funds

	2011	2010
	£'000	£'000
Reconciliation of Liabilities		
Liabilities at start of year	36,763	34,926
Current service cost	1,037	1,000
Interest cost	1,995	2,133
Employee contributions	398	396
Actuarial (gain)/loss	(4,996)	1,645
Benefits paid	(950)	(813)
Past service cost/(gains)	-	(2,595)
Curtailments and settlements	1	71
	<hr/>	<hr/>
Liabilities at end of year	34,248	36,763
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of assets		
Assets at start of year	25,234	22,095
Expected return on assets	1,631	1,480
Actuarial gain/(loss)	(774)	114
Contributions in respect of unfunded liabilities	-	2
Employer contributions	978	1,960
Employee contributions	398	396
Benefits paid	(948)	(813)
	<hr/>	<hr/>
Assets at end of year	26,519	25,234
	<hr/> <hr/>	<hr/> <hr/>

The estimated value of employer contributions to the schemes in the year ended 31 July 2012 is £1,055,000.

Notes *(continued)*

22 Pensions and similar obligations *(continued)*

History of experience gains or losses

Norfolk	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Actuarial gains/(losses) on assets	(1,555)	1,053	(3,026)	(418)	651
% of scheme assets	(6.7%)	4.6%	(17.7%)	(2.3%)	3.8%
Experience gains and losses on scheme liabilities	4,538	-	-	(3,106)	1
% of scheme liabilities	14.9%	0.0%	0.0%	(14.2%)	0.0%
Total amounts recognised in STRGL	3,233	(1,121)	(5,890)	(2,593)	2,085
% of scheme liabilities	10.7%	(3.4%)	(22.0%)	(11.8%)	11.8%
Cambs. Ex CCAH	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Actuarial gains/(losses) on assets	30	23	(43)	(46)	17
% of scheme assets	7.8%	6.7%	(13.3%)	(13.0%)	4.5%
Experience gains and losses on scheme liabilities	2	-	-	(5)	1
% of scheme liabilities	0.0%	0.0%	0.0%	(1.0%)	0.0%
Total amounts recognised in STRGL	52	(44)	(103)	(31)	62
% of scheme liabilities	8.9%	(7.5%)	(18.1%)	(6.3%)	12.8%
Cambs. Ex Isle	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Actuarial gains/(losses) on assets	751	962	(624)	(1,014)	263
% of scheme assets	24.8%	42.9%	(13.4%)	(20.3%)	4.6%
Experience gains and losses on scheme liabilities	33	(74)	(3)	1,214	(1)
% of scheme liabilities	1.0%	(2.2%)	0.0%	19.1%	0.0%
Total amounts recognised in STRGL	937	(73)	(1,474)	498	902
% of scheme liabilities	28.3%	(2.1%)	(19.5%)	7.8%	12.0%

Notes (continued)

23 Reconciliation of operating surplus/ (deficit) to net cash inflow from operating activities

	2011	2010
	£'000	£'000
		As restated
Surplus/deficit on continuing operations after depreciation of assets at valuation and tax	169	3,451
Depreciation (note 14)	2,917	3,976
Property Strategy costs	-	-
Deferred capital grants released to income (notes 2 and 4)	(368)	(1,976)
(Profit)/loss on disposal of tangible fixed assets	(9)	5
Interest receivable (note 6)	(39)	(8)
Interest payable (note 10)	364	653
Pension cost less contributions payable (note 22)	58	(2,536)
(Increase)/decrease in debtors	259	73
Increase/(decrease) in creditors	1,212	(979)
	<hr/>	<hr/>
Net cash inflow from operating activities	4,563	2,659
	<hr/> <hr/>	<hr/> <hr/>

24 Analysis of changes in net funds

	At 1 August 2010 £'000	Cash flows £'000	At 31 July 2011 £'000
Cash at bank and in hand	4,979	3,042	8,021
	<hr/>	<hr/>	<hr/>
Total	4,979	3,042	8,021
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

25 Analysis of cash flows for headings netted in the cash flow statement

	2011	2010
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	39	8
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	39	8
	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(3,312)	(1,742)
Sales of tangible fixed assets	14	21
Deferred capital grants received	1,738	2,127
	<hr/>	<hr/>
Net cash inflow/(outflow) for capital expenditure and financial investment	(1,560)	406
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

26 Post balance sheet events

Details of post balance sheet events are given in the report of the members of the Corporation.

27 Capital commitments

	2011		2010	
	Group £'000	College £'000	Group £'000	College £'000
Commitments contracted for at 31 July	611	475	530	428
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

28 Financial commitments

At 31 July, the College had annual commitments under non-cancellable operating leases as follows:

	2011		2010	
	Land and buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiring within one year	62	-	35	13
Expiring between two and five years inclusive	62	112	46	99
Expiring in over five years	28	-	32	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	152	112	113	112
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

29 Contingent liabilities

There are no current contingent liabilities.

30 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 organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under Financial Reporting Standard 8 'Related Party Disclosures'.

Transactions with the main funding bodies are detailed in notes 2, 15, 16 and 17.

The College receives funding for higher education provision from University Centre West Anglia Limited, a company limited by guarantee in which the College is a 49% shareholder. The other shareholder is Anglia Ruskin University Higher Education Corporation. The amount of funding received in the year amounted to £1,846,000 (2009/10 - £1,951,000). As at 31 July 2011 the amounts owed to the College were £136,276.

Notes *(continued)*

31 Cash flow relating to exceptional items

The operating cash outflows include an outflow of £386,746 for exceptional restructuring costs.

32 Amounts disbursed as agent

Access Funds	2011	2010
	£000	£000
Main funding body Student Support Grants		
Learner support funds	194	203
Childcare funds	45	41
Residential bursary funds	141	140
Interest earned	-	-
	<hr/>	<hr/>
Total income	380	384
Disbursed to students	(339)	(343)
Administration fees	(19)	(19)
	<hr/>	<hr/>
Balance unspent at 31 July	22	22
	<hr/> <hr/>	<hr/> <hr/>

Main funding body student support grants are available solely for students. In the majority of instances, the College acts as paying agent. The grants and related disbursements have therefore been excluded from the income and expenditure account, other than when the College has directly incurred expenditure itself.